City of ROSEVILLE Minnesota, USA

City Council Agenda

Monday, November 17, 2014

6:00 p.m.

City Council Chambers

(Times are Approximate – please note that items may be earlier or later than listed on the agenda)

6:00 p.m.	**1.**	**Roll Call** Voting & Seating Order: McGehee, Willmus, Laliberte, Etten, Roe
6:02 p.m.	**2.**	**Approve Agenda**
6:05 p.m.	**3.**	**Public Comment**
6:10 p.m.	**4.**	**Council Communications, Reports and Announcements**
	5.	**Recognitions, Donations and Communications**
	6.	**Approve Minutes**
	7.	**Approve Consent Agenda**
	8.	**Consider Items Removed from Consent**
	9.	**General Ordinances for Adoption**
6:15 p.m.		a. Joint Meeting with Park and Recreation Commission
	10.	**Presentations**
7:00 p.m.		a. ISD 623 Superintendent Dr. John Thein State of the District
	11.	**Public Hearings**
	12.	**Budget Items**
	13.	**Business Items (Action Items)**
	14.	**Business Items – Presentations/Discussions**
7:20 p.m.		a. Consider the 2015 Utility Rate Adjustments
7:45 p.m.		b. Fire Department Organization Discussion
8:30 p.m.		c. Request by Community Development Department Staff to Discuss Potential Amendments to §1011.04 (Tree Preservation) of the City Code
9:00 p.m.		d. Discuss Metropolitan Council Housing and Redevelopment Authority Family Affordable Housing

Program

9:20 p.m. e. Tax Increment Financing (TIF) Status

9:45 p.m. **15. City Manager Future Agenda Review**

9:50 p.m. **16. Councilmember Initiated Items for Future Meetings**

10:00 p.m. **17. Adjourn**

Some Upcoming Public Meetings………

Tuesday	Nov 18	6:00 p.m.	Housing & Redevelopment Authority
Wednesday	Nov 19	6:30 p.m.	Human Rights Commission
Thursday	Nov 20	6:30 p.m.	Finance Commission
Tuesday	Nov 25	6:30 p.m.	Public Works, Environment & Transportation Commission
Thursday Friday	*Nov 27-28*		*City Offices Closed – Thanksgiving*
December			
Monday	Dec 1	6:00 p.m.	City Council Meeting
Tuesday	Dec 2	6:30 p.m.	Parks & Recreation Commission
Wednesday	Dec 3	6:30 p.m.	Planning Commission
Monday	Dec 8	6:00 p.m.	City Council Meeting
Tuesday	Dec 9	6:30 p.m.	Finance Commission
Thursday	Dec 11	6:30 p.m.	Community Engagement Commission

All meetings at Roseville City Hall, 2660 Civic Center Drive, Roseville, MN unless otherwise noted.

ROSEVILLE

REQUEST FOR COUNCIL ACTION

Date: 11-17-14
Item No.: 9.a

Department Approval

City Manager Approval

Item Description: Parks and Recreation Commission Meeting with the City Council

BACKGROUND

The Parks and Recreation Commission have traditionally met with the City Council annually to review activities and accomplishments and to discuss the upcoming year's work plan and issues. At the joint meeting on June 9, 2014, it was determined that it would be beneficial for a more regularly discussion on a quarterly basis in order to keep the lines of communication open and discuss guidance and future direction.

The Commission has identified the following topics for discussion and encourages the City Council to raise other topics of interest as desired:

<u>Deer Population in Roseville</u>
It has been brought to our attention that concerns have been raised regarding the deer population in Roseville. Parks and Recreation has been monitoring the deer counts through a Ramsey County flyover program. The Commission received preliminary information at their November, 2014 meeting and would like to discuss further and seek guidance.

<u>Community Center</u>
A Roseville Community Center is on the Commissions 2013-2015 goals and has been for quite some time. The Commission would like to share some thoughts and gather input from the City Council.

<u>Cedarholm Golf Course and Clubhouse</u>
The Commission understands that the Golf Course is an enterprise fund in an effort to cover operating and capital expenditures. There are larger Capital items such as a clubhouse, shop replacement and others that the fund is not able to support at this time. Looking ahead, this is an item that should be discussed further with guidance provided.

<u>Enhanced Volunteer Participation</u>
The Commission heard a report from Parks and Recreation staff and Volunteer Coordinator Kelly O'Brien on the enhanced volunteer efforts in Roseville. The Commission would like to share some thoughts with the City Council.

Prepared by: Lonnie Brokke, Staff Liaison

ROSEVILLE

REQUEST FOR COUNCIL ACTION

Date: 11/17/14
Item No.: 14.a

Department Approval

City Manager Approval

Item Description: Consider the 2015 Utility Rate Adjustments

BACKGROUND

Over the past several months, City Staff has been reviewing the City's utilities operations to determine whether customer rate adjustments are necessary for 2015. The analysis included a review of the City's water, sanitary sewer, storm drainage, and curbside recycling operations. It also incorporates the recommendations provided by the Council-appointed Capital Improvement Plan (CIP) Subcommittee, and the Public Works, Environment, and Transportation Commission (PWET).

Staff's analysis included a review of the following:

- ❖ Fixed costs including personnel, supplies and maintenance, and depreciation.
- ❖ Variable costs including the purchase of water from the City of St. Paul, water treatment costs paid to the Metropolitan Council, and recycling contractor costs paid to Eureka.
- ❖ Capital replacement costs.
- ❖ Customer counts and consumption patterns, rate structure, and rates.

A financial overview of each operating division is included beginning on the next page. The estimated overall impact on a typical single-family home based on Staff's Recommended 2015 Rates is shown in the following table.

Single Family Homes

Service	2014	2015	$ Increase	% Increase
Water - base fee	54.45	51.60	(2.85)	
Water - usage fee	39.60	40.50	0.90	
Sanitary Sewer - base fee	37.35	35.40	(1.95)	
Sanitary Sewer - usage fee	24.00	24.72	0.72	
Storm Sewer	11.70	11.70	-	
Recycling	5.00	5.50	0.50	
Total per Quarter	$ 172.10	$ 169.42	$ (2.68)	-1.56%
Avg. Water consumption (1,000 gals.)	18			
Avg. Sewer consumption (1,000 gals.)	15			

As shown in the chart, for 2015 a typical single-family home will pay $169.42 per quarter, or $56.47 per month. This is a <u>decrease</u> of $0.89 per month from 2014.

The decrease is attributable to the change in the City's Utility (senior) Discount Program's eligibility criteria. Previously, homeowners were eligible if they were simply receiving social security or retirement income. Earlier this year, the Council changed the criteria to ensure that the Program was financially need-based instead. Homeowners must now be at or below 165% of federal poverty threshold guidelines.

In making this change, the number of homeowners receiving the discount is expected to decline from 2,300 homes (24%) to approximately 50 (0.5%). As a result, the subsidies provided by homeowners that are not getting the discount to those that are; will drop by approximately $250,000 annually. This in turn allows us to lower the base fee for both water and sewer.

The impact on homes that no longer receive the utility (senior) discount is dramatically different however. These homes effectively lose out on a $10 monthly subsidy. In other words, their quarterly bill will increase by approximately $30.

Water Operations

The City's water operation provides City customers with safe potable water, as well as on-demand water pressure sufficient to meet the City's fire protection needs. The following table provides a summary of the 2014 and 2015 (Proposed) Budget:

	2014	2015	$ Incr. (Decrease)	% Incr. (Decrease)
Personnel	$ 583,000	$ 603,000		
Supplies & Materials	78.350	79,900		
Other Services & Charges	586,850	589,750		
Water Purchases	5,100,000	5,250,000		
Depreciation / Capital	2,860,000	2,354,000		
Total	$ 9,208,200	$ 8,876,650	($331,550)	(3.6%)

The single largest operating cost for the water operation is the purchase of wholesale water from the City of St. Paul. For 2015, the budgeted amount has been increased to account for an expected 7.5% increase in the rates charged by St. Paul. St. Paul Water Officials have informed us that their overall customer consumption continues to decline which results in a drop in revenue at a time when operating costs as well as capital costs are increasing. The rate increase is necessary to offset these impacts.

The amount of capital replacements is also expected to decline by approximately $500,000 compared to the previous year. The City expects to have inflationary-type increases in supply costs, while personnel costs are increasing by 3.4%.

Sanitary Sewer Operations

The City maintains a sanitary sewer collection system to ensure the general public's health and general welfare. The following table provides a summary of the 2014 and 2015 (Proposed) Budget:

	2014	2015	$ Incr. (Decrease)	% Incr. (Decrease)
Personnel	$ 422,000	$ 432,000		
Supplies & Materials	47,350	48,900		
Other Services & Charges	423,850	456,550		
Wastewater Treatment	3,060,000	2,800,000		
Depreciation / Capital	1,808,000	2,100,000		
Total	$ 5,761,200	$ 5,837,450	$76,250	1.3%

The single largest operating cost to the sanitary sewer operation is the wastewater treatment costs paid to the Metropolitan Council Environmental Services Division (MCES). Based on projected sewer flows and treatment costs provided by the MCES, the budget for this category has been decreased by approximately $300,000. The budgeted amount is now more closely aligned with actual flows during the past two fiscal years. The measured flow has also been reduced thanks to the City's continued inflow and infiltration (I&I) reduction efforts.

The City expects to have inflationary-type increases in supply costs, while personnel costs are increasing by 2.4%.

Capital costs are also expected to increase significantly due to planned capital replacements in accordance with the City's Capital Improvement Plan (CIP).

Storm Drainage Operations

The City provides for the management of storm water drainage to prevent flooding and pollution control, as well as street sweeping and the leaf pickup program. The following table provides a summary of the 2014 and 2015 (Proposed) Budget:

	2014	2015	$ Incr. (Decrease)	% Incr. (Decrease)
Personnel	$ 363,200	$ 380,000		
Supplies & Materials	79,100	81,000		
Other Services & Charges	259,900	262,700		
Depreciation / Capital	1,296,000	1,720,000		
Total	$ 1,998,200	$ 2,443,700	$ 445,500	22.3 %

The City expects to have inflationary-type increases in supply and other services. Capital costs are also expected to increase significantly due to planned capital replacements in accordance with the City's Capital Improvement Plan (CIP).

Recycling Operations

The recycling operation provides for the contracted curbside recycling pickup throughout the City and related administrative costs. The primary operating cost is the amounts paid to a contractor to pickup recycling materials.

The following table provides a summary of the 2014 and 2015 (Proposed) Budget:

	2014	2015	$ Incr. (Decrease)	% Incr. (Decrease)
Personnel	$ 36,500	$ 36,500		
Supplies & Materials	600	700		
Other Services & Charges	30,410	20,410		
Contract Pickup	414,000	428,000		
Total	$ 481,410	$ 485,610	$ 4,200	0.9 %

Under the existing contract, the City originally expected to receive an estimated $140,000 annually in revenue sharing from Eureka Recycling. However, the volume of recycled materials while strong compared to other municipalities, has remained largely unchanged while the re-sale market for collected materials has proven to be less lucrative than previously estimated. Based on current revenue sharing monies being received, the City should expect only $65,000 - $70,000 in 2015.

This will require an increase in the fee charged to customers to offset the reduction in revenue sharing.

Rate Impacts for 2015

As noted above, a typical single-family home will pay $169.42 per quarter, or $56.47 per month. This is a <u>decrease</u> of $0.89 per month from 2014. The following tables provide a more detailed breakdown of the proposed rates.

