



Council Work Session - 6:30 p.m.
HRA Regular Session - Immediately Following City Council Meeting
EDA Regular Session - Immediately Following City Council Meeting

CITY COUNCIL AGENDA
Tuesday, October 18, 2016
7:00 p.m.
Coon Rapids City Center
Council Chambers

Call to Order

Pledge of Allegiance

Roll Call

Adopt Agenda

Proclamations/Presentations

Approval of Minutes of Previous Meeting

1. Approve Minutes of October 4, 2016

Consent Agenda

2. Approve a Class A On Sale, Sunday, and 2AM Liquor License for AMC Theatres Coon Rapids 16
3. Recommend Reappointment of Charter Commission Member Stephanie Masteller
4. Adopt Resolution 16-116, Accepting Donation for the Coon Rapids Love My Pet Fair

Public Hearing

Bid Openings and Contract Awards

Old Business

New Business

5. Consider Community Development Block Grant Program - Authorize 2016 Housing Rehabilitation Service Contract
6. Consider Introduction of Ordinance Revising Fees for 2017 and Set Public Hearing for Liquor License Fee Increases
7. Consider Adoption of Resolution 16-117, Providing Preliminary Approval of a Bond Inducement for Coon Creek Senior Community, LP

Open Mic/Public Comment

Reports on Previous Open Mic

Other Business

Adjourn



City Council Regular

1.

Meeting Date: 10/18/2016

SUBJECT: Approve Minutes of October 4, 2016

Attachments

Minutes of October 4, 2016

UNAPPROVED

COON RAPIDS CITY COUNCIL MEETING MINUTES OF OCTOBER 4, 2016

CALL TO ORDER

The first regular meeting of the Coon Rapids City Council for the month of October was called to order by Mayor Jerry Koch at 7:00 p.m. on Tuesday, October 4, 2016, in the Council Chambers.

PLEDGE OF ALLEGIANCE TO THE FLAG

Mayor Koch led the Council in the Pledge of Allegiance.

ROLL CALL

Members Present: Mayor Jerry Koch, Councilmembers Denise Klint, Ron Manning, Wade Demmer, Jennifer Geisler, Brad Johnson and Steve Wells

Members Absent: None

ADOPT AGENDA

MOTION BY COUNCILMEMBER MANNING, SECONDED BY COUNCILMEMBER DEMMER, TO ADOPT THE AGENDA AS PRESENTED. THE MOTION PASSED UNANIMOUSLY.

PROCLAMATIONS/PRESENTATIONS

None.

APPROVAL OF MINUTES OF PREVIOUS MEETINGS

1. SEPTEMBER 20, 2016, COUNCIL MEETING

MOTION BY COUNCILMEMBER KLINT, SECONDED BY COUNCILMEMBER GEISLER, FOR APPROVAL OF THE MINUTES OF THE SEPTEMBER 20, 2016, COUNCIL MEETING. THE MOTION PASSED UNANIMOUSLY.

CONSENT AGENDA/INFORMATIONAL BUSINESS

2. APPROVE THERAPEUTIC MASSAGE ENTERPRISE LICENSE FOR NOW MASSAGES LLC, 12685 RIVERDALE BOULEVARD
 3. ADOPT RESOLUTION 16-101 LEVY OF 2016 DELINQUENT UTILITIES
 4. ADOPT RESOLUTION 16-104 TO ACCEPT A GRANT FROM THE US DEPARTMENT OF JUSTICE
 5. ADOPT RESOLUTION 16-115, APPROVING AGREEMENT AND DONATION ACCEPTANCE FOR RIVERVIEW PARK BATTING CAGES
 6. ADOPT RESOLUTION 16-111, SETTING HEARING DATE FOR LEVY OF MISC. 2016(3) ASSESSMENTS
 7. ADOPT RESOLUTION 16-114 AMENDING BUDGET FOR PROX-CARD SYSTEM
 8. ACCEPT DONATION FOR THE COON RAPIDS LOVE MY PET FAIR
 9. APPOINT ELECTION JUDGES FOR 2016 GENERAL ELECTION AND SET SPECIAL MEETING TO CANVASS RESULTS
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MOTION BY COUNCILMEMBER JOHNSON, SECONDED BY COUNCILMEMBER DEMMER, FOR APPROVAL OF THE CONSENT AGENDA AS PRESENTED. THE MOTION PASSED UNANIMOUSLY.

PUBLIC HEARING

10. PUBLIC HEARING TO CONSIDER VACATION OF DRAINAGE AND UTILITY EASEMENT FOR LAWRENCE ESTATES
-

The Staff report was shared with Council.

Mayor Koch opened and closed the public hearing at 7:07 p.m. since no one appeared to address the Council.

MOTION BY COUNCILMEMBER GEISLER, SECONDED BY COUNCILMEMBER MANNING, TO ADOPT RESOLUTION NO. 16-106 VACATING A DRAINAGE AND UTILITY EASEMENT FOR LAWRENCE ESTATES. THE MOTION PASSED UNANIMOUSLY.

11. PUBLIC HEARING TO CONSIDER VACATION OF STORM SEWER, WATER MAIN AND SANITARY EASEMENT PER DOCUMENT NUMBER 428053
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The Staff report was shared with Council.

Mayor Koch opened and closed the public hearing at 7:08 p.m. since no one appeared to address the Council.

MOTION BY COUNCILMEMBER MANNING, SECONDED BY COUNCILMEMBER KLINT, TO ADOPT RESOLUTION NO. 16-107 VACATING A STORM SEWER, WATER MAIN AND SANITARY SEWER EASEMENT FOR RECORDED DOCUMENT NUMBER 438053. THE MOTION PASSED UNANIMOUSLY.

12. PUBLIC HEARING TO CONSIDER VACATION OF WATER MAIN EASEMENT PER DOCUMENT NUMBER 904370

The Staff report was shared with Council.

Mayor Koch opened and closed the public hearing at 7:08 p.m. since no one appeared to address the Council.

MOTION BY COUNCILMEMBER KLINT, SECONDED BY COUNCILMEMBER GEISLER, TO ADOPT RESOLUTION NO. 16-108 VACATING A WATER MAIN EASEMENT PER RECORDED DOCUMENT NUMBER 904370. THE MOTION PASSED UNANIMOUSLY.

13. PUBLIC HEARING CONSIDER VACATION OF UTILITY, WATER WELL AND ACCESS EASEMENT PER DOCUMENT NUMBER 438056

The Staff report was shared with Council.

Mayor Koch opened and closed the public hearing at 7:08 p.m. since no one appeared to address the Council.

MOTION BY COUNCILMEMBER MANNING, SECONDED BY COUNCILMEMBER KLINT, TO ADOPT RESOLUTION NO. 16-109 VACATING A UTILITY, WATER WELL AND ACCESS EASEMENT FOR RECORDED DOCUMENT NUMBER 438056. THE MOTION PASSED UNANIMOUSLY.

14. PUBLIC HEARING CONSIDER VACATION OF A STORM SEWER EASEMENT PER DOCUMENT NUMBER 438054

The Staff report was shared with Council.

