

**AGENDA**  
**CITY OF MINNETONKA**  
**ECONOMIC DEVELOPMENT ADVISORY COMMISSION**

Thursday, October 27, 2011

6:00 p.m.

Council Chambers  
Minnetonka Community Center

1. Call to Order

2. Roll Call

Kathryn Aanenson  
Benita Bjorgo  
Chandra Coughlin  
Michael Happe

Ken Isaacson  
Bruce Smith  
Peter St. Peter

3. Approval of September 22, 2011 EDAC Minutes

**BUSINESS ITEMS**

4. 2012 Non-profit funding

Recommendation: Provide a funding recommendation to the city council

5. Staff Report

6. Other Business

- November EDAC meeting: TBD
- The December EDAC meeting is **Thursday, December 22 at 6:00 p.m.**

7. Adjourn

If you have questions about any of the agenda items, please contact:

Julie Wischnack, Community Development Director, (952) 939-8282

Elise Durbin, Community Development Supervisor, (952) 939-8285

**UNAPPROVED  
MINNETONKA ECONOMIC DEVELOPMENT ADVISORY COMMISSION  
MEETING SUMMARY**

**SEPTEMBER 22, 2011  
6:00 P.M.**

**1. CALL TO ORDER**

President St. Peter called the meeting to order at 6:00 p.m.

**2. ROLL CALL**

EDAC commissioners present: Kathryn Aanenson, Benita Bjorgo, Michael Happe, Ken Isaacson, Bruce Smith, and Peter St. Peter.

EDAC commissioner absent: Chandra Coughlin.

City council liaison present: Tony Wagner.

Staff present: Community Development Director Julie Wischnack and Community Development Supervisor Elise Durbin.

**3. APPROVE JULY 28, 2011 MEETING MINUTES**

Happe moved, Isaacson seconded a motion to approve the July 28, 2011 meeting minutes. Aanenson, Bjorgo, Happe, Isaacson, Smith, and St. Peter voted yes. Coughlin was absent. Motion passed.

Smith asked if staff gathered information on fund accounting. Wischnack stated that staff would provide the additional fund accounting information at the November meeting.

**4. PROPERTY ASSESSED CLEAN ENERGY (PACE)**

Wischnack introduced the item.

Wagner said the comprehensive guide plan supports promoting green concepts to residents and commercial businesses. He thought it would be a good opportunity to get some dialogue from commissioners to see if it would be an appealing program and staff's opinion of whether the city could administer the program. The city council has not yet discussed the program.

St. Peter discussed installing solar panels on his roof with Xcel Energy. The cap on funding in the PACE program would not have been high enough to fund the solar panel cost. There is a 10 percent cap against the assessed valuation of the

residence. That would not have closed the gap. It made him wonder what the viability would be from the solar stand point for other homes in Minnetonka if the assessed valuation is smaller. Wischnack noted that solar is the most expensive retrofit for energy improvements and the payback takes longer. Wischnack stated geothermal transformation of a home costs approximately \$20,000 for a mid-priced residence. That example seems to make more sense.

Happe and St. Peter discussed the financing gap for retrofitting a residence with solar panels.

St. Peter noted that personal equity plus financing had to cover the cost for 7 to 12 months until the homeowner would be able to utilize the credits, which made him wonder how the program would work practically. Wischnack said the payback does not occur as fast for solar installations. Commercial buildings also need to be considered. The first and second positions for mortgages became an issue when PACE was first introduced, but it might make more sense in terms of a commercial application. The value would be greater. Packaging PACE with other programs and entities would be the way it would get done; not just this program on its own.

Happe noted the comprehensive plan supports green initiatives. He asked if policy goals and strategic objectives are laid out. Wagner said the city council would consider tradeoffs in exchange for making a development greener. Renewal of existing industrial properties might be candidates for PACE.

Aanenson stated that being first in line for the mortgage for residential probably would not be as wise when considering the potential for all of the other housing programs. She thought this may be a good application for the older commercial and industrial uses, which would be a good pilot program and then review how it works.