Water Base Rate Category	2014 Rate	2015 Rate	Comments
Single-Family Residential	$ 54.45	$ 51.60	Standard SF rate
Single-Family Residential: Senior Discount **	35.40	33.50	Standard SF rate x 0.65
Non-SF Residential (5/8" Meter)	54.45	51.60	Standard SF rate
Non-SF Residential (1.0" Meter)	68.65	64.50	Standard SF rate x 1.25
Non-SF Residential (1.5" Meter)	107.80	103.00	Standard SF rate x 2.00
Non-SF Residential (2.0" Meter)	205.80	193.50	Standard SF rate x 3.75
Non-SF Residential (3.0" Meter)	411.60	387.00	Standard SF rate x 7.50
Non-SF Residential (4.0" Meter)	823.30	774.00	Standard SF rate x 15.00
Non-SF Residential (6.0" Meter)	1,646.60	1,548.00	Standard SF rate x 30.00

Water Usage Rate Category	2014 Rate	2015 Rate	Comments
SF Residential: Up to 30,000 gals./qtr	$ 2.20	$ 2.25	Standard SF rate
SF Residential: Over 30,000 gals./qtr (winter rate)	2.45	2.50	Standard SF rate +10%
SF Residential: Over 30,000 gals./qtr (summer rate)	2.70	2.70	Standard SF rate +20%
Non-SF Residential (winter rate)	2.90	2.95	Standard SF rate +30%
Non-SF Residential (summer rate)	3.20	3.15	Standard SF rate +40%
Rates are per 1,000 gallons			

Sewer Base Rate Category	2014 Rate	2015 Rate	Comments
Single-Family Residential	$ 37.35	$ 35.40	Standard SF rate
Single-Family Residential: Senior Discount **	23.30	23.00	Standard SF rate x 0.65
Multi-Family Residential (townhomes)	37.35	35.40	Standard SF rate x 1.00
Multi-Family Residential (apartments & condos)	25.75	24.90	Standard SF rate x 0.70
Non-SF Residential (5/8" Meter)	27.30	26.50	Standard SF rate x 0.75
Non-SF Residential (1.0" Meter)	54.65	53.00	Standard SF rate x 1.50
Non-SF Residential (1.5" Meter)	81.60	79.50	Standard SF rate x 2.25
Non-SF Residential (2.0" Meter)	136.10	124.00	Standard SF rate x 3.50
Non-SF Residential (3.0" Meter)	272.50	260.00	Standard SF rate x 7.25
Non-SF Residential (4.0" Meter)	545.20	515.00	Standard SF rate x 14.50
Non-SF Residential (6.0" Meter)	1,090.30	1,025.00	Standard SF rate x 29.00
Multi-family rate is per housing unit			

Sewer Usage Rate Category	2014 Rate	2015 Rate	Comments
Residential	$ 1.60	$ 1.65	Standard rate
Non-Residential	3.70	3.85	Standard rate x 2.30
Rates are per 1,000 gallons			

Stormwater Base Rate Category	2014 Rate	2015 Rate	Comments
Single-Family Residential & Duplex	$ 11.70	$ 11.70	Standard SF rate
Multi-Family & Churches	90.50	90.50	Standard SF rate x 7.75
Cemeteries & Golf Course	9.10	9.10	Standard SF rate x 0.75
Parks	27.20	27.20	Standard SF rate x 2.35
Schools & Community Centers	45.30	45.30	Standard SF rate x 3.75
Commercial & Industrial	181.10	181.10	Standard SF rate x 15.50
Rates for single-family are per housing unit; all others are per acre			

Recycling Rate Category	2014 Rate	2015 Rate	Comments
Single-Family	$ 5.00	$ 5.50	Standard rate
Multi-Family	5.00	5.50	Standard rate

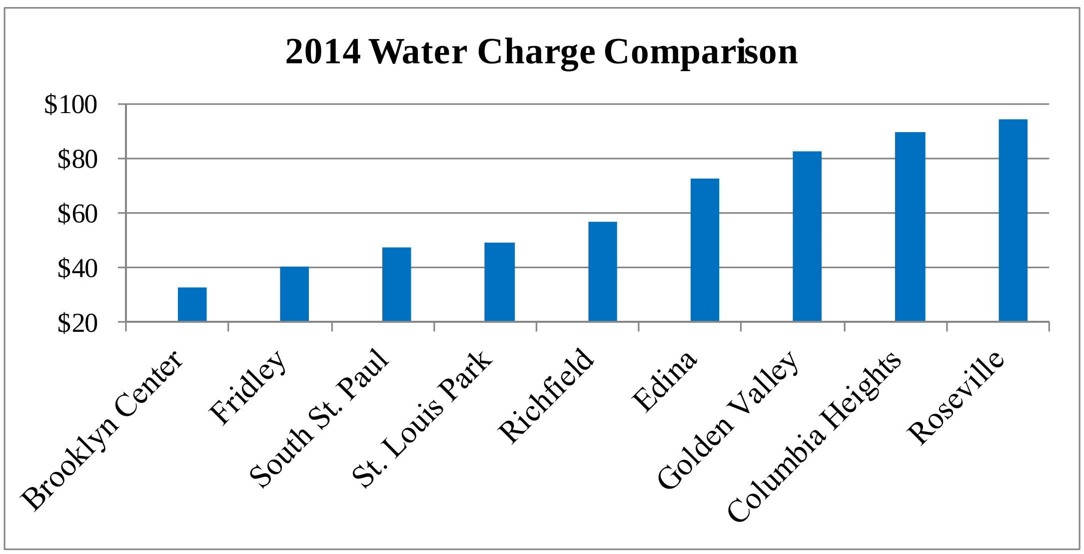
Rate Comparisons

The charts below depict a number of water and sewer rate comparisons with other peer communities. For this analysis, peer communities include 1st ring suburbs that serve a population between 18,000 and 50,000, and which are not simply an extension of a larger entity's system. This group was selected to try and approximate cities with stand-alone systems with similar age of infrastructure which can have a significant influence on the cost of water and sewer services.

It should be noted that broad comparisons only give a cursory look at how one community compares to another. One must also incorporate each City's individual philosophy in funding programs and services.

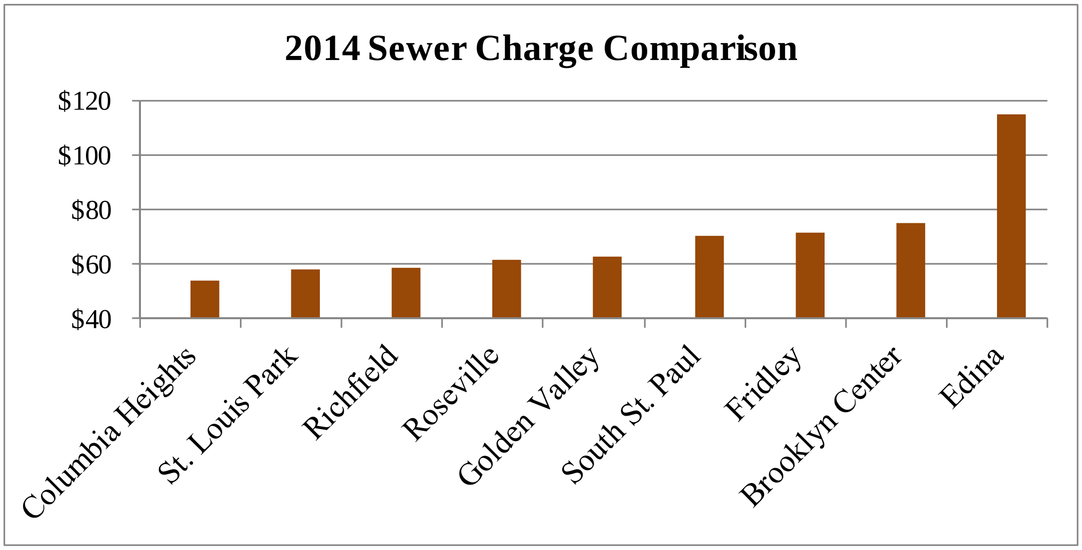
For example, Roseville does NOT utilize assessments to pay for water or sewer infrastructure replacements like many other cities do. Instead we fund infrastructure replacements 100% through the rates. As a result, Roseville's water and sewer rates are inherently higher when compared to a City that uses assessments to pay for improvements. Other influences on the rates include whether or not a community softens its water before sending it on to customers, and the extent in which communities charge higher rates to non-residential customers.

The following chart depicts the peer group comparison for combined water base rate and usage rate for a single-family home that uses 18,000 gallons per quarter.

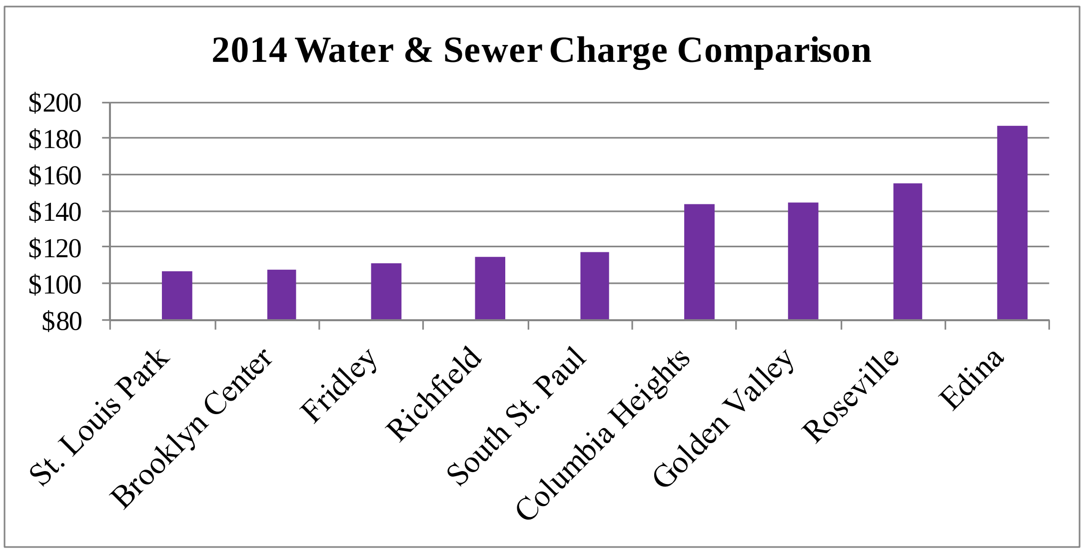


As is shown in the chart, Roseville's total water charge is the highest in the comparison group. Again, there are numerous circumstances and policy preferences that can lead to varying rates among cities. One of the primary reasons why Roseville's water rates are higher is due to the significant increase in infrastructure replacements, which unlike many other cities are funded solely by the rates.

The following chart depicts the peer group comparison for combined sewer base rate and usage rate for a single-family home that uses 15,000 gallons per quarter.



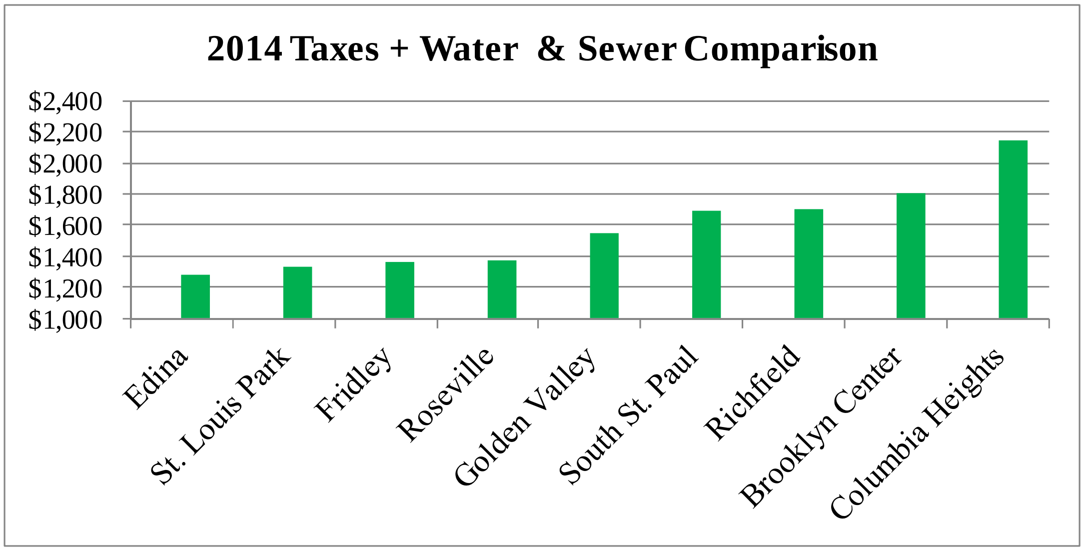
In this instance, Roseville sewer charges were less than the median. To get a broader perspective, the following chart depicts the combined water and sewer impact for a typical single-family home for the comparison group.



When combined, Roseville is approximately 18% above the average for the peer group (although we expect that to drop to approximately 10% in 2015). However, it should be noted that most of the cities shown in the chart that have lower utility rates, happen to have much higher property tax rates. This is an important distinction because again, each City employs a different philosophy in how it funds the direct and indirect costs of providing services.

Roseville's philosophy is to ensure that all indirect costs are reflected in the water and sewer rates. This results in higher water and sewer rates. This also means that we don't have as much indirect costs being supported by the property tax or assessments.

This can be somewhat reflected in the chart below which combines property taxes and water and sewer charges for a typical single-family home.



As is shown in this chart, when looking at more comprehensive comparison that factors in a broader spectrum of needs and funding philosophies, Roseville has one of the lowest financial impacts on residents of the comparison group – nearly 16% <u>below</u> the peer average. Once again, we must also look at other factors and local preferences to determine whether there are other influences affecting property taxes and rates.

Staff will be available at the Council meeting to address any inquiries.

POLICY OBJECTIVE

An annual review of the City's utility rate structure is consistent with governmental best practices to ensure that each utility operation is financially sound. In addition, a conservation-based rate structure is consistent with the goals and strategies identified in the Imagine Roseville 2025 initiative.

FINANCIAL IMPACTS

See above.

STAFF RECOMMENDATION

Based on the increasing costs noted herein, and recommendations from the Public Works, Environment, and Transportation Commission; Staff is recommending rate adjustments as shown in the attached resolution.

REQUESTED COUNCIL ACTION

The Council is asked to consider adopting the attached resolution establishing the 2015 Utility Rates.

Prepared by: Chris Miller, Finance Director
Attachments: A: Resolution establishing the 2015 Utility Rates

Attachment A

EXTRACT OF MINUTES OF MEETING OF THE
CITY COUNCIL OF THE CITY OF ROSEVILLE

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Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Roseville, County of Ramsey, Minnesota was duly held on the 17th day of November, 2014 at 6:00 p.m.