Mayor Koch opened and closed the public hearing at 7:08 p.m. since no one appeared to address the Council.

MOTION BY COUNCILMEMBER GEISLER, SECONDED BY COUNCILMEMBER KLINT, TO ADOPT RESOLUTION NO. 16-110 VACATING A STORM SEWER EASEMENT PER RECORDED DOCUMENT NUMBER 438054. THE MOTION PASSED UNANIMOUSLY.

BID OPENINGS AND CONTRACT AWARDS

None.

OLD BUSINESS

None.

NEW BUSINESS

15. PC 16-24: ADOPT RESOLUTION 16-105 APPROVING LOT SPLIT FOR 10000 COTTONWOOD STREET

The Staff report was shared with Council.

MOTION BY COUNCILMEMBER MANNING, SECONDED BY COUNCILMEMBER JOHNSON, TO ADOPT RESOLUTION NO. 16-105 APPROVING THE PROPOSED LOT SPLIT INCLUDING THE VARIANCE TO THE LOT DEPTH REQUIREMENTS WITH THE FOLLOWING CONDITIONS:

1. THE APPROPRIATE DRAINAGE AND UTILITY EASEMENTS BE APPROVED BY THE CITY ENGINEER AND RECORDED AT THE COUNTY.
2. PARK DEDICATION IN THE AMOUNT OF \$4,000 (\$2,000 PER LOT) BE PAID PRIOR TO RELEASING THE LOT SPLIT FOR RECORDING.
3. COMPLIANCE WITH TITLE 11, LAND DEVELOPMENT REGULATIONS.

Councilmember Demmer asked if the size of these lots was comparable to those across the street. Planner Harlicker stated this was the case.

THE MOTION PASSED UNANIMOUSLY.

16. PC 16-16: CONSIDER INTRODUCTION OF ORDINANCE CHANGING ZONING OF OFFICE, GENERAL COMMERCIAL AND MODERATE DENSITY RESIDENTIAL TO HIGH DENSITY RESIDENTIAL

The Staff report was shared with Council.

Mayor Koch questioned how many units per acre were allowed for High Density Residential properties within the River Rapids Overlay District. Planner Harlicker reported seven units per acre would be allowed.

Mayor Koch explained that if this was the case only 21 units would be allowed on this property. Planner Harlicker stated that additional units would only be allowed if the Council were to approve density flexibility.

Councilmember Johnson asked if staff has received any feedback from neighboring property owners. Planner Harlicker indicated staff received comments from two residents at the Public Hearing.

Councilmember Manning stated he would like the City to focus on the apartments being constructed along Coon Rapids Boulevard and did not believe a large apartment complex suited this site.

Assistant City Attorney Johnson advised the City Council was not reviewing or considering any particular development for this site.

Councilmember Geisler expressed concern with the permitted uses that were allowed on a High Density Residential zoned property versus a Moderate Density Residential property. She recommended the property be rezoned to Moderate Density Residential.

Councilmember Demmer understood this property had a great deal of history and that the Comprehensive Plan had a long term land use of High Density Residential zoning for this site. He inquired why this was chosen.

Councilmember Geisler explained the previous Comprehensive Plan saw it fit to zone this property High Density Residential given its close proximity to commercial property.

Mayor Koch added that this property was a buffer property for the residential homes behind Coon Rapids Boulevard. Planner Harlicker stated this was the case.

Mayor Koch considered the Ordinance for the zoning change for Planning Case 16-16 to be introduced.

Councilmember Klint questioned if the neighborhood had received notices for the proposed zone change. Planner Harlicker explained the City sent notices to properties within 350 feet of the subject property.

Councilmember Wells went on the record stating he would not be supporting the proposed zone change.

17. CONSIDER ADOPTION OF RESOLUTION 16-113, PROVIDING FOR THE SALE OF \$10,000,000 GENERAL OBLIGATION BONDS, SERIES 2016A

The Staff report was shared with Council.

MOTION BY COUNCILMEMBER JOHNSON, SECONDED BY COUNCILMEMBER WELLS, TO ADOPT RESOLUTION NO. 16-113 PROVIDING FOR THE SALE OF \$10,000,000 GENERAL OBLIGATION BONDS, SERIES 2016A.

Councilmember Demmer questioned if the proposed bonds would impact the City's bond rating. Finance Director Legg did not anticipate the City's bond rating would be impacted.

Councilmember Manning was pleased by the interest rate the City would be receiving for the bonds.

THE MOTION PASSED UNANIMOUSLY.

18. ACCEPT EASEMENTS AND DEEDS FROM ANOKA HENNEPIN SCHOOL DISTRICT #11

The Staff report was shared with Council.

MOTION BY COUNCILMEMBER MANNING, SECONDED BY COUNCILMEMBER DEMMER, TO APPROVE SEVEN EASEMENT AGREEMENTS AND TWO QUIT CLAIM DEEDS FOR PORTIONS OF PROPERTY LOCATED WITHIN THE ANOKA HENNEPIN 1ST ADDITION PLAT. THE MOTION PASSED UNANIMOUSLY.

OPEN MIC/PUBLIC COMMENT

Mayor Koch reviewed the rules of order for the Open Mic/Public Comment portion of the meeting.

Nicole Pellman, 3554 115th Lane NW, introduced her sons Cub Scout Den and thanked the Council for the wonderful discussion this evening.

REPORTS ON PREVIOUS OPEN MIC

None.

OTHER BUSINESS

Councilmember Klint stated she attended the Open House meeting for the transit building. She reported the sight lines on 121st and 123rd going out onto Northdale were in need of improvement. She requested staff look into this. City Manager Stemwedel explained staff would be investigating this matter.

Councilmember Demmer stated he ran the Hope 4 Youth 4K at Bunker Hills. He stated the golf course did a great job hosting this night time run. He suggested the golf course consider hosting a Halloween run in the future.

Fire Chief Piper explained next week was Fire Prevention week. He noted the Fire Department would be visiting all of the elementary schools to educate students on fire safety. The week would end with an Open House at all three fire stations on Saturday, October 15th from 10:00 a.m. to 12:00 p.m.

Councilmember Manning commented on the huge success of the Love My Pet Fair.

ADJOURN

MOTION BY COUNCILMEMBER GEISLER, SECONDED BY COUNCILMEMBER KLINT, TO ADJOURN THE MEETING AT 7:54 P.M. THE MOTION PASSED UNANIMOUSLY.

Jerry Koch, Mayor

ATTEST:

Joan Lenzmeier, City Clerk



City Council Regular

2.

Meeting Date: 10/18/2016

Subject: Approve a Class A On Sale, Sunday, and 2AM Liquor License for AMC Theatres Coon Rapids 16

From: Stephanie Lincoln, Deputy City Clerk

INTRODUCTION

Council is asked to approve a Class A On Sale, 2 AM, and Sunday Liquor License for American Multi-Cinema, Inc d/b/a AMC Theatres Coon Rapids 16.

DISCUSSION

Bridget Holton-Deere, AMC Director of Alcohol Licensing, has submitted an application for a Class A On-Sale, 2 AM, and Sunday Liquor License for AMC Theatres Coon Rapids 16 located at 10051 Woodcrest Drive NW.