Isaacson asked what the distinct advantage to the city would be to provide financing. He thought the same opportunity would be available in the private market. The utility companies are a better source for rebates. It could have a pretty big appetite financially. Wagner said that the premise would include funding costs built into whatever mechanism would go on. Isaacson asked what would be better about that than the private market, because if the costs are built in, it would be a wash. St. Peter noted there might be a gap such as with private activity bonds, or something that would fund at one or two over prime, versus a short-term mortgage that would be four or five over prime.

Smith asked for the difference between HIA and PACE. Fundamentally, HIA and PACE are not that different, but he found the HIA more favorable than the PACE program. He was concerned with the aggregation of funds, and to create efficiency, there needs to be multiple requests to batch into the bonding market. He asked how the city would facilitate gathering a group of requests that could

then share administrative costs. He was concerned with putting any city money at risk because the organization would become more of a bank than a city. He asked what funding processes the city would have to support that and eliminate all risk to the city. From a demand stand point, Edina went towards industrial because the FHFA said not to finance residential loans with a lien because it is then the first lien. He did not see a huge concern because there would not be a huge pool of residences that would have the lien, but then he thought that the consumer would need to be aware of that potential situation. He thought that houses that would utilize PACE would be larger houses with non-conforming loans so that might not be an issue. He thought it would be owners of more affluent houses that would think about using PACE.

Smith questioned the purpose from a city's goals perspective. He asked if the program would fit under the umbrellas of affordable housing. That is where he struggled. This would be more of an enhancement to a home and the city would act as a bank. Wischnack said staff's initial thoughts included that it seems like a bigger funding source might be necessary than just the local level. She described how the PFA loan fund is used at the state for a road project. It seems similar to that where it would be beneficial to have a lot of different cities with access to a fund that is bonded and secured so that not all cities would be out on their own. It may take a regional or state-wide effort to institute the PACE program rather than a local program. When she initially thought about the PACE program, it did not seem like it had worked itself out enough and it might be better served as a regional or multi-city approach.

Bjorgo liked the program a lot, but had concerns regarding the costs associated with the program. She was uncertain if some of the fees would be capped. Some cities may be administering the program internally, but the city has limited resources to do that since bonding can be very expensive. She liked Edina's approach that limited the program to businesses. The lien issue could be a big issue for lenders whether the applicant is conforming or not. She liked the fact that bonding was not planned to be used. She asked if staff heard of Hennepin County starting something like PACE. Wischnack explained that a lot of cities have been waiting for resolution on the lien issue before attempting anything. Many are excited because it would be green and energy related, and a lot of entities promote those kinds of programs. For right now, a lot of cities are sitting back and observing until things are worked out at the state and federal levels.

Bjorgo asked if the city received applications for energy-efficiency loans like solar or geothermal. Wischnack answered that each year the city receives a fair amount of inquiries regarding energy improvements. Cub Foods on County Road 101 accessed money through a regional program offered by the St. Paul Port Authority. The project revamped the entire Cub Foods building. Wischnack found people are accessing other kinds of tax-credit programs or Xcel Energy programs as these companies are providing as ways to get green improvements to their buildings.

St. Peter thought there are good ideas to be considered in the program. It would further the policy goal of the city by reducing the need to expand utility companies' substations or enhancing power lines. The areas that would benefit most from PACE would be the multi-family residential and commercial uses. A perfect example is the YMCA's proposed project. One of the concerns is the passing on of operating costs to the tenants and, in this case, the subsidization of housing with services. St. Peter stated the heating and cooling of a large building would benefit from green initiatives.

St. Peter stated the first lien for this program is a problem, but that does not mean that alternatives and ways that something like this could be incorporated could not be looked at. An example would be the project by Duffy Development Group with multiple funding sources being brought together for the project. PACE could be another funding source if the energy components needed to be changed.

There was discussion about whether there needed to be a specific policy for "green" in new developments.

Suggestions were made to talk with the League of Minnesota Cities and the Association of Metropolitan Municipalities about working together on this program.