The following members were present:
and the following were absent:

Member introduced the following resolution and moved its adoption:

RESOLUTION _______

RESOLUTION ESTABLISHING THE 2015 UTILITY RATES

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Roseville, Minnesota, the water, sanitary sewer, storm drainage, and recycling rates are established for 2014 as follows:

Water Base Rate Category	2014 Rate	2015 Rate		Comments
Single-Family Residential	$ 54.45	$ 51.60		Standard SF rate
Single-Family Residential: Senior Discount **	35.40	33.50		Standard SF rate x 0.65
Non-SF Residential (5/8" Meter)	54.45	51.60		Standard SF rate
Non-SF Residential (1.0" Meter)	68.65	64.50		Standard SF rate x 1.25
Non-SF Residential (1.5" Meter)	107.80	103.00		Standard SF rate x 2.00
Non-SF Residential (2.0" Meter)	205.80	193.50		Standard SF rate x 3.75
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Water Usage Rate Category	2014 Rate	2015 Rate		Comments
SF Residential: Up to 30,000 gals./qtr	$ 2.20	$ 2.25		Standard SF rate
SF Residential: Over 30,000 gals./qtr (winter rate)	2.45	2.50		Standard SF rate +10%
SF Residential: Over 30,000 gals./qtr (summer rate)	2.70	2.70		Standard SF rate +20%
Non-SF Residential (winter rate)	2.90	2.95		Standard SF rate +30%
Non-SF Residential (summer rate)	3.20	3.15		Standard SF rate +40%
Rates are per 1,000 gallons				

Sewer Base Rate Category	2014 Rate	2015 Rate	Comments
Single-Family Residential	$ 37.35	$ 35.40	Standard SF rate
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Non-SF Residential (1.5" Meter)	81.60	79.50	Standard SF rate x 2.25
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Non-SF Residential (6.0" Meter)	1,090.30	1,025.00	Standard SF rate x 29.00
Multi-family rate is per housing unit			

Sewer Usage Rate Category	2014 Rate	2015 Rate	Comments
Residential	$ 1.60	$ 1.65	Standard rate
Non-Residential	3.70	3.85	Standard rate x 2.30
Rates are per 1,000 gallons			

Stormwater Base Rate Category	2014 Rate	2015 Rate	Comments
Single-Family Residential & Duplex	$ 11.70	$ 11.70	Standard SF rate
Multi-Family & Churches	90.50	90.50	Standard SF rate x 7.75
Cemeteries & Golf Course	9.10	9.10	Standard SF rate x 0.75
Parks	27.20	27.20	Standard SF rate x 2.35
Schools & Community Centers	45.30	45.30	Standard SF rate x 3.75
Commercial & Industrial	181.10	181.10	Standard SF rate x 15.50
Rates for single-family are per housing unit; all others are per acre			

Recycling Rate Category	2014 Rate	2015 Rate	Comments
Single-Family	$ 5.00	$ 5.50	Standard rate
Multi-Family	5.00	5.50	Standard rate

Meter Security Deposit	2014 Rate	2015 Rate	Comments
5/8" Meter	$ 190.00	$ 190.00	Based on approx. meter cost
3/4" Meter	215.00	215.00	Based on approx. meter cost
1.0" Meter	240.00	240.00	Based on approx. meter cost
1.5" Meter	440.00	440.00	Based on approx. meter cost
2.0" Meter (Disc)	535.00	535.00	Based on approx. meter cost
2.0" Meter (Compound)	1,340.00	1,340.00	Based on approx. meter cost
3.0" Meter	1,910.00	1,910.00	Based on approx. meter cost
6.0" Meter	5,430.00	5,430.00	Based on approx. meter cost

The motion for the adoption of the foregoing resolution was duly seconded by member

and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

WHEREUPON, said resolution was declared duly passed and adopted.

State of Minnesota)
) SS
County of Ramsey)

I, undersigned, being the duly qualified City Manager of the City of Roseville, County of Ramsey, State of Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of said City Council held on the 17th day of November, 2014 with the original thereof on file in my office.

WITNESS MY HAND officially as such Manager this 17th day of November, 2014.

Patrick Trudgeon
City Manager

Seal

ROSEVILLE

REQUEST FOR COUNCIL ACTION

Date: November 17, 2014
Item No.: 14.b

Department Approval	City Manager Approval
Timothy O'Neill	

Item Description: Fire Department Reorganization and Full-time Staffing Transition Plan Discussion

BACKGROUND

The Fire Department as part of its 2015 budget request included funding for six full-time firefighters which would be the first of several steps over the next several years to transition the department from the current part-time staffing model to a full-time or combination staffing model.

The Fire Department will provide expanded information related to staffing plan objectives, present pros and cons of different staffing models, and provide approximate future funding needs for each step of the plans, and an overall approximate cost for the plans.

FINANCIAL IMPACTS

There are no financial impacts associated with this presentation. However, there are future financial impacts based off final approval of the transition plan and implementation period.

STAFF RECOMMENDATION

None

REQUESTED COUNCIL ACTION

None

Prepared by: Timothy O'Neill, Fire Chief

Attachment A: Staffing Plan
Attachment B: Powerpoint

Roseville Fire Department Staffing Transition Plan

Executive Summary

The fire service in general has seen significant changes over the decades related to community needs, expectations, required levels of training, required certifications, required license's and continued education. While at the same time a firefighter's available time to contribute to the department has seen significant reductions.

Additionally, cities and fire departments are faced with increased pension costs, federally mandated medical insurance, unionization potential, as well as increased turnover and limited hiring candidates.

These changes, combined with departmental changes and an increased call volume of responding to over 4500 emergency calls annually, has brought about the need to explore permanent staffing model programs.

Therefore the Fire Department has brought forward the concept of transiting to a new staffing model utilizing full-time firefighters.

Objectives

-To bring stabilization and consistency to staffing and response to emergencies within the City while increasing the level of service provided to the community.

-Enable the department to retain our best firefighters by offering career opportunities.

-To control costs related to hiring, training, and reduce Capital cost associated with utilizing a smaller work force.

-To control pension costs related to part-time firefighter Relief Association.

-To control costs related to part-time unionization and the Affordable Health Care Act.

-To streamline, and improve departmental training and communication by having a smaller cohesive work force.

-To improve accountability and work expectation standards with a smaller staff that is more able to handle the day-to-day work responsibilities of the position.

One Year Transition Plan

A one year plan would see the full transition from the current part-time staffing model to a completely full-time model over a period of just a few months. This short transition period would create several challenges. First, the short transition period would not allow the current firefighters to adapt to the upcoming changes. Second, we have not allocated the necessary funding needed for a one year transition within the 2015 budget.

Third, it would place the department in a position of laying off a large amount of firefighters, adding to the cost of the transition. Lastly, it would not allow time to deal with the pension related issues of the Volunteer Firefighters Relief Association.

Overall Financial Plan

The 2015 budget amount increase requested by the fire department was $68,125 bringing the total budget for 2015 to $2,101,670 including pension funding.

The overall cost of a full one year transition to the full-time model would be $2,394,097.

(Additional cost of a one-year transition plan over current 2014 budget *$361,344).
**This cost does not provide for any funding to the Volunteer Firefighters Relief Association.*

Three Year Transition Plan

Growth Steps

Year one: The first year of the transition plan would see the hiring of six full-time firefighters. This first step would allow the department to begin the process of achieving several of the transition plan objectives while allowing for a relatively conservative initial impact to the majority of the department. (Cost $68,125 new funding)

Year two: The second year of the transition plan would see the hiring of three full-time Captain positions. This is a strategic step to secure and bolster a diminishing part-time supervisory staff. This is the most critical step in the transition process, and we are hoping to utilize internal candidates for these positions, but will not rule out the need to look outside the department. (Cost $134,370 new funding)

Year three: The third year of the transition will be the most controversial portion of the plan, as it will see the end of the part-time staffing program, and the resulting end for the part-time pension Fire Relief Association structure. The third year will see the hiring of 12 additional full-time firefighters bringing staffing levels to 18 firefighters and three captains. (Cost $158,849 new funding)**

Overall Financial Plan

As this is presented as a three year transition plan the "financial plan" will be presented over the three years of the transition period.

2015- The budget proposed by the Fire Department for fiscal year 2015 consisted of a request for an additional $68,125 over the current 2014 budget totaling $2,111,670.

2016- The 2016 budget would implement the second step of the transition plan as outlined in the "Growth Steps" segment of this plan. The 2016 budget would call for an additional funding amount needed of $134,370 resulting in a total budget of $2,246,040.

2017- The 2017 budget would call for an additional funding amount need of $158,849** resulting in an overall increase in the fire department operational budget of approximately $361,344 over the 2014 budget.

** (The 2017 funding amount of $158,849 along with the overall funding amount of $361,344 is taking into consideration credit of $199,000 from the Volunteer Firefighters Relief Association).

The final Fire Department budget amount of $2,404,889 does not take into account any increases related to union contract agreements, step increases, or potential COLA adjustments. The budget numbers are using 2014 non represented wage data.

The final budget amounts do not take into consideration savings related to future Capital expenses such as reduction in fire gear purchases, amount of SCBA's purchased, amount of needed radios, etc. We estimate the Capital savings from the proposed 2015 CIP to be an estimated $550,000 over the 20-year plan period, or an approximate reduction of $27,500 each year for twenty years.

**The City would only be able to access the "credit" of the States 2% funding if the Volunteer Firefighters Relief Association no longer exists.

Four year transition plan

Growth Steps

Year One: The first year of the transition plan would see the hiring of a group of six full-time firefighters. This first step would allow the department to begin the process of achieving several of the transition plan objectives while allowing for a relatively conservative initial impact to the majority of the department. (Cost $68,125 new funding)

Year Two: The second year of the transition plan would see the hiring of three full-time Captain positions. This is a strategic step to secure and bolster a diminishing part-time supervisory staff. This is the most critical step in the transition process, and we are hoping to utilize internal candidates for these positions, but will not rule out the need to look outside the department. (Cost $134,370 new funding)

Year Three: The third year of the transition would see the hiring of an additional 3 full-time firefighters bringing the total full-time firefighter count to nine with three full-time Captains. This would allow for 1.5 part-time firefighters positions per shift raising the scheduled staffing level from 5 to 5.5 per shift. (Cost $90,020 new funding)

This would allow for 18 part-time shift positions per week which would be a significant change for the department. This change would position the department for the final step of the transition plan which would eliminate the part-time firefighter component for 2018.

Year Four: The fourth year of the transition would see the hiring of an additional nine full-time firefighters bringing the total to 18 full-time firefighters and 3 full-time Captains. This will allow for a schedule staffing program of six firefighters and one captain per shift. (Cost $68,829 new funding)

The complete total of full-time staffing for the department would be 26 including administrative and chief officer positions. This staffing level is very consistent with current staffing levels for other Tier-I suburbs who respond to comparison service levels.

Based off current and future projections for call volume, needed services provided to the community and the required number of firefighters needed for large scale incidents we feel the staffing level described above will provide an adequate level of staffing both for on-duty coverage as well as call-back situations combined with our strategic alliances program.

Overall Financial Plan

As this is presented as a four year transition plan the "financial plan" will be presented over the four years of the transition period.

2015- The budget proposed by the Fire Department for fiscal 2015 consisted of a request for an additional $68,125 over the current 2014 budget totaling $2,111,670.

2016- The 2016 budget would implement the second step of the transition plan as outlined in the "Growth Steps" segment of this plan. The 2016 budget would call for an additional funding amount needed of $134,370 resulting in a total budget of $2,246,040.

2017- The 2017 budget would call for an additional funding amount needed of $90,020. Resulting in a total budget of $2,336,060.

2018- The 2018 budget would call for an additional funding amount need of $68,829** resulting in an overall increase in the fire department operational budget of approximately $361,344 over the 2014 budget, totaling $2,404,889.

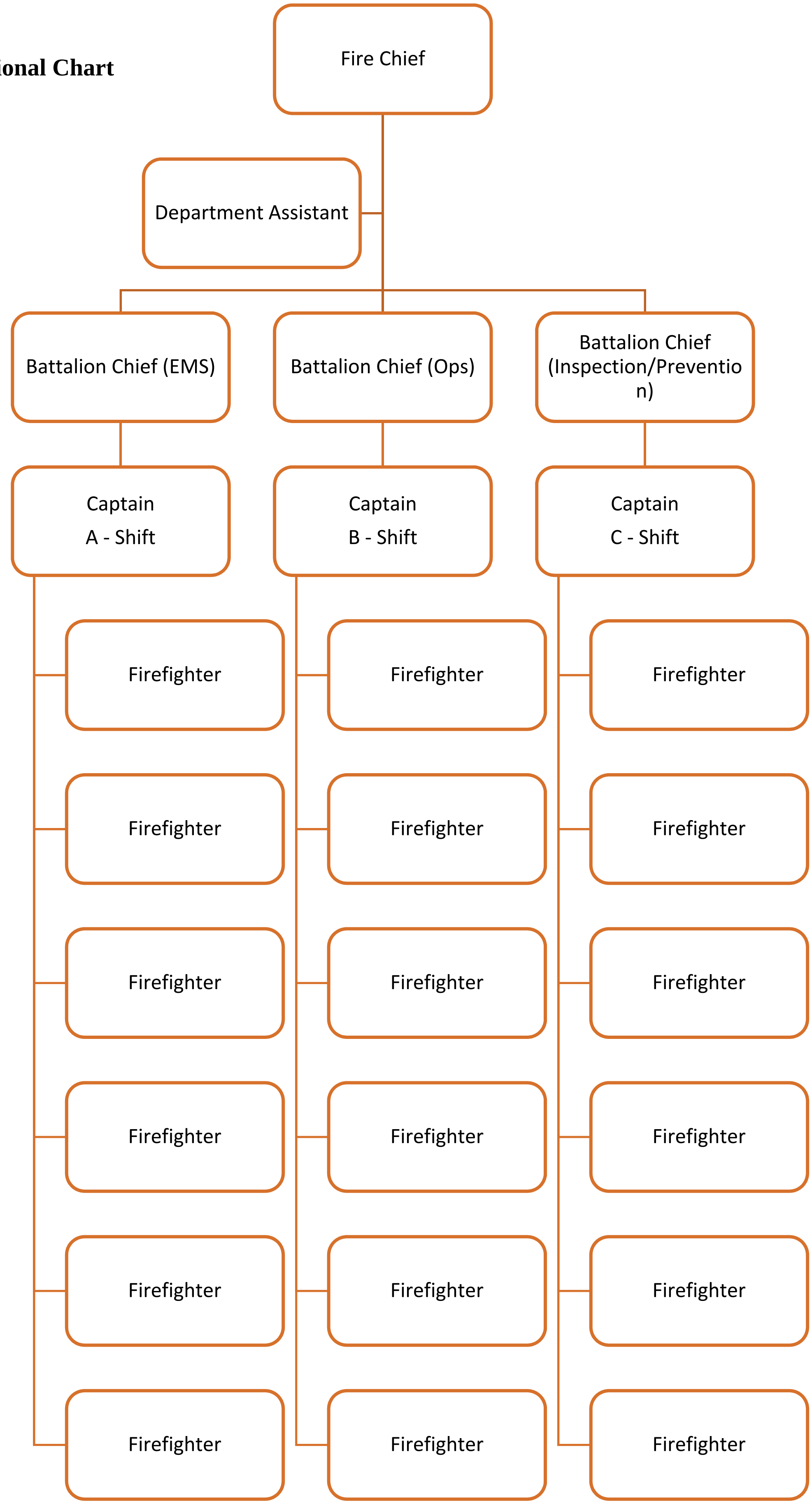
**(The 2017 funding amount of $158,849 along with the overall funding amount of $361,344 is taking into consideration a credit of $199,000 from the Volunteer Firefighters Relief Association).