AMC Theatres is in the process of remodeling the building to include adding a few tables to each of the sixteen theater viewing auditoriums and adding a restaurant and bar area called MacGuffin's Bar to the main lobby area.

The license and investigation fees have been paid. The Police Department has conducted a comprehensive background investigation on the business and found nothing to prevent licensing. A Certificate of Insurance evidencing liquor liability and workers' compensation coverage has been received. Approval of the license would be conditioned upon a Certificate of Occupancy issued by the Chief Building Official when the remodeling is complete.

RECOMMENDATION

Approve issuance of a Class A On-Sale, 2 AM, and Sunday Liquor License to American Multi-Cinema, Inc d/b/a AMC Theatres Coon Rapids 16, 10051 Woodcrest Drive NW, contingent upon obtaining a Certificate of Occupancy from the Chief Building Official.



City Council Regular

3.

Meeting Date: 10/18/2016

Subject: Recommend Reappointment of Charter Commission Member Stephanie Masteller

Submitted For: David Brodie, City Attorney **From:** Leah Hattstrom, Legal Assistant

INTRODUCTION

The term of Charter Commission member Stephanie Masteller will expire October 20, 2016. Ms. Masteller is eligible and willing to serve another four-year term effective October 2016 and expired October 2020.

DISCUSSION

State Statutes require that a minimum of seven and no more than fifteen persons serve on the Charter Commission. Of the Charter Commissions twelve members, only Ms. Mansteller's term will expire in 2016. In 2004, the Minnesota Legislature revised Minn. Stat. Section 410.05 to remove any limits on the number of terms a charter commissioner may serve. Prior to this revision, commission members were limited to serve two consecutive four-year terms.

The Council's recommendation for appointments are forwarded to the Honorable Douglas Meslow, Chief Judge for the Tenth Judicial District, who makes the final appointment.

RECOMMENDATION

Council is asked to recommend to the Chief Judge for the Tenth Judicial District that Stephanie Mansteller be re-appointed to serve another four-year term effective October 20, 2016 with said term to expire October 2020.



City Council Regular

4.

Meeting Date: 10/18/2016

Subject: Adopt Resolution 16-116, Accepting Donation for the Coon Rapids Love My Pet Fair

Submitted For: Sharon Legg, Finance Director **From:** Liza Brazelton, Admin Secretary II

INTRODUCTION

North Star Towing, Inc. has offered a donation of \$100 to the Coon Rapids Love My Pet Fair.

DISCUSSION

The second annual Coon Rapids Love My Pet Fair was held at Riverview Park on September 25, 2016. More than 300 hundred people attended the fair this year.

The Coon Rapids Love My Pet Fair is a family and pet friendly event and its goal is to showcase pet related products, services and businesses to pet lovers. With the donation from North Star Towing, Inc., staff was able to purchase a banner this year. Staff appreciates the support.

RECOMMENDATION

Staff recommends that Council adopt Resolution No. 16-116 to accept the \$100.00 donation from North Star Towing Inc., for Coon Rapids Love My Pet Fair activities and extend its gratitude to North Star Towing, Inc. for its generosity.

Attachments

Resolution 16-112

RESOLUTION NO 16-116

A RESOLUTION TO ACCEPT A DONATION FROM NORTH STAR TOWING, INC.

WHEREAS, North Star towing has offered a donation to the Coon Rapids Love My Pet Fair;
and

WHEREAS, the value of this donation is \$100; and

WHEREAS, Minn.Stat § 465.03 allows cities to accept donations of real or personal property
by resolution adopted by a two-thirds majority of Council; and

WHEREAS, the City Council finds the offered donation to be in the public interest;

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Coon Rapids that
the donation is hereby accepted.

BE IT FURTHER RESOLVED that the City of Coon Rapids hereby extends its gratitude
to North Star Towing, Inc. for its generosity.

Adopted by the Coon Rapids City Council this 18th day of October, 2016.

Jerry Koch, Mayor

ATTEST:

Joan Lenzmeier, City Clerk



City Council Regular

5.

Meeting Date: 10/18/2016

Subject: Consider Community Development Block Grant Program - Authorize 2016 Housing Rehabilitation Service Contract

From: Cheryl Bennett, Housing and Zoning Coordinator

INTRODUCTION

The City has been awarded Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD) in the amount of \$198,245 for program year 2016 to provide housing rehabilitation services for homeowners earning not more than 80 percent of area median income, currently \$65,700 for a family of four. HUD recently released the funds for program use. In addition to the HUD entitlement award, \$44,945.55 in program income from the City's existing CDBG Housing Rehabilitation program has been realized during the past twelve months and must be expended. The City Council is asked to authorize the preparation and execution of a service contract with the Greater Metropolitan Housing Corporation (GMHC) to provide these housing rehabilitation services for the City's 2016 CDBG program year (July 1, 2016, to December 31, 2017).

DISCUSSION

The City Council directed the City's 2016 CDBG entitlement allocation to its CDBG Housing Rehabilitation Program in January of this year when Council approved the 2016 CDBG program application. The City's program has provided qualifying homeowners with housing rehabilitation loans since 2001, adding a loan option tailored to energy efficiency improvements in 2011. The rehab program provides zero-interest, deferred loans of up to \$24,999 for housing rehabilitation and maintenance work plus additional funds of up to \$5,000 in grant assistance to address lead-based paint hazards. Up to fifty percent of the rehab loan is forgiven after five years. The energy efficiency component provides up to \$10,000 in a zero-interest, deferred loan that is entirely forgiven at the end of ten years. Property owners may not access both loan funds, however, a housing rehab loan can be used to address both property maintenance and energy efficiency needs. Loan terms require any outstanding balance be paid when a property is sold or is no longer the principal residence of the borrower. Loan repayments are recognized as program income and placed back into the loan program unless reprogrammed for another use under the federal program. The number of housing units assisted by 2016 CDBG program funds will depend upon the size of individual projects, however, staff estimates that between twelve and sixteen households may benefit. Continued demand for this program remains.

Following a competitive proposal process, the City Council first awarded the housing

rehabilitation program service contract to GMHC in 2003 and Council has authorized service contracts to GMHC in each succeeding year. GMHC has consistently provided quality service and has successfully fulfilled each contract with the exception of 2009, when housing market conditions constrained program use and the funds were reallocated for other uses. Administrative services provided under this service contract include program marketing, intake and application, income and asset verification, site inspection, scope of work preparation, bidding, bid award, contract execution, construction oversight and document filing. Through September 30, 2016, GMHC has closed 170 loans for projects totaling over 3.36 million dollars and administered nearly \$77,500 in grants for lead-based paint abatement work. GMHC is expected to successfully complete the 2015 Service Contract before the required completion date of December 31, 2016. Six rehabilitation projects are currently awaiting funding. Staff recommends the Council approve the 2016 Service Contract with an administrative service fee of 15.5 percent. This represents an increase of one-half of one percent; the administration service fee was last increased in program year 2010 when it was raised from 13 to 15 percent.