## **5. EDAC STUDY ON AFFORDABILITY OF HOUSING WITH SERVICES**

Wischnack introduced the item. She described how a package of affordability was put together for the St. Therese project. She saw this happening again and again and asked for direction on how to create a framework to know how to address it in the future. The idea is to research other city affordable housing policies, research a housing with services model, determine the type of housing and variations that exist on the open market today, and research how other communities have addressed issues on affordable housing with services. She has not found a city that has been able to overcome all of the issues but will keep searching. Staff will report to the EDAC in November, incorporate feedback and complete additional research, and present the information to the EDAC in December or January.

Isaacson thought the work plan looked great. He suggested contacting the MSHA (Minnesota Senior Housing Association) and the National Assisted Living Association. He thought those organizations would be good. Wischnack noted some of the issues in the past related to the difference between nonprofits and for-profits.

Smith was not sure what the issue is, and asked if there is a service component that muddies the affordable housing financing. Wagner said the type of

developments that have approached the city are more senior related, and a lot have a service component. The city attorney has said that for the program to meet state law requirements for affordable housing, every mandatory service charge is counted as rent. The city council is struggling with adhering to the policy that requires developers to include affordable housing and other elements that may allow the developer to do something different than the comprehensive guide plan outlines. The city's policy has a lot of gray area and needs some guidance of where to go. The EDAC can weigh in on the criteria for the policy. The city council expects, as the population ages, there will be more of these types of proposals.

Smith thought the issue was cut and dry by taking the square footage of the services by the square footage of the residences and splitting the financing that way, but has learned it is not that simple. He agreed there needs to be a policy. Given the demographic trend, the number of senior developments will continue to increase. A policy would allow the city to be more developer friendly and prepares the city to consider the applications efficiently. He felt the work plan is great.

Wischnack stated that education on where affordable housing has been may be beneficial for commissioners. Commitments with the Metropolitan Council will be included in the information to assist commissioners with understanding where the city has been, where it wants to go, where it hopes to go, and what tools may be used to reach those goals. St. Peter has seen senior housing move from the nursing home model into incorporating assisted living and a service component. As the demand has increased, the providers have done more bundling rather than ala carte pricing. He thought of the economics of development, and with the difficult private mortgage financing climate that bundling and assurance of a revenue stream to cover the mortgage costs is something that the lenders are encouraging and developers are responding to. He agreed analysis and discussion of the city's policy and recommendations should be discussed. The city council will be the final arbiter.

Aanenson added it will be a little challenging because what is being looked at is service delivery, not the cost of the product. Determining an acceptable level of service for additional amenities will be a challenging discussion.

St. Peter said that the bundling and minimum requirement for services has evolved to a higher level.

Wagner said that the city council may determine that this is an unsolvable issue.

Wischnack stated that a draft report will be prepared in two months.

## 6. GREATER MSP OVERVIEW

Wischnack introduced the item.

Wagner asked how the city will feed the MSP group information. He noted there are vacant commercial properties in Minnetonka that might be a great site for attracting a business. He asked if there is any engagement the city has to help market the metropolitan suburbs. Wischnack used UnitedHealth Group (UHG) as an example, as it was on the city's shoulders to make the UHG project happen. There was a road project and financing issues to be coordinated. She saw Greater MSP being involved in any business that wants to expand.

Wagner noted that the *Minneapolis Business Journal* had the greatest amount of available space from an office stand point. He would like to help promote Minneapolis, St. Paul, and the 13 counties.

Wischnack heard that when Minnetonka has a vacant space that information should be passed on to Greater MSP. There is a region-wide website that lists leasable space in the metropolitan area.

Wagner invited commissioners to think about ways to proactively seek companies. This commission and staff are willing to consider proposals if the opportunities come up.

## 7. NON-PROFIT FUNDING PREPARATION

Durbin introduced the item. She explained that commissioners will receive an e-mail from her outlining each nonprofit funding request. The city has received approximately 10 funding requests. She provided background on the process.

St. Peter noted the goal in using the scoring sheet is not to be an absolute score, but to provide relative information to narrow things down. Priorities are taken into account, and scoring is not the final determination.

Aanenson asked how many applications were received. Durbin responded 10.