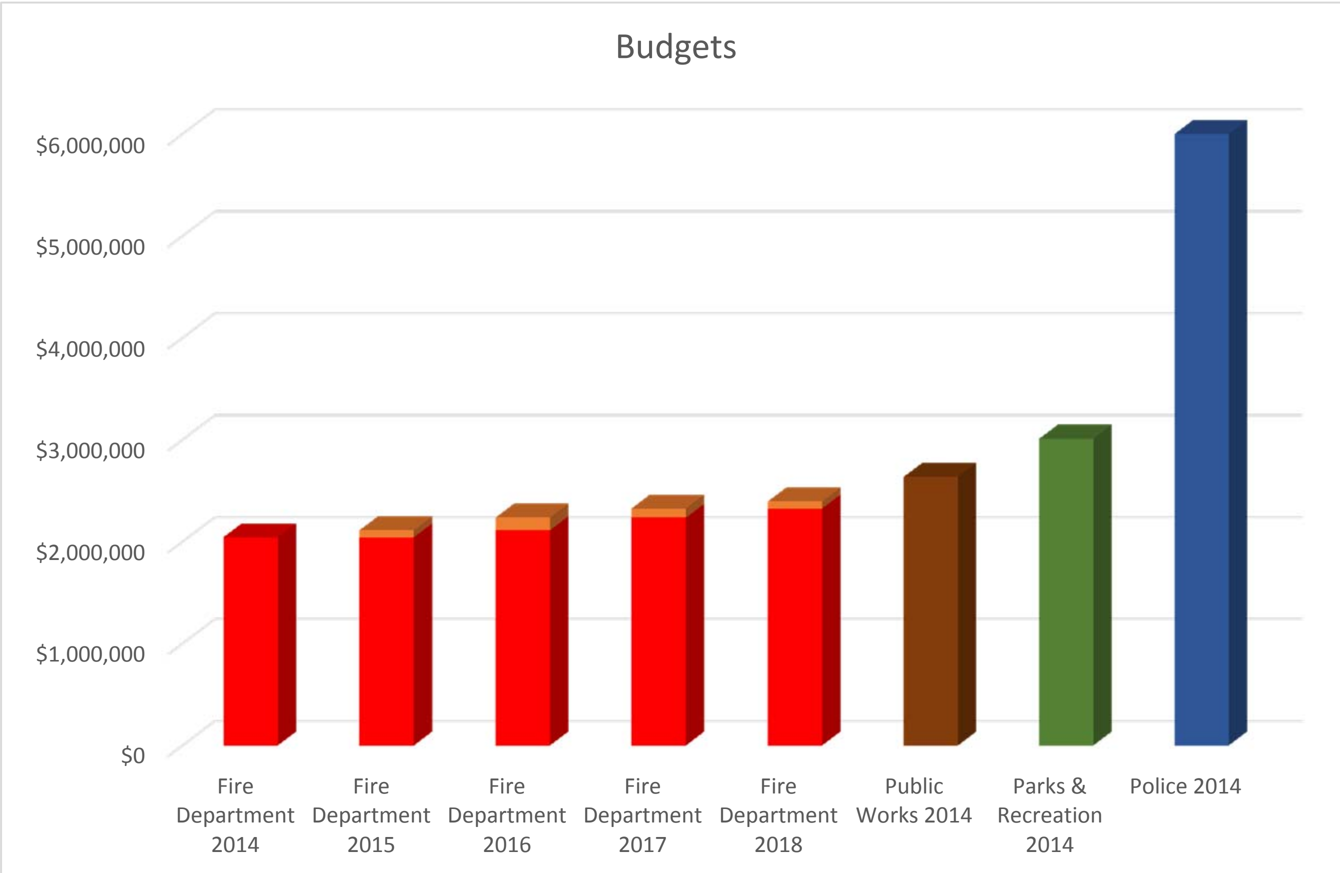
The final Fire Department budget amount of $2,404,889 does not take into account any increases related to union contract agreements, step increases, or potential COLA adjustments. The budget numbers are using 2014 non represented wage data.

The final budget amounts do not take into consideration savings related to future Capital expenses such as reduction in fire gear purchases, amount of SCBA's purchased, amount of needed radios, etc. We estimate the Capital savings from the proposed 2015 CIP to be an estimated $550,000 over the 20-year plan period, or an approximate reduction of $27,500 each year for twenty years.

**The City would only be able to access the "credit" of the States 2% funding if the Volunteer Firefighters Relief Association no longer exists.

Organizational Chart




Budgets
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$0
Fire Department 2014
Fire Department 2015
Fire Department 2016
Fire Department 2017
Fire Department 2018
Public Works 2014
Parks & Recreation 2014
Police 2014

Attachment B

Fire Department Staffing Options Discussion

Structural Staffing Options

Part-time Paid-on-Call	Current model
Full-time/Part-time Combination	St. Louis Park model
Complete Full-time	Richfield model

Full-time/Part-time Combination Model

- Advantages:
  - Allows current firefighters to stay part of the department
  - Allows for members to serve the community in a part-time capacity
  - Allows for a larger number of firefighters available for larger incidents
- Disadvantages:
  - Higher over-all costs--- both operational & CIP
  - Higher pension costs
  - Need for future hiring and training of new part-time firefighters

Complete Full-time Model

- Advantages:
  - Over-all lowest cost option
    - Operational and CIP
  - Complete PERA pension- lower costs- stable contribution levels
  - Stabilization and consistent staffing changes
  - Ability to retain long term employees
  - Increased competency levels
  - Increased levels of supervision

- Disadvantages:
  - Potential need to lay-off remaining part-time staff

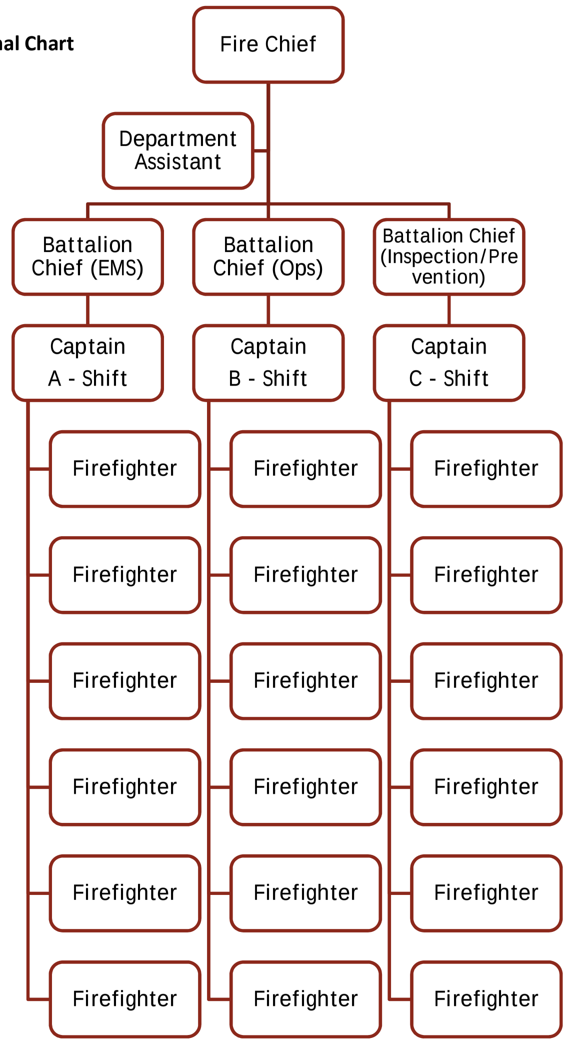
Transition Planning

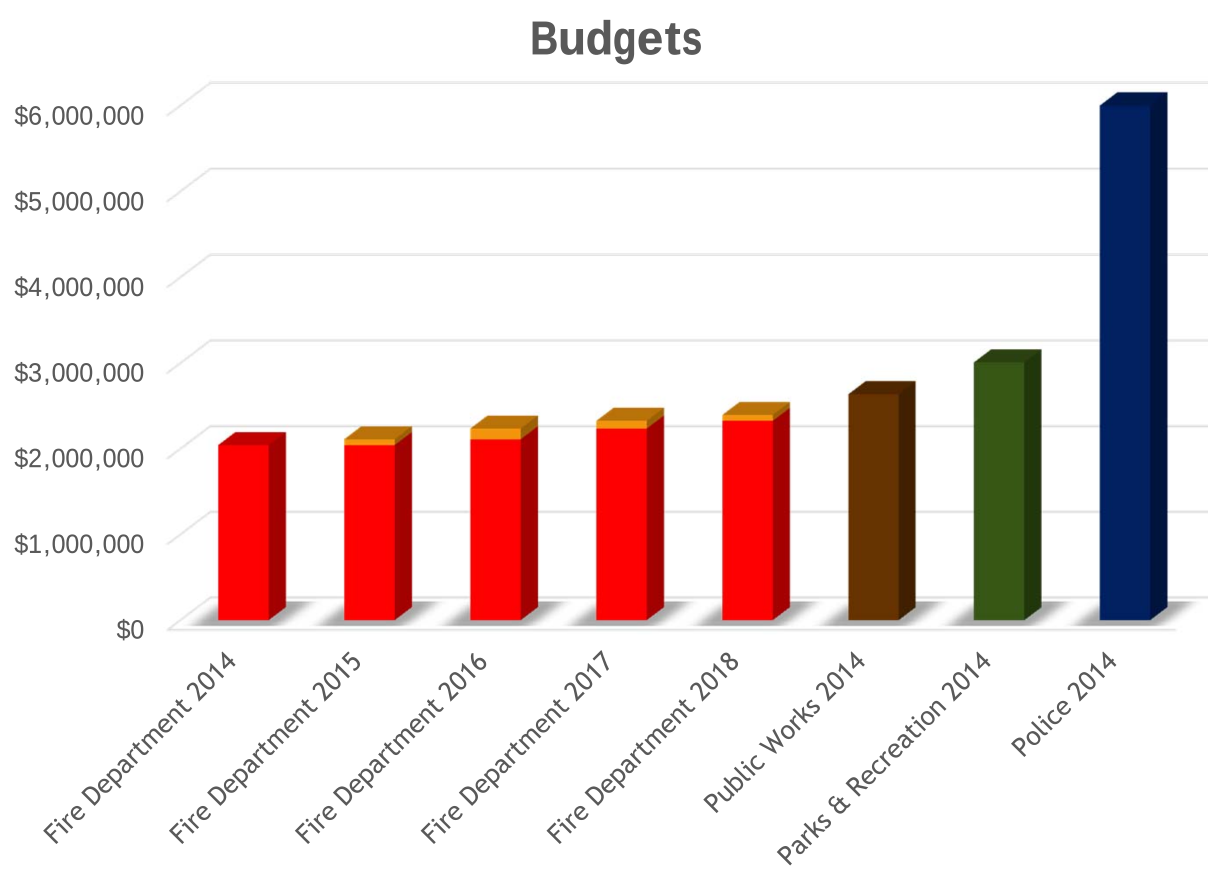
- Step #1
  - 2015 budget includes the hiring of Six (6) full-time firefighters
- One Year Option:
  - Transition to all full-time for the 2015 budget year
    - Budget challenged
    - Result in lay-offs / unemployment benefits
    - Not enough time to deal with pension items
- Three Year Transition Plan
- Four Year Transition Plan

Transition Plan components

- Plan objectives
- Growth steps
- Organizational structure
- Financial plan
- Budget comparisons

Organizational Chart





Council Questions-Discussion- Feedback

ROSEVILLE

REQUEST FOR COUNCIL DISCUSSION

Agenda Date: 11/17/2014
Agenda Item: 14.c

Department Approval	City Manager Approval

Item Description: Request by Community Development Department Staff to Discuss Potential Amendments to §1011.04 (Tree Preservation) of the City Code

BACKGROUND

On July 7, 2014 the City Council discussed current tree preservation requirements and suggested that staff consider amendments that might better preserve existing trees, simplify identification of valuable trees, adjust the calculation for tree replacement requirements, and ensure better coordination among various parts of the City Code that deal with planting, maintaining, and removing trees. Staff has taken the City Council's comments to the Planning Commission and received additional input that is also included in the concepts below.