The Anoka County CDBG program, and the City of Coon Rapids by way of its Joint Cooperation Agreement with Anoka County, must undertake a consolidated planning process required of the federal program that is designed to assist entitlement communities in assessing their affordable housing and community development needs. The current Consolidated Plan, covering program years 2015 through 2019, establishes local priorities for funding activities. Every activity funded through the CDBG program must be an eligible activity under the federal program and, except for program administration, planning and capacity building uses, must meet one of three national objectives: 1) benefit low- and moderate-income persons, 2) prevent or eliminate slum or blight, or 3) meet community development needs having a particular urgency and posing serious and immediate threat to the community. Only activities identified as high priorities in the entitlement's Consolidated Plan are eligible for funding. The Coon Rapids Housing Rehabilitation Program meets all program requirements.

RECOMMENDATION

Staff recommends the City Council authorize the Mayor and City Manager to execute a Service Contract, together with any other necessary documents, with the Greater Metropolitan Housing Corporation to administer the 2016 Community Development Block Grant Housing Rehabilitation Program.



City Council Regular

6.

Meeting Date: 10/18/2016

Subject: Consider Introduction of Ordinance Revising Fees for 2017 and Set Public Hearing for Liquor License Fee Increases

From: Fran Hanson, Accounting Supervisor

INTRODUCTION

Council is being asked to consider introducing an ordinance to adjust certain fees for 2017. Fees set by resolution will be presented when the ordinance is considered for adoption at the November 15, 2016 City Council meeting.

DISCUSSION

Ordinance Adjusting Certain Fees (see reference number in ordinance)

The fees for 2017 have been adjusted by the 2016 annual adjustment of 2.5% with exceptions noted below. A request for a rate change is made only if the adjustment is enough for the fee to be rounded to the next significant dollar amount. Items to note are as follows (reference numbers are included in the ordinance):

1. *Fees set by State Statute.* Certain fees under Section 5-209 (alcoholic beverages) and the gambling investigation fee under Section 5-2008 of the City Code are set by Minnesota Statutes and did not change for 2017.
2. *Effect of Changes made in 2016.* The following fees have been added to the ordinance based on a City Code change during 2016: A microdistillery cocktail room license at \$750, microdistillery off-sale license at \$380, brew pub off-sale license at \$380, small brewer off-sale license at \$380, brewer taproom license at \$750, tobacco manager investigation fee at \$130, and a chicken keeping permit at \$100. Due to the addition of the tobacco manager investigation fee, the tobacco license investigation fee will remain at \$130 instead of increasing to \$135 in 2017 to keep the two fees at the same rate.
3. *Property Monitoring Fees.* A property monitoring fee was approved by the City Council in 2006. The 2007 fees were set at \$600 per year for residential property and \$1,000 per year for commercial property to cover related costs. Staff recommends no change for 2017.
4. In certain cases there may be no change in the fee due to rounding. For example, the tobacco license, which is rounded to the nearest \$5, had a calculated base amount of \$182.57 in 2016 and was rounded to \$185. For 2017, the calculated base increased to \$187.13, which rounded to the

nearest \$5 leaves the fee at \$185.

5. Staff recommends that certain other fees not be increased for 2017 if they are adequate to cover current costs, are seldom used and therefore difficult to establish a cost basis, and/or are comparable to rates charged by other cities.

Public Hearing for Alcoholic Beverage Licenses

State law requires a public hearing for an increase to certain fees for the sale of alcoholic beverages. Fees are proposed to increase by \$5 (from \$150 to \$155) for off-sale 3.2 malt liquor licenses and \$15 (from \$710 to \$725) for on-sale 3.2 malt liquor licenses. Council is asked to set a public hearing regarding these fee increases for November 15, 2016 at 7:00 p.m.

RECOMMENDATION

a. Cons. Introduction of an Ordinance to Revise Certain License Fees, Service Fees and Related Charges effective January 1, 2017; and

b. Set a public hearing for November 15, 2016 at 7:00 p.m. regarding the fee increases for on-sale 3.2 malt liquor and off-sale 3.2 malt liquor.

Attachments

2017 License Fee Ordinance

ORDINANCE NO.

AN ORDINANCE TO REVISE CERTAIN LICENSE FEES, SERVICE FEES AND RELATED CHARGES AND ESTABLISHING AN EFFECTIVE DATE THEREFOR

The City of Coon Rapids does ordain:

Section 1. The following fees are hereby established for the licenses and permits in Title

5 of Revised City Code - 1982:

<u>Description</u>	<u>2016 fees</u>	<u>2017 fees</u>	<u>Section City Code</u>	<u>For ref. only see memo</u>
Off-sale 3.2 Malt Liquor	\$150	\$155	5-209	
On-sale 3.2 Malt Liquor	\$710	\$725	5-209	
Temporary On-sale 3.2 Malt Liquor, (per day)	\$35	\$35	5-209	5
Temporary On-sale Strong Beer and Wine License	\$50	\$50	5-209	5
Temporary Wine Tasting (per event)	\$35	\$35	5-209	5
Tavern License (including public dancing)	\$605	\$620	5-209	
Bottle Clubs (including public dancing)	\$300	\$300	5-209	1
Public Drinking Place	\$605	\$620	5-209	
Intoxicating liquor, clubs, as defined in Minnesota Statutes Section 340A.101, Subd.7:				
(a) Clubs with membership of 200 or less	\$300	\$300	5-209	1
(b) Clubs with membership of 201 to 500 members	\$500	\$500	5-209	1
(c) Clubs with membership of 501 to 1,000 members	\$650	\$650	5-209	1
(d) Clubs with 1,001 and 2,000 members	\$800	\$800	5-209	1
(e) Clubs with 1,001 and 2,000 members	\$1,000	\$1,000	5-209	1
(f) Clubs with 2,001 and 4,000 members	\$2,000	\$2,000	5-209	1
(g) Clubs with 4,001 and 6,000 members	\$3,000	\$3,000	5-209	1
(g) Clubs with 6,001 members or more	\$380	\$380	5-209	1
Off-Sale Intoxicating Liquor License	\$9,600	\$9,600	5-209	5
On-Sale Intoxicating Liquor License	\$200	\$200	5-209	1
Sunday sales				
On-Sale Wine License				
(a) for seating capacity of at least 35 but no more than	\$1,000	\$1,000	5-209	1
99	\$2,000	\$2,000	5-209	1
(b) for seating capacity of 100 or more	\$300	\$300	5-209	1
(b) for seating capacity of 100 or more	\$500	\$500	5-211	1
On-Sale establishments open after 1:00 AM	\$125	\$130	5-211	
Liquor Licensing Investigation Fee		\$750	5-209	2
Liquor Manager Investigation Fee		\$380	5-209	2
Microdistillery Cocktail Room License		\$380	5-209	2
Microdistillery Off-Sale License		\$380	5-209	2
Brew Pub Off-Sale License		\$750	5-209	2
Small Brewer Off-Sale License				
Brewer Taproom License				