Smith said that, in terms of the estimated 15 percent reduction in CDBG funds, he asked if that is still a guess or a firm amount. Durbin explained that the 2011 funds have been committed to the program and there was a 13 percent decrease from the prior year. Staff does not know what that amount will be until spring of 2012. Staff based the estimate of how much funding to plan for off of the 2011 amount. It will be adjusted based on the actual amount of funds received. St. Peter noted that none of the congressional funding bills for the year have been passed at this point, and will make it difficult to project.

Aanenson thanked staff for the background information.

Smith requested an example of a high-scoring grant request. Durbin could provide examples of applications that received funding in the past. Allocation of funds is subjective due to each applicant's unique services. Wischnack suggested looking at all of the applications before scoring any of them to provide a point of reference.

## **8. STAFF REPORT**

Wischnack and Durbin reported on items including:

- The Federal Transit Administration sent a letter going ahead with preliminary engineering of the LRT project. Wischnack will be serving on the committee to select the preliminary engineering (PE) consultant. The station plans will be considered after the PE consultant is selected.
- The Dallas Area Rapid Transit presentation was informative. The group shared a lot of the project's setbacks and successes regarding LRT planning. The city used sales tax to fund and finance the entire light rail system. There is a 20-year capital improvement plan in place for capital improvements and operating costs of the transit system. The presentation was very interesting.
- The Bren Road/Highway 169 bridge is under construction. It is expected to be open in mid October, which is well in advance of what was originally anticipated.
- Applications are still being accepted for the Home Enhancement and Welcome to Minnetonka programs. The Emergency Repair program has been closed to new applications. There is a buyer ready to close using the Welcome to Minnetonka program. There is a lot of interest in the program and numerous applications have been handed out, but many of the applications have not been turned in yet. Staff will continue to advertise for the programs.
- Funding requests for the YMCA project have been submitted to the Metropolitan Council and will be reviewed by its committee October 6, 2011. It will take another month to receive notification if the \$1.5 million request is approved.
- The HRA preliminary levy was adopted September 12, 2011. Wagner reviewed how the budget and levy projections would occur. Wagner advocated that the first phase of the Ridgedale study include the land owners. Wischnack agreed. The study is expected to begin January.

## **9. OTHER BUSINESS**

Wischnack noted that there is a joint study session with the City Council on September 26 at 6 p.m. in the Boards and Commissions Room. The next EDAC meeting will be October 27, 2011.

Wischnack announced that the Sensible Land Use Coalition is taking reservations for the lunch next week. The topic is pocket neighborhoods creating small-scale communities in a large-scale world.

Wischnack invited commissioners to visit the city wide open house. Metro Transit and Open to Business will have booths sponsored by the EDAC.

**10. ADJOURN**

Happe moved, Smith seconded a motion to adjourn the meeting. All voted yes.  
Motion passed. The meeting adjourned at 7:16 p.m.

**EDA Agenda Item #4  
Meeting of October 27, 2011**

**Brief Description**                    2012 Non-Profit Funding

**Recommendation**                Provide a funding recommendation to the City Council

**Background**

On October 27, the eleven non-profit groups that submitted applications to the city for funding will have the opportunity to briefly present their request to the EDAC. Background information on the non-profit funding was provided to commissioners at the September 22 meeting. This is again included on pages A1-A9.

**2012 Non-Profit Funding Requests**

As funding becomes tighter for non-profit organizations, more are seeking funding from sources they may not have approached in the past. At the same time, the city is being asked to do more with less—with general levy funds and with declining CDBG funds.

This year, the city received eleven nonprofit funding requests. The EDAC has received in advance, a copy of all applications for 2012, a ranking form for each application, and an instruction sheet. Commissioners have been asked to review each application and complete the ranking form as much as possible.

Commissioners are asked to bring the ranking forms to the regular EDAC meeting on October 27. At that meeting, each applicant will be given 1-3 minutes to provide a brief organizational/program overview and the EDAC will be given 7-9 minutes for questions and answers. This Q&A will allow Commissioners the opportunity to receive clarification on application items, providing them with the information needed to fully complete the ranking forms. The schedule for applicant presentations is as follows:

<b>TIME</b>	<b>ORGANIZATION</b>
6:10 p.m.	Senior Community Services (H.O.M.E.)
6:20 p.m.	CommonBond (Crown Ridge)
6:30 p.m.	Ridgedale YMCA (Minnetonka Heights)
6:40 p.m.	Minnetonka Lutheran
6:50 p.m.	ICA
7:00 p.m.	Homes Within Reach
7:10 p.m.	Minnetonka Historical Society
7:20 p.m.	ResourceWest
7:30 p.m.	CAPSH
7:40 p.m.	HOME Line
7:50 p.m.	TreeHouse

After each presentation, Commissioners will submit their completed ranking forms to staff, who will tally up the results and present them after all presentations have been given. The EDAC will then have the opportunity to discuss the results and make a recommendation to council.