As staff has worked through the comments, concerns, and staff's own analysis, it is apparent that there are many ways that the regulations could be modified and further direction from the City Council would be useful. The text below is a summary of the staff's current thinking regarding how regulation of tree removal could be refined. For ease of discussion, staff has attempted to group the comments and changes around some key sections:

SECTION TITLE AND PURPOSE STATEMENT

- **Change title to "Tree Preservation *and Replacement* in All Districts" to better convey that Roseville is not strictly prohibiting removal of trees, but is attempting to balance removal with replacement.**

  Staff believes this title change is important in discussing the issue with the public. In recent developments, some of the comments that have been made by residents seem to indicate that there is a belief that the regulation is intended to protect virtually all of the trees due to the title of the section.

- **Add text to clarify that this Section is intended to regulate removal of trees as a consequence of development and construction activity and does not regulate the cutting or removal of existing trees done as regular design and maintenance of private property unless such maintenance is performed in preparation for anticipated development.**

  There was a lot of discussion at the Planning Commission about where the line should be regarding what constitutes a development activity that should be subject to tree replacement. The Commission noted the underlying tension that occurs with regulating tree replacement on single family lots since the section includes an exemption allowing any owner of LDR-zoned properties to remove all of their trees on their lot without penalty, but they have to provide tree replacement if, for instance, they are building a house addition or even a deck.

- **Clarify the relationship between the tree preservation regulations and the required landscaping requirements in order to encourage tree preservation.**

  The code currently views the tree preservation and landscaping sections to be largely independent of each other. If a developer preserves trees, they are still required to put in additional trees to meet the landscaping requirement. For instance, the landscaping requirements require 1 canopy or evergreen tree per unit in a multi-family dwelling. If the developer makes an effort to preserve existing trees, they may have a difficult time getting the site to absorb both the tree preservation requirements and the landscaping requirements.

  One way cities can incentivize additional tree preservation is by allowing all trees that are saved to generate a credit towards the trees required in the landscaping requirements. If the developer chooses to remove the trees and replace them, there would be no credit generated and they would have to satisfy both the tree replacement and landscaping requirements as is currently required.

  Currently, the code allows replacement trees to be utilized for satisfying screening and landscaping requirements, but not preserved trees which could create the opposite incentive (rewarding developers for removing trees with additional flexibility).

TREE PRESERVATION PLAN

- **Specify that tree preservation plans (TPP) are to be prepared by certain qualified individuals.**
- **Clarify the responsibilities of the City Forester in the building and development approval process in order to solicit her/his assessment of the accuracy and adequacy of the plan, possible approval (if approved administratively), or recommendation for Council action.**

  One area of roles and responsibilities clarification is to eliminate the species list in the zoning code and consolidate with the City Forester's others species lists to create uniform species standards. The City Forester's species list includes input from other agencies, such as the DNR.

- **Clarify significant trees, particularly between coniferous and deciduous trees.**

  The current differentiation between coniferous and deciduous trees adds unnecessary complexity in calculating replacements because conifers are calculated based on the tree height while deciduous trees are considered to be significant at a diameter at breast height (DBH) of at least 6 inches. This creates an unintended consequence that conifers have to be replaced with conifers and deciduous trees have to be replaced with deciduous trees since they operate off of different scales.

  Choosing the right minimum level of DBH is generally a determination based on the City Council's assessment of the acceptability of the length of time it would take for a replacement tree to grow to the same size as the tree removed. Different species have different growth rates, but in general, the 6" standard used in the regulations now corresponds to a 10 – 20 year old tree (see Attachment B).

TREE SURVEY AND INVENTORY

- **Survey location of all minimum DBH trees, without distinguishing by species or type.**

  Currently, the tree preservation plans only show the significant trees which have already screened out the "undesirable" species and the trees that are diseased. This can cause confusion with the public when looking at a tree survey because they may know there is a large tree on the lot in a certain location but it does not show up as existing on the tree survey (perhaps due to disease). By showing all trees over the minimum diameter with key notations regarding why they were viewed to be non-significant (i.e. a different symbol for diseased, undesirable species), it will be easier for the approval bodies and the public to understand what change is actually being proposed and why.

- **Preserve the option for a simplified tree survey and inventory where trees do not currently exist on a site or where existing trees will not be cut, cleared, or graded for the proposed development.**

TREE REMOVAL CALCULATION

- **Count trees in public easements/rights-of-way instead of exempting them.**

  Currently, trees may be destroyed without replacement in easements, rights of way, for utilities and in storm water ponding areas. Although trees in these areas will need to be removed for infrastructure installation, by exempting them from tree replacement, the regulations treat them differently than other development activities.

  This current practice can create issues on large lot, infill redevelopment sites where the owner of a large lot often clusters trees along the edge of the large lot for privacy but then leaves the interior with fewer trees so they can enjoy their yard.

  This is partially what occurred on the development along Owasso Blvd. earlier this year where some in the neighborhood found the tree removal to be too severe. The existing tree cover was concentrated more on the edges of the property and there wasn't a lot of tree cover on the interior of the lots that had remained out of view of passersby. Once that exterior tree cover was removed, the sparse tree cover on the interior was exposed.

  By including these lot exterior trees in the calculation for replacement, neighborhoods that have become used to the privacy of an existing tree border in easement areas will receive more relief in terms of additional tree replacement.

- **Reconsideration of the 35%/15% exemption.**

  The current standards allow the removal of 35% of the significant trees and 15% of the Heritage trees without replacement. The text of the section indicates that the purpose of the removals should be for the installation of utilities, building pads and driveways. In the past, the Planning staff has interpreted this to be a straight percentage exemption rather than tying the requirement to demonstrating that the trees are being removed from the applicable areas due to the difficulties in determining how strictly this should be interpreted (i.e. only within the physical building footprint vs. trees impacted due to the grading to support the building footprint, etc.).

The current exemption, as it is being administered, does not recognize any sense of need. A lot that has a solid acre of forest and can't possibly develop without tree removal is treated the same as a lot that may have only 2 or 3 trees per acre.

Staff has not yet come to a recommendation on this requirement, in part, because its impact will be greatly affected by whether some of the other changes to the calculations are implemented.

- **Exempt problem invasive species from calculation and require their removal.**

  One threat to the urban forest is the competition with certain invasive species. The existing regulations are generally silent on this issue. This amendment process could strengthen the battle against the species that are a problem by having them identified and removed as part of the development process.

- **Exempt diseased or disease-prone trees from calculation (and perhaps require removal) if the City Forester determines that removal of such trees would help to prevent the spread of disease.**

  Currently, the code only considers the health of trees when they reach Heritage size. As with invasive species, if the City Forester finds some of the existing trees to be a threat to the urban forest due to disease concerns, this would encourage (and potentially require) that they be removed.

- **Removal of trees determined by the City Forester to be "undesirable" (e.g., cottonwoods, box elders, etc.) is calculated at ½ DBH to acknowledge that such trees have some nuisance qualities despite their positive attributes.**

  Currently, the "undesirable" trees do not generate a need to replace if they are removed. However, to the casual observer and neighborhood, a grove of cottonwoods, for instance, can still provide privacy, shade and other positive attributes that make it difficult to see removed without any attempt to mitigate the loss. By choosing to replace trees in this situation at a rate that is half of the normal tree replacement ratio, the goal would be to provide some mitigation for tree loss, but acknowledge that there may be some long term benefits to reducing the numbers of trees that fall into this category within the city.

- **Removal of trees in solar access easements is calculated at ½ DBH to reduce a disincentive to providing the potential for solar energy production, which is generally encouraged by the Comprehensive Plan.**

  As the price of solar installations is dropping rapidly, staff is beginning to see a significant uptick in desire to create zero impact homes and other solar installations. This has the potential to put two policy goals (tree preservation and sustainable energy generation) in conflict with each other in certain circumstances. This proposal would attempt to balance the loss of trees for solar installations with the benefits of promoting solar installation.

- **Offer an additional incentive to preserve Heritage trees.**

  Currently, developers are penalized for removal of Heritage trees by causing them to be replaced at twice the replacement ratio of non-Heritage trees. In addition, staff is proposing that if a developer manages to save a Heritage tree, the DBH of that Heritage tree could be subtracted from the amount needed to be replaced on the site at a 1:1 ratio, not the 2:1 penalty ratio.

- **The definition of Heritage trees is reduced to any tree which equals or exceeds 20-inch DBH (deciduous or coniferous).**

  Because of the pre-development land use in Roseville, there are not significant stands of "old growth" forests to protect like there might be in other communities. A noticeably large tree in most neighborhoods is likely not 100 years in age and more likely to be in the 50 – 70 year age. Developments rarely are submitted with trees that fall into the current Heritage tree definition of 24+ inches (coniferous) to 27+ inches (deciduous). This proposal would recalibrate the definition of Heritage tree to be a size that corresponds with the local conditions.

TREE PROTECTION PLAN

- **Preserve the requirements to show topographical information, areas of site disturbance, areas of tree protection, and details of tree protection BMP.**

  The tree protection plan would be an additional drawing that takes the trees that are indicated to preserve in the tree survey drawing and identify the measures to be taken to protect those trees so that they can be clearly demonstrated in the construction and approval process.

TREE REPLACEMENT PLAN

- **The tree replacement plan would be a third drawing that shows not only the protected trees from the tree survey but the location of what is planned for the tree replacement including species, quantities and caliper inches.**

  With the current system, approval bodies and the public only see the trees to be removed but there is not a corresponding visual to indicate what will be added during the development process. This incomplete information can lead to misunderstanding in the public regarding what the long term situation will be with trees on the site.

  Requiring the tree replacement plan will also allow the Planning Commission and City Council to have the information to respond to particular concerns raised in the approval process with actions such as requiring greater concentrations of trees or particular types of trees (coniferous or deciduous) in sensitive locations where more or less visibility might be desired.

- **Submit a form tabulating the tree replacement calculations.**

  This form would be created by the Community Development Department to illustrate the tree replacement calculations so that it is easily understandable for applicants, approval bodies and the public.

- **City Council approval**

  TPPs related to major subdivisions, conditional uses, interim uses, and rezonings in which a final development plan is known, shall be approved by City Council. The text would be strengthened to clarify that the City Council has the authority to require reasonable adjustments to site plans for the purpose of tree preservation.

TPP related to permitted activities (e.g., building permit or grading permit) shall be approved by City Council when more than 50% of existing trees (if this percentage represents not less than 10 trees) would be removed and/or when more than one Heritage tree would be removed.

OTHER

- **Reference the shoreland ordinance.**

  Since the City Code is online and residents may look up the requirements without seeking guidance from staff, they could mistakenly assume that they can cut down all of their trees on any LDR zoned lot. Although that is true in the vast majority of lots in the City, shoreland lots do have an additional layer of control that can limit a property owner's ability to remove trees and vegetation.

- **Additional construction penalty**

  In order to protect trees during the construction process and get contractors to take tree protection seriously, trees identified for preservation that die as a consequence of the development activity should be replaced at twice the required replacement value.

- **Off-site tree fund**

  Development of some especially wooded lots may create situations in which required new/replacement trees cannot reasonably be accommodated on the site. The Planning Commission came up with an idea that in such cases, the developer could contribute an amount of money comparable to the value of the trees not installed to a fund for planting and maintaining trees and other landscaping in public spaces around the city.

- **Preservation of trees that are planted as part of landscaping plans**

  It may be desirable to augment the City's landscaping requirements to ensure that multi-family residential, commercial, and industrial properties replace trees that die or are otherwise removed to preserve the intended shading/ screening qualities.

REQUESTED DISCUSSION

This memo is an update of staff's progress on revising the tree preservation regulations.

Prepared by: **Senior Planner Bryan Lloyd**
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Exhibits: A: Planning Commission minutes B: Morton Arboretum age estimation table

Tree Preservation: Discussion regarding amendment to Section 1011.04 Tree Preservation

As detailed in the staff report dated August 6, 2014, City Planner Paschke noted that this discussion was intended to review the current tree preservation requirements as adopted in 2010 under the City's revised Zoning Ordinance, following practical application, and the direction of the City Council to review current elements and aspects needing potential amendment. Mr. Paschke advised that staff was again seeking guidance and feedback, based on past debate and concerns about various nuances, as outlined in the most recent City Council discussions of July 7, 2014 (Attachment B), and outlined in lines 41 – 51 of the staff report.

Mr. Paschke noted that the City's Park & Recreation Board also served as the City's Tree Board; and asked the Planning Commission's preference to work in conjunction with, or separately at first to address the City Council's charge to put more enforcement and specificity into the current ordinance upon revision, with the goal to incentivize preservation.

Mr. Bilotta again used the proposed Mueller Subdivision as an example of how a neighborhood got used to a lot of trees, and then upon redevelopment, it was hard on the neighborhood to make that transition. As with the Mueller property, Mr. Bilotta noted that many of the existing trees were of the Boxelder species, and the City currently, from a technical forestry perspective, gave not credit for Boxelders or Cottonwoods, with the attempt to eventually get rid of those types of species and replace them with other species.