<u>Description</u>	<u>2016 fees</u>	<u>2017 fees</u>	<u>City Code Section</u>	<u>For ref. only see memo</u>
Amusement Center License	\$465	\$480	5-305	
Archery Club License	\$75	\$80	5-405	
Bowling License	\$65	\$70	5-604	
Carnival License for 0-5 Ride	\$315	\$320	5-704	
Carnival License - Additional Ride	\$37	\$38	5-704	
Circus License	\$390	\$400	5-704	
Circus License Additional Day	\$44	\$45	5-704	
Christmas Tree Sales License	\$80	\$85	5-804	
Tobacco License	\$185	\$185	5-905	4
Tobacco License Investigation Fee	\$130	\$130	5-905	5
Tobacco Manager Investigation Fee		\$130	5-922	2
Dancing Permit annual	\$150	\$155	5-1004	
Dancing Permit per event	\$30	\$35	5-1004	
Gun Club License	\$75	\$80	5-1105	
Parade Permit	\$25	\$25	5-1204	5
Taxi License vehicle	\$44	\$45	5-1308	
Taxi License driver	\$29	\$30	5-1308	
Taxi License Investigation	\$30	\$30	5-1308	4
Theatre 1st screen	\$335	\$345	5-1406	
Theatre additional screens	\$48	\$49	5-1406	
Peddler License Fireworks/All Other per day	\$60/15	\$60/15	5-1507	5
Peddler License Fireworks/All Other per week	\$150/40	\$150/40	5-1507	5
Peddler License Fireworks/All Other per month	\$300/75	\$300/75	5-1507	5
Peddler License All Other for 6 months	\$300	\$300	5-1507	5
Peddler License Investigation Fee – each applicant	\$25	\$25	5-1507	5
Tree Trimmer License	\$69	\$71	5-1607	
Massage Parlor Business License	\$4,810	\$4,930	5-1811	
Masseur/Masseuse License	\$170	\$175	5-1811	
Massage Parlor Investigation Fee	\$2,400	\$2,460	5-1811	
Masseur License Investigation Fee	\$420	\$430	5-1811	
Conversation Parlor License	\$3,810	\$3,910	5-1905	
Gambling Investigation Fee	\$250	\$250	5-2008	1
Adult Oriented Business Annual License	\$7,400	\$7,550	5-2209	
Adult Oriented Business Investigation Fee	\$2,220	\$2,270	5-2209	
Fireworks Display Permit	\$100	\$100	5-2307	5
Pawnshop License	\$2,950	\$3,030	5-2405	
Pawnshop Investigation Fee	\$420	\$430	5-2405	
Pawnshop New Manager Investigation Fee	\$125	\$130	5-2410	
Pawnshop Transaction Fee				
-modem reporting	\$1.80/trans	\$1.80/trans	5-2405	5
-manual reporting	\$2.80/trans	\$2.80/trans	5-2405	5
Special Event Parking Permit	\$75	\$80	5-2508	
Secondhand/Antique Dealers LicenseA	\$330	\$340	5-2612	
Secondhand/Antique Dealers LicenseB	\$155	\$160	5-2612	
Secondhand/Antique Dealers Investigation FeeA	\$390	\$400	5-2612	
Secondhand/Antique Dealers Investigation FeeB	\$80	\$80	5-2612	4

<u>Description</u>	<u>2016 fees</u>	<u>2017 fees</u>	<u>City Code Section</u>	<u>For ref. only see memo</u>
Secondhand/Antique Dealers New Manager Investigation Fee	\$125	\$130	5-2605	
Secondhand/Antique Dealers Transaction Fee				
-modem reporting	\$1.80/trans	\$1.80/trans	5-2612	5
-manual reporting	\$2.80/trans	\$2.80/trans	5-2612	5
Exhibition Operator Permit (per event)	\$1,110	\$1,140	5-2628	
Exhibitor Permit (per event)	\$44	\$45	5-2628	
Precious Metals License	\$2,950	\$3,030	5-2711	
Precious Metals Investigation Fee	\$390	\$400	5-2711	
Precious Metals New Manager Investigation Fee	\$125	\$130	5-2711	
Precious Metals Transaction Fee				
-modem reporting	\$1.80/trans	\$1.80/trans	5-2711	5
-manual reporting	\$2.80/trans	\$2.80/trans	5-2711	5
Currency Exchange License	\$75	\$80	5-2805	
Therapeutic Massage Enterprise License	\$335	\$345	5-2907	
Massage Therapist License	\$47	\$48	5-2907	
Therapeutic Massage Enterprise Investigation Fee	\$420	\$430	5-2907	
Massage Therapist Investigation Fee	\$47	\$48	5-2907	

Section 2. The following fees are hereby established for the services in Title 6 of

Revised City Code – 1982:

<u>Description</u>	<u>2016 fees</u>	<u>2017 fees</u>	<u>Section of City Code</u>	<u>For ref. only see memo</u>
Non-Domestic Animal Permit	\$275	\$280	6-506	
Non-Domestic Animal Permit Investigation Fee	\$115	\$115	6-506	4
Chicken Keeping Permit		\$100	6-700	2

Section 3. The following fees are hereby established for the services in Title 8 of

Revised City Code - 1982:

<u>Description</u>	<u>2016 fees</u>	<u>2017 fees</u>	<u>City Code Section</u>	<u>For ref. only see memo</u>
Waste and Recycling Hauler License				
First Vehicle	\$175	\$180	8-211	
Each Additional Vehicle	\$29	\$30	8-211	
Response to False Alarms (45)	\$50	\$50	8-1403	4
Response to False Alarms (69)	\$100	\$105	8-1403	
Response to False Alarms (10 or more)	\$200	\$205	8-1403	

Section 4. The following fees are hereby established for the permits and approvals in

Title 11 of Revised City Code - 1982:

<u>Description</u>	<u>2016 fees</u>	<u>2017 fees</u>	<u>For ref. only see memo</u>
Conditional Use Permit with Site Plan Review*	\$575	\$590	
Conditional Use Permit without Site Plan Review*	\$335	\$345	
Conditional Use Permit/Mining Permit	\$225	\$235	
Home Occupation Permit Application Fee		\$100	2
Home Occupation Permit	\$225	\$235	
Planned Unit Development	\$1,460	\$1,500	
Revision to Final Planned Unit Development	\$325	\$330	
Site Plan Review – Residential	\$870	\$890	
Site Plan Review – Commercial	\$465	\$480	
Lot Split or Registered Land Survey in lieu of lot split	\$290	\$300	
Subdivision Exemption	\$290	\$300	
Preliminary Plat	\$480	\$490	
Final Plat	\$160	\$165	
Registered Land Survey in lieu of plat*	\$480	\$490	
Comprehensive Plan Amendment	\$690	\$705	
Rezoning	\$455	\$465	
Variance*	\$270	\$275	
Vacation	\$310	\$315	

*Plus recording fees

Section 5. The following fees are hereby established for the services in Title 12 of

Revised City Code – 1982:

<u>Description</u>	<u>2016 fees</u>	<u>2017 fees</u>	<u>Section of City Code</u>	<u>For ref. only see memo</u>
Sign Contractor License	\$50	\$50	12-106	5
Vacant Residential Property Monitoring*	\$600	\$600	12-312	3
Vacant Commercial Property Monitoring*	\$1,000	\$1,000	12-312	3
Excessive Consumption of Inspection Services Fee	\$160	\$160	12-317	5

*Per year

Section 6. The City Council for the City of Coon Rapids authorizes the collection of any surcharge imposed by the State of Minnesota or other governmental agency in addition to the City fee.