Mr. Bilotta clarified that the City's current ordinance was all about replacement and not mandating things remaining in place (e.g. heritage trees), and had no ability to protect or preserve any trees valued by the community. Mr. Bilotta noted that another issue that came up a lot was what controls the Planning Commission and City Council had in guiding development in currently ungraded areas that may not be amenable for a developer to address, with the City's hands currently tied. Also, Mr. Bilotta noted another consideration was if and when the City went too far in the other direction, advising that in some cities a resident had to get a permit to cut down any tree on private property. While the City Council wasn't ready to go there, Mr. Bilotta suggested a general tweaking of the current ordinance and structural changes to tie them in with City Code and Parks & Recreation Department considerations was preferable.

While there may be some obvious areas for improvement, not being a Forester or Arborist, Chair Gisselquist opined that in order to make the best recommendations, there should be some technical expertise behind the recommendations, whether from the parks group as to what constitutes a problem tree species while also recognizing that any tree coming down constitutes some visual element and should be replaced.

Member Cunningham reviewed some comments she'd heard from residents prior to this meeting, including specific trees needing to be preserved; more attention paid to species; the replacement ratio of trees not being sufficient; and how to address different scenarios for preservation, replacement, and how to balance that aesthetic need without making it difficult for a property owner to achieve physically and/or financially.

Mr. Bilotta referenced Councilmember Etten's comments at the City Council meeting, suggesting that rather than the City having its own list of trees, since neither they or staff were foresters, that the City Code reference the DNR list of trees and period revisions to that list as times change.

Member Boguszewski suggested that a forester or arborist review the ordinance to make sure root depth needed for a species to survive, not just root/fence lines, and other considerations are addressed. If and when the Planning Commission met jointly with the Parks & Recreation Commission (Park Board), Member Boguszewski asked that a qualified forester also attend that meeting to provide feedback and their expertise. As an example, Member Boguszewski stated that he wasn't convinced the list should be confined to passive DNR references, but also include some of the many arboretums in the State of MN for their input and to provide their expertise.

While yet to set a 2015 budget, Mr. Bilotta noted that the City Council had before them a proposal to increase the current City forester form part- to full-time to assist in such efforts.

If the staff time was increased, Member Boguszewski opined that he would like to see the requirements of doing to tied to the skills and expertise for whoever held that job, allowing more time for the existing staff person in that role. Member Boguszewski agreed with the comments of Member Cunningham, that if the City valued trees at all, the current way the ordinance was structured for replacement percentages was insufficient and needed to increase while still allowing for flexibility based on age of existing trees or based on their maturity levels.

Mr. Paschke stated that he was not opposed to increasing that ratio or number, but clarified that there was no instance where a developer could clear cut a site and not install replacement trees, even for new projects in order to meet landscape requirements for trees and shrubs. Using the Josephine Heights development as an example, Mr. Paschke noted that they received credit for preserved trees, many heritage trees; however, in some commercial areas, it was more difficult to achieve that; or other developments with existing landscaping that couldn't fit additional trees in based on design standards.

Member Boguszewski opined that this wasn't only about individual sites or micro locations, but had a biosphere affect and benefit for the entire community. Member Boguszewski questioned if there was any way to accomplish those instances when there wasn't room on an individual site, but reforestation or replacement could be accomplished in other areas of the community (e.g. Central Park).

Mr. Paschke agreed that staff could look into options to plant trees off-site, or in certain developments to plant on adjacent properties, opining that there may be a number of opportunities to review.

As an example Member Boguszewski suggested a line of shade trees along County Road B-2.

Member Stellmach stated that his concern was that right now it seemed like you could clear cut a lot as long as you replaced some trees.

Mr. Bilotta agreed with that perception; however, he noted that it generally meant replacing one tree with multiple trees, but there came a point where you couldn't plant any more.

Member Stellmach opined that, if you were replacing on other sites, it was not a true replacement (e.g. young trees versus heritage trees); and habitat and absorption were other considerations. Member Stellmach further opined that there needed to be a way to incentivize retaining older trees on a lot and not cutting them down in the first place. Member Stellmach suggested a tradeoff in higher density or different setbacks for keeping older trees.

While they provide great aesthetics, Chair Gisselquist noted the burden in trying to build around heritage or older trees in an attempt to preserve them.

In his initial read of the materials, Member Daire opined that it was written in such a way to include private properties across the City, not just those being proposed for redevelopment, and questioned if that was the intent and purpose that any tree preservation plan needed to be submitted and approved. If this was the case, using a recent porch remodel at his residence as an example, Member Daire opined that he found this scary, as well as noting that the City didn't have sufficient personnel to deal with such an overreaching purpose. Member Daire questioned the viability of passing on the cost of a tree preservation plan to private property owners. If he was reading the existing ordinance correctly, Member Daire opined that this created a huge burden for private property owners.

Mr. Bilotta advised that, as with reliance on engineers and surveyors for grade specifications, the City also had to depend on a professional developer to make a determination on sick trees or other considerations as part of the tree preservation plan presented as part of the requirement.

Mr. Paschke clarified that a private citizen in Roseville could not get a building permit until they identified trees – whether through a formal or informal tree preservation plan – and specific to the impacted area only, not the entire site. Mr. Paschke noted that if there was no impact to existing trees, a property owner still had to fence around those trees, if applicable and within the impact area, to ensure there was no root damage as the project proceeded.

Member Daire further opined that this gave the City the right to tell a private property owner what to do with tree coverage on their property, which he also found problematic and overreaching; further opining that the City didn't have any right to come into his property to tell him what he could or could not do unless the City owned the trees.

Chair Gisselquist noted that in some instances, such as easements for power lines, people other than the City could access private property.

Member Daire recognized this as an incentive to have consistently dependent utility service available; but could find no benefit in his having to submit a tree preservation plan to qualify for a building permit for a porch addition. While being a verbal processor, Member Daire reiterated that this frightened him, causing a need for his only recourse to be an appeal to the City to allow trucks to come onto his lot with building materials to accomplish his porch remodel.

Mr. Bilotta clarified that, as far as the rights of the City, the interpretation depended on the type of development activity: whether a building addition or a developer building houses. Mr. Bilotta noted that all of those trees on a private developer's lot were also private trees on that private property, but the City has indicated through its zoning ordinance and tree preservation regulations, that they have an interest in maintaining private trees. That said, Mr. Bilotta noted that there was obviously some flexibility built in to address issues on a case by case basis and based on the most advantageous means to ensure trees are protected and/or preserved.

Mr. Paschke noted that a property owner was allowed to remove 35% of the tree coverage on their private property without penalty, per current code, and using Member Daire's remodel as an example, a simplified plan could address what trees may potentially be impacted by construction of that particular project. In some cased, Mr. Paschke noted that a more involved survey of trees may be required by the inspection department, but as part of the City's tree preservation ordinance and process, a plan was approved.

Member Daire opined that his problem was in assuming that the trees were not his even though on his private property.

Mr. Paschke advised that code stated that the City's intent was to protect as many trees within the community as possible, or when unable to do so, to make allowances for their replacement of varying degrees.

Mr. Bilotta noted that the issue was not whether or not the City owned the trees, and as a private citizen you had the right to do what you wanted, but when triggering an expansion mode, you moved from homeowner to developer status.

Chair Gisselquist noted that this became the whole premise of the zoning code, and in the example of a garage, while the City didn't own the garage, the homeowner put on the developer that in their role of impacting the community; and questioned at what point the rules and regulations became applicable.

Given another scenario, Member Daire questioned if he wanted to clear 45% of the trees on his property, but didn't apply for a building permit, he couldn't do so.

Mr. Paschke advised that if the property owner was not doing any development, at this time there was no ordinance on the books in any zone to prevent a property owner from doing so, but similar to any other code requirement, once you seek the City's approval, through an administrative or other process, it triggered certain requirements.

Mr. Bilotta noted that, unfortunately, this was a sticky loophole that most codes fell into.

Back to the alternative proposal for planting trees elsewhere, Member Murphy stated that he found that intriguing. As an example, Member Murphy noted some Buckthorn removal projects in some parts of the City that had left vacant areas, and questioned if a creative approach along that line for off-site planting to meet ratios or criteria, may benefit those other areas and enable trees to be planted which would further address Member Boguszewski's biomass theory. Member Murphy opined that, increasing habit and replanting in public areas would be a neat option to explore.

Specific to Member Daire's comments, Member Boguszewski added his voice to those concerns; and spoke in support of being cautious against over-reaching with this type of ordinance. While recognizing public utilities versus private ownership and their underlying values, Member Boguszewski opined that, as this ordinance was further refined, there needed to be guards against increasing encroachment of government upon personal liberties; and safeguards or options were needed to address those concerns expressed by Member Daire.

Along those same lines, Member Murphy referenced the last paragraph of Attachment A (Item J entitled "Entry on Private Property and Interference with Inspection"), and suggested the need for caution in limiting enforcement action only on the subject parcel, not adjacent properties. Member Murphy suggested further clarification on that point.

Mr. Bilotta noted that the intent was that this was addressing developed properties; however, he recognized Member Murphy's concerns.

In conclusion, Mr. Bilotta noted that the intent of the City Council was not to radically change requirements or get into private sector home issues, but specifically to:

1) Determine whether to define trees by a recognized standard versus a list developed by the City that periodically became outdated; and
2) Recognize there was still some inherent value to trees considered to be a bad species; and
3) How to beef up controls if you want to retain a tree or have one that can't be relocated.

Mr. Paschke suggested caution in addressing the whole notion of or potentially increasing replacement formulas.

Mr. Bilotta suggested, if consideration was given for credit for bad tree species that needed to be addressed before considering the formula, as there may be more trees showing up.

Member Boguszewski noted past incentives during Arbor Day activities for tree planting; with some now located on private property having increased their tree count of their own free will, but now subject to penalty for what they originally did as a good deed. Member Boguszewski questioned if there was a provisional credit or a certain time when a tree survey was submitted.

Mr. Lloyd noted that such a situation existed today, with a private property owner allowed to remove up to 35% of their trees without any issue.

Mr. Bilotta noted, as an example, a shopping center in another state, which brought in 20,000 small trees five years prior to development, and in that instance, a PUD was negotiated to vary that section of zoning to provide credit for the future development.

Estimated[1] Age of Urban Trees by Species and Diameter (DBH)

	Tree diameter (DBH) in inches									
Species	5"	10"	15"	20"	25"	30"	35"	40"	45"	50"
	Estimated tree age in years									
American elm (4)		27	38	48	58	67	77	86	95	104
Siberian elm (4)		24	32	39	46	53	59	65		
Hackberry (7)		14	29	50	77	109				
Honeylocust (4)		29	41	52	63	73	84	94		
Pear (3)	6	15	24	34						
Green ash (4)		27	45	63	83	104	126	148	171	194
White ash (3)	6	14	21	28	35					
Silver maple (7)		9	18	31	46	65	86	110	136	
Boxelder maple (4)		23	36	50	64	78				
Sugar maple (4)		33	51	70	88	107				
Red maple (6)	13	23	34							
Black maple (7)		20	39	64	94	127				
Norway maple (4)		28	40	52	63					
London plane (3)	7	16	25	33						
White oak (3)	11	24	36							
Swamp white oak (3)	9	20	31							
Red oak (4)		55	75	94	112	130	146	162		
Bur oak (4)				134	140	144	148	152		
Pin oak (4)		28	38	46						
Lindens (6)	12	21	31	41	53					
Basswood (7)		16	31	51	76	104				
Ginkgo (3)	12	24	35							
Black walnut (6)	14	26	41							
Kentucky coffeetree (3)	9	23	36							
Catalpa (3)	6	13	21	28	36					
Baldcypress (3)	7	18	29							
Poplar (10)	15	28	41	52	61	69	77	84		
White pine (6)	15	26	38							
Scotch pine (4)		52	68	82	95	107	119			
White spruce (6)	21	39	61							
Blue spruce (6)	17	30	45							

[1] Estimates are approximate given the significant variation in the growth rates of individual urban trees.
(#) = source of information for the species. See accompanying page of citations.

The Morton Arboretum

Attachment B

Citations for the Table "Estimate age of urban trees by special and diameter (DBH)."

1. de Vries, Roelof E. 1987. A preliminary investigation of the growth and longevity of trees in Central Park. Unpublished MS Thesis, Rutgers University, New Brunswick, NJ.

2. de Vries, Roelof E. 1985. Tree growth of selected species in Central Park. Unpublished Report May 6, 1985.

3. Dwyer, John F. 2010. Unpublished data on the growth of planted street trees in selected suburbs of Chicago. The Morton Arboretum, Lisle IL.

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5. Fleming, Lynn E. 1988. Growth estimates of street trees in central New Jersey. Unpublished MS Thesis, Rutgers University, New Brunswick, NJ.

6. Frelich, Lee E. 1992. Predicting dimensional relationships for Twin Cities shade trees. Unpublished paper. Department of Forest Resources, University of Minnesota –Twin Cities, St. Paul MN.

7. Iakovoglou, Valasia. 2001. Trees examined along a rural-urban gradient and by local land use in the Midwestern US: An investigation of factors related to tree growth. Unpublished MS Thesis. Iowa State University, Ames Iowa.

8. Iakovoglou, Valasia; Thompson, Janette; Burras, Lee and Rebecca Kipper. 2003. Factors related to tree growth across urban-rural gradients in the Midwest, USA. ***Urban Ecosystems*** 5: 71-85.

9. Iakovoglou, Valasia; Thompson, Janette and Lee Burras. 2002. Characteristics of trees according to community population level and land us in the U.S. Midwest. ***Journal of Arboriculture*** 28, 59-69.

10. Nowak, David J. 1994. ***Atmospheric carbon dioxide reduction by Chicago's urban forest.*** pp. 83-94 In: Chicago's urban forest ecosystem: Results of the Chicago Urban Forest Climate Project. GTR NE-186. Radnor PA: U.S. Department of Agriculture, Forest Service, Northeastern Forest Experiment Station. 201 p.

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ROSEVILLE

REQUEST FOR COUNCIL ACTION

Date: 11/17/2014
Item No.: 14.d

Department Approval

City Manager Approval

Item Description: Discuss Metropolitan Council Housing and Redevelopment Authority Family Affordable Housing Program

BACKGROUND

There are currently 15 houses in Roseville managed under the Metropolitan Council HRA Family Affordable Housing Program (FAHP). The Police Department and Community Development have been working with residents living on or near the 1300 Block of Belmont Lane to address concerns of public nuisance behavior occurring at an FAHP home in the neighborhood. A meeting was held on October 9th, 2014 to discuss the nuisance behavior and included representatives from: the residents of 1300 Block of Belmont, Metropolitan Council HRA staff, Police Department, Community Development, and Roseville City Council. The meeting provided a venue to voice the concerns, but, a direct solution was not developed from the meeting. The Police Department and Community Development Department are still working with Metropolitan Council HRA staff and the neighbors of the FAHP house to find an appropriate solution to the concerns. Community Development Director Paul Bilotta and Community Relations Coordinator Corey Yunke will be available to provide further details and answer any questions from City Council.

POLICY OBJECTIVE

To discuss the Metropolitan Council HRA Family and Affordable Housing Program in Roseville.

BUDGET IMPLICATIONS

The discussion does not affect the budget at this time.

STAFF RECOMMENDATION

Staff recommends a discussion regarding the Family and Affordable Housing Program in Roseville and any potential effect(s) to the surrounding neighborhoods.

REQUESTED COUNCIL ACTION

Discuss the Metropolitan Council HRA Family and Affordable Housing Program in Roseville.

Prepared by: Corey Yunke, Police Department Community Relations Coordinator.
Attachments: [none]

ROSEVILLE

REQUEST FOR COUNCIL ACTION

Date: Nov. 17, 2014
Item No.: 14.e

Department Approval	City Manager Approval

Item Description: Tax Increment Financing (TIF) Status

BACKGROUND

The City of Roseville has 7 active TIF districts in the City (Attachment A). Four of these TIF districts will be expiring in the next 4 years (expiration dates and the types of TIF districts are indicated in the map legend).

TIF is an economic development tool created by the legislature to help projects get over the financial gap "Catch 22" that can sometimes occur with development and redevelopment projects. TIF is commonly used to remove extraordinary costs associated with redevelopment and blight removal, significant job creation, public infrastructure related to development and redevelopment projects and affordable housing. All such redevelopment projects generally include costs of redeveloping a property for the owner/developer that exceed the value of doing nothing. TIF recognizes that doing nothing can have an opportunity cost to the public because if the property were redeveloped, the increased taxes could significantly exceed the financial gap standing in the way of that redevelopment.

Decades ago, Minnesota had TIF laws that were lax in some ways which led to perceived abuses and gave the financial tool a bad name that was not the case in other parts of the country. These laws have been revised several times to limit the flexibility for use of the tool while still allowing communities to meet their policy objectives for projects that require using TIF. Even with the law changes some of the negative attitudes towards the use of TIF remain. A brief overview of TIF in Minnesota prepared by the nonpartisan Research Department of the Minnesota House of Representatives is Attachment B. This overview also outlines the various types of TIF districts which are used for different policy objectives and include different expiration dates.

TIF is often accomplished in one of two ways:

1. As a "pay as you go" TIF which requires the developer to finance the monetary gap up front and then is paid back over time by the increase in taxes created by the development
2. As an "up front" payment where the public finances the monetary gap, generally public improvements and infrastructure costs, at the beginning of the process and then collects the annual increment to pay back the obligation. The public finance can either be via interfund loan or bonds which may be issued to preserve City funds with certain security provisions included that assist to mitigate City risks. Taxability of the bonds is subject to certain use and security limitations resulting from the 1986 federal tax law changes that included additional restrictions on the use of bond proceeds.

No matter which method of TIF is used, the City, County, School District and other taxing authorities will continue to receive the same amount of pre-development taxes they did before the TIF district until the district is closed. At the time of closure, the captured tax capacity will be available for all of the taxing authorities and assuming all other variables remain constant, each will receive the higher level of taxes that are now created by the redevelopment which should make the use of TIF revenue positive over the long term. A city is authorized to keep a district open to fulfill all district obligations and eligible expenditures as outlined in the TIF Plan, up to the maximum term of the TIF District. All projects financed with TIF must meet the 'but-for' test, meaning that the proposed development and redevelopment project would not proceed 'but for' the use of TIF. There can sometimes be negative feedback from the public or other taxing authorities regarding the 'but for' test and use of TIF if cities leave districts open in place for the maximum term to finance multiple projects as outlined in the TIF Plan. At times TIF funds are being accumulated for certain projects (such as future phases of development, planned capital improvement projects, etc.) To a lesser extent, TIF districts can also generate negative feedback because they do not adjust the baseline values to account for inflation, but the scale of that issue is generally dwarfed by the positive gains from the redevelopments over time.

TIF districts now have what are referred to as "knockdown rules" to ensure that the district is sized at the minimum size to accomplish the policy objective and that development activity is occurring. The knockdown rules as well as the constantly ticking expiration clock on TIF districts provides some incentive to create smaller, project specific districts rather than large, "catch all" TIF districts.

By law, TIF may not be used for general government purposes.

RISKS AND BENEFITS RELATED TO HOW TIF IS PROVIDED

<u>Pay as you go</u>: The lowest risk method for providing TIF is with the "pay as you go" model because the City is not incurring a financing risk. The structure of the "pay as you go" agreement can be structured in ways to transfer virtually all risk to the developer through the use of minimum assessment agreements and placing caps on the maximum amount of benefit which can be received by the recipient. The proposed project is generally known at the time of the financing commitment and therefore the City can negotiate directly with the end users to ensure the development is meeting the goals that the City has for the project.

<u>Up front</u>: Risk can be minimized with the use of minimum assessment agreements and other techniques as well, but because there is a financing component to this type of TIF financing, there is more risk than with "pay as you go". In "up front" financing, the proposed project is generally known at the time of financing commitment and therefore the City can negotiate directly with end users to ensure the development is meeting the goals that the City has for the project.

<u>Public infrastructure funding</u>: Another way to use TIF is by constructing infrastructure in order to create an environment that is improved for development. This is particularly useful in situations where the infrastructure is difficult to finance through assessments, such as due to extraordinary technical difficulties or because the infrastructure is introducing important amenities that are critical for becoming the catalyst for the new development, which is common with streetscape and stormwater amenities.

Public infrastructure funding often occurs before the projects are proposed which can generate some risks. Since the City has already invested prior to any development negotiations, the investment may not assist in attracting the desired end users since the City would not have any input beyond regulatory controls in the end users. In addition, the redevelopment benefit can be muted because the initial underlying property owners may absorb a lot of the infrastructure benefits by raising land prices which doesn't assist the end users with any gap financing.

Property acquisition:

Cities can also use TIF to acquire properties which provides the maximum control and risk for redevelopment. A city should ensure it has a complete knowledge of property condition and development risks if it wants to become the underlying landowner (or joint venture owner) as well as develop a strategy for the eventual sale of the asset. Since the City would have an underlying ownership interest, the City has extensive ability to negotiate with end users and achieve the development that is desired.

POLICY OBJECTIVE

The use of TIF can be used to support a number of policy objectives. As an example, in 2008, the City developed the Twin Lakes Public Financial Participation Framework (Attachment C) which outlines the policy objectives that the City Council is attempting to achieve with the use of financial incentives (including TIF) in the Twin Lakes area.

In addition, when TIF districts are created, they include a TIF Plan which outlines the policy objectives for that district.

BUDGET IMPLICATIONS

In the short term, TIF districts can cause a small amount of reduction in taxes received due to the loss of inflationary valuation increases. In the long run, the proper use of TIF districts should significantly increase the amount of taxes received by the City due to the increased property valuation and economic activity.

Depending on how the TIF funds generated are used, they can reduce City expenditures for items such as capital improvements that would otherwise need to be financed through the general levy, assessments, fees or some other method.

Of course, any new infrastructure creates new ongoing city maintenance obligations over the long term and intensification of uses can increase incremental demands on city services since more employees/shoppers/residents means more people using streets, parks, and needing emergency services. However, cities that use TIF generally view those incremental costs to be balanced out by being able to capture county and school incremental funds while the district is active and then the permanent higher tax revenues going forward when the district expires. However, being aware of the long term costs and benefits is often one of the key inputs into a city's determination of whether it wants to provide economic development assistance to any particular development proposal and why some cities prefer financing methods that preserve end user negotiations where those costs and benefits can be more accurately estimated.

The current TIF district balances are as follows:

District	Name	Expiration	Balance
10	The Lexington	2014	$495,387
11/11A	Old Twin Lakes	2016	$765,016
12	NCR (Applewood)	2016	$716,480
13	College Properties	2018	$1,868,841
17	Twin Lakes Phase 1	2031	$1,706,268
18	Sienna Green	2038	$17,842
19	Applewood Pointe	2020	$1,261

The current TIF districts are carrying future obligations for the following expenses:

District 10

The remaining TIF balance in this district is obligated to the Dale Street housing development.

District 11

The entire balance in this district is all contained in the Hazardous Substances Subdistrict (HSS). HSS funds are limited to use for issues related to pollution including removal and remediation; testing, demolition and soil compaction; purchase of environmental insurance or creating guaranty fund to indemnify against environmental liability; as well as administrative and legal costs.

District 12

The remaining TIF balance in this district is obligated to the Dale Street housing development.

Disctrict 13

This district does not have defined project obligations at this time and is limited in its geographic scope to just being in the Eagle Crest/College Properties area. However, it is anticipated that future projects will likely be defined in this area related to transportation improvements. The area has a lot of projected change with the extension of Twin Lakes Parkway, a future BRT station and the ongoing issues related to pedestrian safety crossing Snelling Avenue.

District 17

The entire value of this district balance is in HSS funds.

Although there are funds in the District 17 regular account, they are obligated to $5.1 million in infrastructure funding and $1.9 million as a potential acquisition liability for the Xtra Lease parcel. (This district is currently funding the Cleveland/I-35W interchange project). If both the infrastructure and the Xtra lease obligations were to occur as projected, the projected regular TIF deficit from 2014 – 2031 is ($2,798,096). Of course, this is an area undergoing active redevelopment which should increase TIF revenues significantly between now and 2031 that are not included in the calculations.

District 18

This project specific district (Sienna Green) does not generate large account balances.

District 19

This project specific district (Applewood Pointe) does not generate large account balances. The City does receive a 20% administrative fee on this district which is significantly larger than in other districts.

STAFF RECOMMENDATION

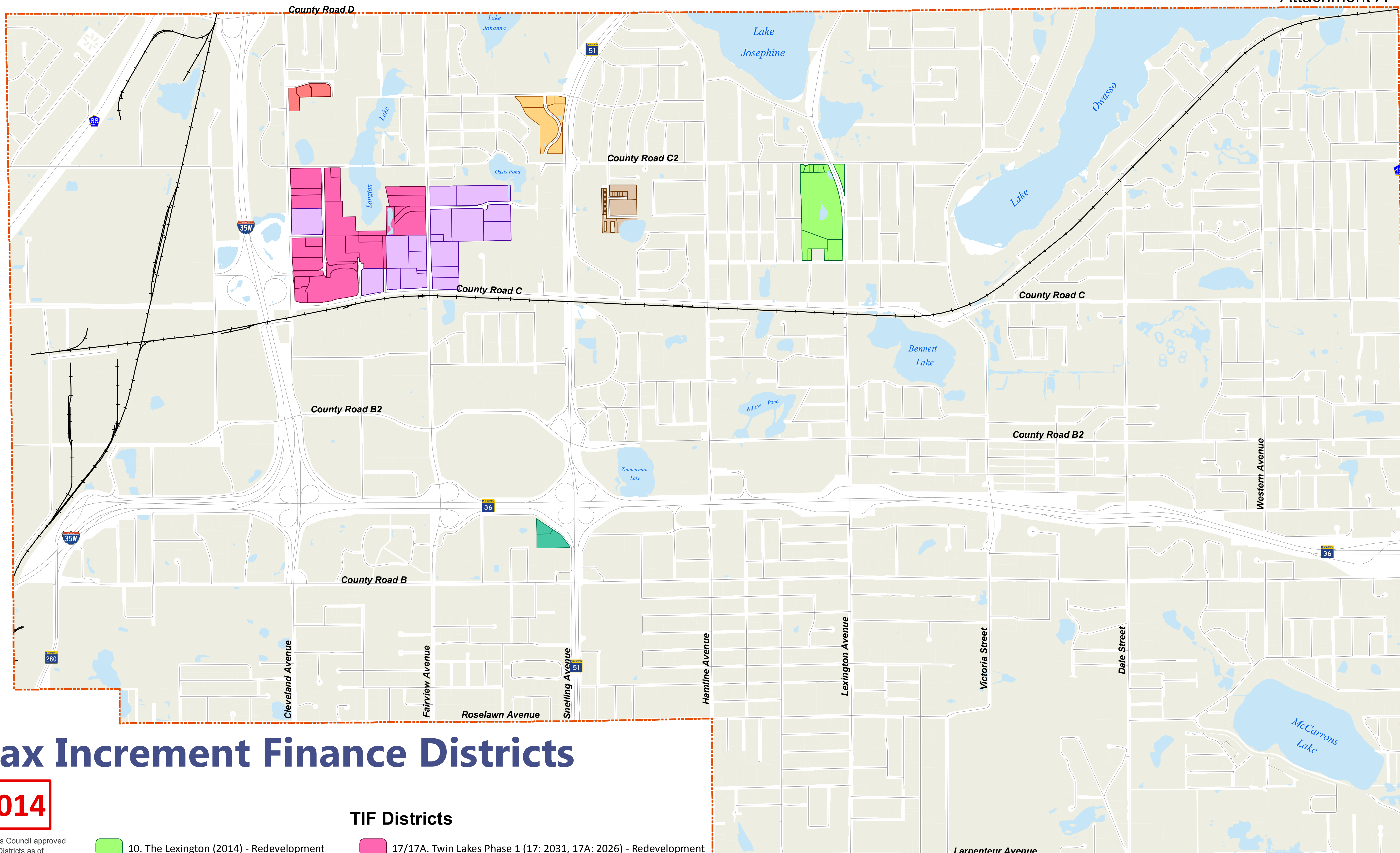
This RCA is for informational purposes only.