Section 7. Effective Date of Ordinance. This ordinance shall be effective for all annual permits and/or licenses issued for 2016 and succeeding years, and for all other permits and licenses issued after January 1, 2017.

Introduced the 18th day of October, 2016.

Adopted the _____ day of _____, 2016.

Jerry Koch, Mayor

ATTEST:

Joan Lenzmeier, City Clerk



City Council Regular

7.

Meeting Date: 10/18/2016

Subject: Consider Adoption of Resolution 16-117, Providing Preliminary Approval of a Bond Inducement for Coon Creek Senior Community, LP

From: Grant Fernelius, Community Development Director

INTRODUCTION

The City Council is requested to adopt Resolution 16-117 which grants preliminary approval of conduit housing revenue bond financing for the Cottages of Coon Creek d/b/a Coon Creek Senior Community, Limited Partnership.

DISCUSSION

For several months, representatives from the Cottages of Coon Creek (d/b/a Coon Creek Senior Community, Limited Partnership) have been working with the City to refinance and remodel their property. At the September 13th work session, the owners met with the City Council to discuss the latest attempt at securing a housing revenue bond allocation and federal tax credits to refinance the project. As an aside, the developers approached the City with a similar request in July 2015 (which the Council approved), but the group was unsuccessful in completing the transaction. Since then, the owners have re-grouped and prepared a new plan to secure the same financing, however they are proposing to modify some of the tenant eligibility requirements. Under this new arrangement, 80% of the units would be targeted to seniors (age 55+) with 20% of the units available to people under 55. In either case, all tenants would need to meet the income restrictions of the property. The owners believe this arrangement will strengthen their funding application, while at the same time preserving the project as a senior-targeted building.

The ownership group is asking the City to act as issuer for tax-exempt bonds in an amount not to exceed \$5,000,000 to fund the acquisition and rehabilitation of Cottages of Coon Creek. If issued, the partners will rehabilitate the development at an average cost of \$13,520 per unit, which includes new roofs; heating, ventilation and air conditioning units; water heaters, and household appliances as well as related improvements to the community activity center. The total renovation work amounts to \$648,971, including an 11 percent contingency. The balance of the bonds will finance the acquisition of the project by Coon Creek Senior Community, Limited Partnership. The City is under no obligation for the repayment of these bonds.

Cottages of Coon Creek is a senior housing project located at 110th Lane NW and Coon Rapids Boulevard (2600 block of 110th Lane NW). The development was constructed in 1998 and consists of four buildings housing 47 one-level rental dwelling units and a community activity center. The development was constructed as a Section 42 (IRS) tax credit property for seniors of restricted incomes according to federal and state requirements as described in the attached Housing Program. The tax credits

have expired. The senior housing revenue bonding will allow the partners to seek new tax credits that will be sold to investors and, if approved, extend the affordability at least another 15 years.

This action grants preliminary approval. The matter will come back before the City Council at a later date for a public hearing and final approval. In addition to the attached resolution granting preliminary approval, staff has included an analysis from Ehlers verifying there is a financial need for the bonds and tax credits.

RECOMMENDATION

Staff recommends the City Council adopt Resolution 16-117 which grants preliminary approval of conduit housing revenue bond financing for the Cottages of Coon Creek d/b/a Coon Creek Senior Community, Limited Partnership.

Attachments

Inducement Resolution

Ehlers Analysis

RESOLUTION _____

RESOLUTION RELATING TO A MULTIFAMILY RENTAL HOUSING FACILITY AND THE ISSUANCE OF CONDUIT HOUSING REVENUE BONDS UNDER MINNESOTA STATUTES, CHAPTER 462C, AS AMENDED; GRANTING PRELIMINARY APPROVAL THERETO; PROVIDING FOR A PUBLIC HEARING; ESTABLISHING COMPLIANCE WITH CERTAIN REIMBURSEMENT REGULATIONS UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED; AND TAKING CERTAIN OTHER ACTIONS WITH RESPECT THERETO (COTTAGES OF COON CREEK APARTMENTS PROJECT)

BE IT RESOLVED by the City Council (the “Council”) of the City of Coon Rapids, Minnesota (the “City”), as follows:

Section 1. Recitals.

1.01. The City is a home rule charter city duly organized and existing under the Constitution and laws of the State of Minnesota.

1.02. Pursuant to Minnesota Statutes, Chapter 462C, as amended (the “Act”), the City is authorized to carry out the public purposes described in the Act by providing for the issuance of revenue bonds to provide funds to finance or refinance multifamily rental housing developments located within the City.

1.03. Coon Creek Senior Community, Limited Partnership, a Minnesota limited partnership (or an affiliated entity to be created, the “Borrower”), has proposed that the City, pursuant to the Act, issue its revenue bonds in an aggregate principal amount not to exceed \$5,000,000, in one or more series at one time or from time to time (the “Bonds”).

1.04. The proceeds of the Bonds are proposed to be loaned by the City to the Borrower to be applied by the Borrower to finance the acquisition, rehabilitation, and equipping of an approximately 47 unit rental housing facility and related amenities located at 2600 through 2689, inclusive, 110th Lane NW in the City known as the Cottages of Coon Creek Apartments (the “Project”). The Borrower will apply the proceeds of the loan to the: (i) the acquisition, rehabilitation and equipping of the Project; (ii) the funding of one or more reserve funds to secure the timely payment of the Bonds; and (iii) the payment of the costs of issuing the Bonds.

1.05. As a condition to the issuance of the Bonds, the City must adopt a housing program providing the information required by Section 462C.03, subdivision 1a of the Act (the “Housing Program”).

1.06. Under Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), prior to the issuance of the Bonds, the City Council must conduct a public hearing after one publication of notice in a newspaper circulating generally in the City at least 14 days before the hearing. Under Section 462C.04, subdivision 2 of the Act, a public hearing must be held on the housing program after one publication of notice in a newspaper circulating generally in the City at least 15 days before the hearing.

1.07. Under Section 146 of the Code, the Bonds must receive an allocation of the bonding authority of the State of Minnesota. An application for such an allocation must be made pursuant to the requirements of Minnesota Statutes, Chapter 474A, as amended (the “Allocation Act”) and preliminary approval of the issuance of the Bonds by the City Council is sufficient to authorize the submission of an application to the State of Minnesota for an allocation of bonding authority with respect to the Bonds to finance the Project.

Section 2. Preliminary Findings. Based on representations made by the Borrower to the City to date, the City Council of the City hereby makes the following preliminary findings, determinations, and declarations:

(a) The Project consists of the acquisition, rehabilitation, and equipping of an existing housing development designed and intended to be used for rental occupancy.

(b) The proceeds of the Bonds will be loaned to the Borrower and the proceeds of the loan will be applied to: (i) the acquisition, rehabilitation, and equipping of the Project; (ii) the funding of one or more reserve funds to secure the timely payment of the Bonds; and (iii) the payment of the costs of issuing the Bonds pursuant to a loan agreement (or other revenue agreement) between the City and the Borrower requiring loan repayments from the Borrower in amounts sufficient to repay the loan when due and requiring the Borrower to pay all costs of maintaining and insuring the Project, including taxes thereon.

(c) In preliminarily authorizing the issuance of the Bonds and the financing of the acquisition, rehabilitation, and equipping of the Project and related costs, the City’s purpose is to further the policies of the Act.

(d) The Bonds will be special, limited obligations of the City payable solely from the revenues pledged to the payment thereof under the loan agreement (or other revenue agreement) referred to above, and will not be a general or moral obligation of the City and will not be secured by or payable from revenues derived from any exercise of the taxing powers of the City.

Section 3. Public Hearing. The City Council will conduct a public hearing on the Housing Program, the Project, and the issuance of the Bonds by the City at a regular or special meeting on a date as shall be determined by the City staff for which proper notice may be given as provided below. Notice of such hearing (the “Public Notice”) will be published as required by Section 462C.04, subdivision 2 of the Act and Section 147(f) of the Code. The City Clerk of the City is hereby authorized and directed to publish the Public Notice, in substantially the form attached hereto as EXHIBIT A, in the *Anoka County Union Herald* or other newspaper of general circulation in the City, at least 15 days before the meeting of the City Council at which the public hearing will take place. At the public hearing, reasonable opportunity will be provided for interested individuals to express their views, both orally and in writing, on the Project, the Housing Program, and the proposed issuance of the Bonds.

Section 4. Housing Program. The Housing Program in connection with the issuance by the City of up to \$5,000,000 in revenue bonds to finance the acquisition, rehabilitation, and equipping of the Project by the Borrower will be submitted the Housing Program to the Metropolitan Council for its review on or before the date of publication of the Public Notice.

Section 5. Preliminary Approval. The City Council hereby provides preliminary approval to the issuance of the Bonds in the approximate aggregate principal amount of \$5,000,000 to finance all or a portion of the costs of the Project pursuant to the Housing Program of the City, subject to: (i) review of the Housing Program by the Metropolitan Council; (ii) a public hearing as required by the Act and

Section 147(f) of the Code; (iii) receipt of an allocation of the bonding authority from the State of Minnesota; (iv) final approval following the preparation of bond documents; and (v) final determination by the City Council that the financing of the Project and the issuance of the Bonds are in the best interests of the City.

Section 6. Submission of an Application for an Allocation of Bonding Authority. The City Council hereby authorizes the submission of an application for allocation of bonding authority pursuant to Section 146 of the Code and the Allocation Act in accordance with the requirements of the Allocation Act. The Mayor of the City or the City Manager, and Kennedy & Graven, Chartered, acting as bond counsel with respect to the Project and the Bonds, are hereby authorized and directed to take all actions, in cooperation with the Borrower, as are necessary to submit an application for an allocation of bonding authority to Minnesota Management & Budget.

Section 7. Reimbursement of Costs under the Code.

7.01. The United States Department of the Treasury has promulgated regulations governing the use of the proceeds of tax-exempt bonds, all or a portion of which are to be used to reimburse the City or the Borrower for project expenditures paid prior to the date of issuance of such bonds. Those regulations (Treasury Regulations, Section 1.150-2) (the “Regulations”) require that the City adopt a statement of official intent to reimburse an original expenditure not later than 60 days after payment of the original expenditure. The Regulations also generally require that the bonds be issued and the reimbursement allocation made from the proceeds of the bonds occur within 18 months after the later of: (i) the date the expenditure is paid; or (ii) the date the project is placed in service or abandoned, but in no event more than 3 years after the date the expenditure is paid. The Regulations generally permit reimbursement of capital expenditures and costs of issuance of the Bonds.

7.02. To the extent any portion of the proceeds of the Bonds will be applied to expenditures with respect to the Project, the City reasonably expects to reimburse the Borrower for the expenditures made for costs of the Project from the proceeds of the Bonds after the date of payment of all or a portion of such expenditures. All reimbursed expenditures shall be capital expenditures, costs of issuance of the Bonds, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations and also qualifying expenditures under the Act.

Based on representations by the Borrower, other than (i) expenditures to be paid or reimbursed from sources other than the Bonds, (ii) expenditures permitted to be reimbursed under prior regulations pursuant to the transitional provision contained in Section 1.150-2(j)(2)(i)(B) of the Regulations, (iii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations, or (iv) expenditures in a “de minimis” amount (as defined in Section 1.150-2(f)(1) of the Regulations), no expenditures with respect to the Project to be reimbursed with the proceeds of the Bonds have been made by the Borrower more than 60 days before the date of adoption of this resolution of the City.

7.03. Based on representations by the Borrower, as of the date hereof, there are no funds of the Borrower reserved, allocated on a long term-basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis or otherwise set aside) to provide permanent financing for the expenditures related to the Project to be financed from proceeds of the Bonds, other than pursuant to the issuance of the Bonds. This resolution, therefore, is determined to be consistent with the budgetary and financial circumstances of the Borrower as they exist or are reasonably foreseeable on the date hereof.

Section 8. Costs. The Borrower will pay the administrative fees of the City and pay, or, upon demand, reimburse the City for payment of, any and all costs incurred by the City in connection with the Project and the issuance of the Bonds, whether or not the Bonds are issued.

Section 9. Commitment Conditional. The adoption of this resolution does not constitute a guarantee or a firm commitment that the City will issue the Bonds as requested by the Borrower. If, as a result of information made available to or obtained by the City during its review of the Project, it appears that the Project or the issuance of Bonds to finance or refinance the costs thereof is not in the public interest or is inconsistent with the purposes of the Act, the City reserves the right to decline to give final approval to the issuance of the Bonds. The City also retains the right, in its sole discretion, to withdraw from participation and accordingly not issue the Bonds should the City Council, at any time prior to the issuance thereof, determine that it is in the best interests of the City not to issue the Bonds or should the parties to the transaction be unable to reach agreement as to the terms and conditions of any of the documents for the transaction.

Section 10. Effective Date. This Resolution shall be in full force and effect from and after its passage.

Adopted by the Coon Rapids City Council this ____ day of October, 2016.

Jerry Koch, Mayor

ATTEST:

Joan Lenzmeier, City Clerk

STATE OF MINNESOTA)
)
COUNTY OF ANOKA) SS.
)
CITY OF COON RAPIDS)

I, the undersigned, being the duly qualified and acting City Clerk of the City of Coon Rapids, Minnesota (the “City”), do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the City Council held on October 18, 2016, with the original thereof on file in my office and the same is a full, true and complete transcript therefrom insofar as the same relates to calling a public hearing on the City’s revenue bonds to finance a rental housing revenue project.

WITNESS My hand as Clerk and the corporate seal of the City this ____ day of October, 2016.