REQUESTED COUNCIL ACTION

Since this item is informational only, no Council action is requested.

Prepared by: **Paul Bilotta, Community Development Director**
Attachments: A: TIF District Map
B: TIF House Research, (June 2014)
C: Twin Lakes Public Financial Participation Framework

Attachment A



Tax Increment Finance Districts

2014

Map reflects Council approved TIF Districts as of January 1, 2014

ROSEVILLE

Prepared by:
Community Development Department
Printed: February 2014

TIF Districts

- 10. The Lexington (2014) - Redevelopment
- 11/11A. Twin Lakes (2016) Redevelopment
- 12. NCR (2016) - Redevelopment
- 13. College Properties (2018) - Redevelopment
- 17/17A. Twin Lakes Phase 1 (17: 2031, 17A: 2026) - Redevelopment
- 18. Sienna Green Apartments (2038) - Housing
- 19. Applewood Pointe (2020) - Economic Development

Data Sources
* Ramsey County GIS Base Map (2/4/2014)
* City of Roseville Community Development
* City of Roseville Finance Department

HOUSE RESEARCH | Short Subjects

Joel Michael

Updated: June 2014

Tax Increment Financing

What is TIF?

Tax increment financing (TIF) uses the increased property taxes that a new real estate development generates to finance costs of the development. In Minnesota, TIF is used for two basic purposes:

- To induce or cause a development or redevelopment that otherwise would not occur—e.g., to convince a developer to build an office building, retail, industrial, or housing development that otherwise would not be constructed. To do so, the increased property taxes are used to pay for costs (e.g., land acquisition or site preparation) that the developer would normally pay.
- To finance public infrastructure (streets, sewer, water, or parking facilities) that are related to the development. In some cases, the developer would be required to pay for this infrastructure through special assessments or other charges. In other cases, all taxpayers would pay through general city taxes.

How does TIF work?

When a new TIF district is created, the county auditor certifies (1) the current net tax capacity (i.e., property tax base) of the TIF district and (2) the local property tax rates. As the net tax capacity of the district increases, the property taxes (i.e., the "tax increment") paid by this increase in value is dedicated and paid to the development authority. The tax increment is limited to the tax derived from the certified tax rate. Increases in value that generate increment may be caused by construction of the development or by general inflation in property values. The authority uses the increment to pay qualifying costs (e.g., land acquisition, site preparation, and public infrastructure) that it has incurred for the TIF project.

How is TIF used to pay "upfront" development costs?

There is a mismatch between when most TIF costs must be paid—at the beginning of a development—and when increments are received—after the development is built and begins paying higher property taxes. Three basic financing techniques are used to finance these upfront costs:

- **Bonds.** The authority or municipality (city or county) may issue its bonds to pay these upfront costs and use increment to pay the bonds back. Often, extra bonds are issued to pay interest on the bonds ("capitalizing" interest) until increments begin to be received.
- **Interfund loans.** In some cases, the authority or city may advance money from its own funds (e.g., a development fund or sewer and water fund) and use the increments to reimburse the fund.
- **Pay-as-you-go financing.** The developer may pay the costs with its own funds. The increments, then, are used to reimburse the developer for these costs. This type of developer financing is often called "pay-as-you-go" or "pay-go" financing.

What governmental units can use TIF?

Minnesota authorizes development authorities to use TIF. These authorities are primarily housing and redevelopment authorities (HRAs), economic development authorities (EDAs), port authorities, and cities. In addition, the "municipality" (usually the city) in which the district is located must approve the TIF plan and some key TIF decisions. TIF uses the property taxes imposed by all types of local governments. But the school district and county, the two other major entities imposing property taxes, are generally limited to providing comments to the development authority and city on proposed uses of TIF. The state-imposed tax on commercial-industrial and seasonal-recreational properties is not captured by TIF.

What is the but-for test?

Before an authority may create a TIF district, it and the city must make "but-for" findings that (1) the development would not occur without TIF assistance and (2) that the market value of the TIF development will be higher (after subtracting the value of the TIF assistance) than what would occur on the site, if TIF were not used.

What types of TIF districts may be created?

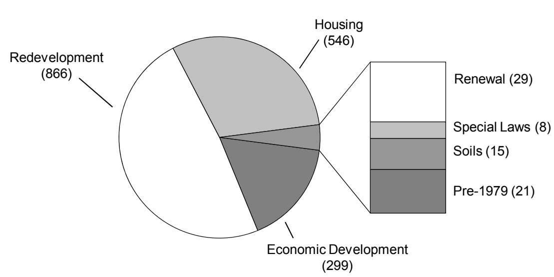
Minnesota allows several different types of TIF districts. The legal restrictions on how long increments may be collected, the sites that qualify, and the purposes for which increments may be used vary with the type of district.

District type	Use of Increment	Maximum duration
Redevelopment	Redevelop blighted areas	25 years
Renewal and renovation	Redevelop areas with obsolete uses, not meeting blight test	15 years
Economic development	Encourage manufacturing and other footloose industries	8 years
Housing	Assist low- and moderate-income housing	25 years
Soils	Clean up contaminated sites	20 years
Compact development	Redevelop commercial areas with more dense developments	25 years

How many TIF districts exist?

According to the 2014 report of the Office of State Auditor (OSA), there were 1,784 active TIF districts in 2012. The graph shows the relative shares by type of district.

TIF Districts by Type in 2012
(1,784 districts)



Source: 2014 Report of the State Auditor

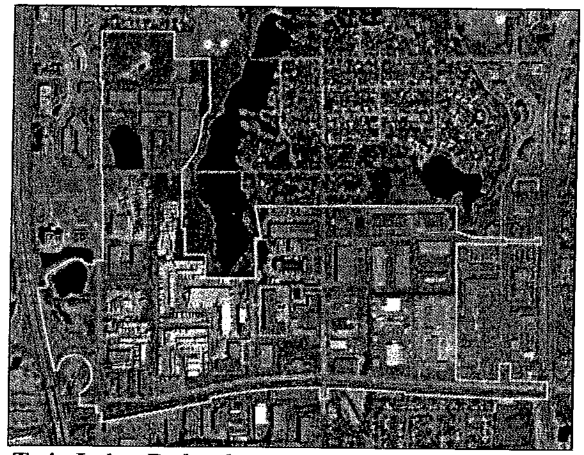
For more information: Contact legislative analyst Joel Michael at 651-296-5057. Also see the House Research website for more information on TIF at www.house.mn/hrd/issinfo/tifmain.aspx.

The Research Department of the Minnesota House of Representatives is a nonpartisan office providing legislative, legal, and information services to the entire House.

Twin Lakes Public Financial Participation Framework

Introduction

Since 1988, the City of Roseville has worked to spark investment in the 275-acre Twin Lakes Redevelopment Area. The City initiated the creation of a Master Plan for the area, which has been updated several times since its inception. Over time, the importance of this project has become deeply rooted within the community, which is demonstrated by the adoption of Twin Lakes Master Plan into the City's Comprehensive Plan.



Twin Lakes Redevelopment Area

During the initial phases of redevelopment activities, public financial participation is often requested by developers to assist in off-setting the increased development costs associated with development on these more complicated sites. With limited financial resources and community expectations high, the City of Roseville has established a Public Financial Participation Framework to identify objectives and criteria by which to consider future financial requests for projects within the Twin Lakes Redevelopment Area.

The following framework, which has been developed with consideration to community goals articulated through the Imagine Roseville 2025 process, the Twin Lakes Master Plan (2001), and the Twin Lakes Design Principles, describes general policies that the City of Roseville will use when considering if to participate, what type of activities to assist with, and parameters of participation. These policies are intended to clarify what is within the realm of consideration when public financial participation is considered for elected officials, city staff, the public, and the development community.

Twin Lakes Public Financial Participation Determination

For all projects requesting financial assistance, the requestor must demonstrate (to be verified by the City) that the project is unlikely to proceed without the infusion of City funds. Beyond need, developers must demonstrate how their project will advance the city's overarching objectives. On the following page are eight community objectives and twenty-three scoring criteria by which to measure potential achievement of these objectives. The objectives include a mix of uses, enhanced aesthetics, environmental quality and sustainability, relationship to parks, transit and transportation options, diverse employment opportunities, diverse tax base, and diverse housing options. In order for the City to consider financial assistance for an individual project, the project must work toward achieving one-third of scoring criteria (eight criteria) within at least four of the objective categories.

Objectives and Scoring Criteria

1. Mix of Uses

- Overall Use Mix: Contributes toward the desired mix of uses within the project area described in the Twin Lakes Master Plan
- Needed Services: Provides a needed service in Roseville.
- Community Spaces: Incorporates community spaces, such as plazas and greenspaces, into the project that are open for use by the general public

2. Enhanced Aesthetics

- Blight Elimination: Removes, prevents, or reduces blight or other adverse conditions of the property
- Urban Design: Achieves a walkable, pedestrian friendly environment, creates a strong "public realm," and internalizes parking to the project as indicated in the Twin Lakes Design Principles
- Building Quality: Uses high quality, long-lasting building and construction materials
- Structured Parking: Replaces large, surface-parking lots with parking structures integrated into the overall project design

3. Environmental Quality and Sustainability

- Environmental Remediation: Cleans up existing soil and groundwater contamination
- Green Building: Is designed to a LEED-Silver rating or higher
- Green Infrastructure: Uses innovative stormwater management techniques, such as rain gardens/bioretention, porous pavement, or underground holding chambers
- Environmental Preservation: Preserves or improves quality of wetlands, wildlife habitats, or other natural areas inside or outside of parks.

4. Relationship to Parks

- Park Connections: Provides connectivity to the neighboring parks
- Buffers: Offers a buffer between the adjacent park and the new land uses
- Mitigates Environmental Impacts: Addresses environmental impacts related to park resources

5. Transit and Transportation Options

- Multimodal Transportation: Integrates bus, bicycle, and pedestrian connections into the project
- Transportation Demand Management: Works to reduce the number of trips to the project area by implementing various transportation demand options

6. Diverse Employment Opportunities

- Job Creation: Creates or retains a wide-range of professional-level, family-sustaining jobs
- Businesses Attraction/Retention: Attracts or retains competitive and financially strong businesses to Roseville

7. Diverse Tax Base

- Tax Base: Diversifies the overall tax base of the City
- Enhanced Tax Base: Maximizes tax-base potential within the redevelopment area

8. Diverse Housing Choices

- Unmet Housing Markets: Provides housing options not currently realized in the Roseville market (e.g. market-rate apartments, mid-sized single-family homes)
- Affordable Housing: Provides affordable housing opportunities.

Priority Funding Activities

The following is a list of activities, fundable under state statute, in which the City may consider financial participation.

- Cleanup of environmental contamination
- Construction of public infrastructure (e.g. utilities, roads, and sidewalks)
- Streetscaping
- Public, structured parking facilities
- Site improvements (e.g. soil correction)
- Land acquisition (e.g. right-of-way acquisition)
- Others on a case-by-case basis

General Financial Participation Parameters

If it is determined that the City will financially participate in a project, the following are the general parameters by which a development agreement will be negotiated.

Grants

- The City will apply for available regional, state, and federal grant funds to offset city costs associated with City-led project elements.
- The City will consider applying for regional, state, and federal grant funds to assist developer costs for projects that provide a demonstrated community benefit.
- If limited funds available, City will give priority to City-led elements.

Tax Increment Financing (TIF)

- Pay-as-you-go Financing: Initial financing of eligible improvements will be the responsibility of the developer with the City repaying the developer for eligible costs as revenue is generated (Developer-led project elements)
- Upfront Capitalization: Upfront financing for public improvements (City-led project elements)
- Financing Terms: Minimum financing for the shortest terms for the project to proceed.