City Clerk
City of Coon Rapids, Minnesota

EXHIBIT A

**NOTICE OF PUBLIC HEARING
ON A HOUSING PROGRAM FOR
A MULTIFAMILY HOUSING PROJECT**

NOTICE IS HEREBY GIVEN that the City Council of the City of Coon Rapids, Minnesota (the "Council") will meet on _____, 201__ at 7:00 p.m. at the City Hall at 11155 Robinson Drive NW in the City for the purpose of conducting a public hearing on a proposal of the Coon Creek Senior Community, Limited Partnership, a Minnesota limited partnership (or an affiliated entity to be created, the "Borrower") that the City of Coon Rapids, Minnesota (the "City") finance the acquisition and rehabilitation of a rental housing development, hereinafter described, by the issuance of revenue bonds pursuant to Minnesota Statutes, Chapter 462C, as amended, and that the City adopt a housing program for such bonds.

The Bonds are proposed to be issued to (i) finance the acquisition, rehabilitation and equipping of a 47 unit rental housing facility and related amenities located at 2600 through 2689, inclusive, 110th Lane NW in the City; (ii) fund a debt service reserve fund; and (iii) pay a portion of the costs of issuance related to the Bonds (collectively, the "Project"). The Project will be owned and operated by the Borrower.

The maximum aggregate estimated principal amount of bonds or other obligations to be issued to finance the Project is \$5,000,000.

The bonds or other obligations if and when issued will not constitute a charge, lien or encumbrance upon any property of the City, and will be payable solely from revenues of the Project, and will not be backed by the full faith and credit of the City but will be payable solely from sums paid by the Borrower pursuant to a revenue agreement.

A copy of the housing program will be on file at City Hall, 11155 Robinson Drive NW, Coon Rapids, Minnesota 55433, Monday through Friday during the City's normal business hours until the date of the Public Hearing. At the time and place fixed for the Public Hearing, the City Council will give all persons who appear or submit comments in writing to the City Council prior to the hearing, an opportunity to express their views with respect to the proposal. In addition, interested persons may file written comments respecting the proposal with the City Clerk at or prior to said public hearing.

Publish _____, 201__.



Memo

To: Grant Fernelius, Community Development Director
From: Jason Aarsvold, Ehlers
Date: October 11, 2016
Subject: Cottages of Coon Creek Project Analysis

The City has received a request from Coon Creek Senior Community LP, a private owner/developer of rental housing, to issue tax-exempt housing revenue bonds for the acquisition (refinancing) and rehabilitation of affordable senior housing located at 2628 110th Lane NW, Coon Rapids, MN (the “Project”). The Project will qualify for federal low income housing tax credits (known as 4% credits or simply tax credits) by virtue of the allocation of tax-exempt bond authority from the State of Minnesota.

This memo is intended to review whether or not the Developer’s request for the issuance of tax-exempt housing revenue bonds and tax credits are necessary for the financial feasibility of the project. We based our analysis on the developer’s project budget and projections, generally known as a pro forma. Ehlers conducted a thorough review of the developer’s pro forma to ensure all development costs, anticipated revenues, and expenditures were represented appropriately. The table below depicts the proposed sources and uses for the project.

SOURCES		
	Amount	Pct.
Developer Financing - First Mortgage	3,007,700	50.13%
Developer Financing - Cashflow Note	1,166,426	19.44%
Developer Equity	47,170	0.79%
Tax Credit Equity	1,778,059	29.64%
TOTAL SOURCES	5,999,355	100.00%

USES			
	Amount	Pct.	Per Unit
Acquisition Costs	4,031,426	67.20%	85,775
Construction Costs	872,859	14.55%	18,571
Professional Services	71,500	1.19%	1,521
Financing Costs	144,813	2.41%	3,081
Developer Fee	650,000	10.83%	13,830
Cash Accounts	228,757	3.81%	4,867
TOTAL USES	5,999,355	100.00%	127,646

Project and Pro Forma Analysis:

Generally, this project meets the expectations of a low income housing tax credit development with regards to the financing structure, projected revenues, on-going operational costs and developer fee. Following are our findings with regards to the analysis completed for the development:

1. Our analysis confirms the maximum supportable first mortgage the developer can secure for this project based on current underwriting criteria is \$3,007,700, assuming a 17 year loan at 4.37% with a 30 year amortization. This leaves a significant project gap of nearly \$3 million. Tax credit equity fills a large portion of this gap. As indicated in the sources table above, the developer must also contribute its own equity and secure a cash flow note in the amount \$1.7 million to offset the remaining gap.
2. For an acquisition / rehabilitation project, we want to ensure that the cost of acquisition is within an acceptable range. The proposed acquisition cost for this property is \$4,031,426 (\$85,775 per unit). We would expect this type of project to sell for between \$80,000 and \$100,000 per unit. In addition, a third party appraisal (dated June 30, 2014) completed on behalf of the mortgage holder indicates a value of \$4,030,000. Furthermore, the pay 2016 assessed value is \$4,863,400. Taken together, these factors lead us to conclude that the proposed acquisition cost is acceptable for this project.
3. The total development costs for this project are \$5,999,355, or \$127,646 per unit. Based on our experience with similar acquisition/rehabilitation projects, we would expect total development costs to range between \$120,000 and \$150,000 per unit depending on acquisition cost and level of rehabilitation. The actual construction/rehabilitation proposed for this project just over \$18,000 per unit, which represents a low to moderate level of rehabilitation. The total development costs are within the expected range for a project of this nature.
4. The developer fee of \$650,000 is 10.83 percent of total development costs and is consistent with what Minnesota Housing allows through its programs. The developer is not proposing to defer any of the fee, but is contributing equity to the project in the amount of \$47,170. Cash flow will be directed to repay the cash flow note that is helping finance the gap in the project. This is an acceptable structure from our point of view.
5. Rents range between \$585 to \$762 for one bedroom units and \$910 to \$932 for two bedroom units. These rents are within the limits required under the low income housing tax credit program and are based on the property's existing rent levels. According to the developer, the rent structure will remain the same post-rehabilitation.
6. The operating costs are projected at \$3,967/unit (The market range of operating costs is \$3,500 to \$4,500). The management costs are projected at 4.00% of effective gross income (EGI). We would expect to management fees ranging between 3% and 5% of EGI. Both of these measures are within industry standards for similar rental projects.

7. Replacement reserves are approximately \$300/unit. HUD underwriting standards require at least \$250/unit. This project is exceeding the minimum threshold as required by HUD underwriting standards.
8. For tax credit projects, ensuring the developer is representing the maximum amount of tax credit equity is important in limiting the need for additional public assistance for the project. Based on the information presented, it appears the developer is anticipating a tax credit sale price of approximately \$0.93 for every \$1.00 of tax credits available. We typically see this range between \$0.85 and \$0.95 on the dollar depending on the demand for those credits at the time of the project. The tax credits are being maximized from a pricing perspective.
9. Because limited developer equity is put into tax credit projects, a Cash-on-Cash Return and Internal Rate of Return analysis does not apply to this type of development.

Recommendation:

Based upon review of the development pro forma and financing structure, we are of the opinion that the development does require the level of low income housing tax credit financing requested.

Please contact me at 651-697-8512 if you have any questions or require further information.