### Amount of Funding Available

This year, seven organizations have submitted requests for a total of \$55,702 in CDBG public service dollars. It is important to realize that the city's final 2012 CDBG allocation will not be known until February 2012, or possibly even later. Because of the need to make funding recommendations at this point in time, the city is basing its 2012 allocations on the portion of Minnetonka's 2011 CDBG funding available for public service programs, which was \$25,410. The council will hold a public hearing on final CDBG funding allocations in February 2012.

The city received three applications from organizations that historically have been funded through the city's Livable Communities Account. Additionally, there is one organization that does not fall within the criteria of either the CDBG or the Livable Communities account.

	2010	2011	2012 Requested
<i>Housing and Support (CDBG)</i>			
Community Action Partnership of Suburban Hennepin (CAPSH)	\$3,700	\$3,906	\$5,000
HOMELine	\$1,200	\$1,937	\$4,202
Intercongregation Communities Association (ICA)	\$6,200	\$6,232	\$8,000
ResourceWest	\$5,000	\$3,906	\$5,000
Senior Community Services (SCS) H.O.M.E. Program	\$11,700	\$9,429	\$11,000
Minnetonka Lutheran Church	NA	NA	\$20,000
Family Hope Services (TreeHouse)	\$0	\$0	\$2,500
<b>Total Housing and Support</b>	<b>\$27,800</b>	<b>\$25,410</b>	<b>\$55,702</b> <b>(\$25,410 available)</b>
<i>Livable Communities Account</i>			
CommonBond (Crown Ridge)	\$16,000	\$16,000	\$16,000
Homes Within Reach (WHAHLT)	\$225,000	\$225,000	\$225,000
Ridgedale YMCA (Minnetonka Heights)	\$20,000	\$20,000	\$20,000
<b>Total Livable Communities Account</b>	<b>\$261,000</b>	<b>\$261,000</b>	<b>\$261,000</b>
<i>Other</i>			
Minnetonka Historical Society	NA	NA	\$3,000

## **Recommendation**

Using Council Policy 2.8 as guidance, staff recommends the EDAC receive the presentations given by the grant applicants and make a funding recommendation to the City Council.

Submitted through:

Julie Wischnack, AICP, Community Development Director

Originated by:

Elise Durbin, AICP, Community Development Supervisor

**EDA Agenda Item #7  
Meeting of September 22, 2011**

<b>Brief Description</b>	2012 Non-Profit Funding Preparation
<b>Recommendation</b>	Review background information

**Background**

On October 27, the EDAC will be asked to review and provide recommendations on the annual funding of non-profits. Because of the large number of applications received, staff felt that it was important that commissioners receive the background information prior to review of the applications.

In July 2008, city council revised City Council Policy 2.8 (pages A1-A3) which establishes guidelines for the support of nonprofit organizations. The new policy streamlined the application, review and approval process, and improved both the fairness and effectiveness of public appropriations. The revision changed how funding requests for housing and human services programs are reviewed, regardless of the source of funding i.e. CDBG, Livable Communities account, etc.

As prescribed by the policy, staff advertised for and received applications from nonprofit agencies for 2012 funding. Following preliminary council direction on funding targets, the EDAC is being asked to review individual requests and provide recommendations to the City Council for Community Development Block Grant (CDBG) funds and Livable Communities Account funds.

**Funding Criteria**

According to City Council Policy 2.8, the following criteria will be used to determine funding priorities for nonprofit organizations requesting city support:

- *Community-wide benefit.* Services provided by the nonprofit organization must benefit the community as a whole by meeting an important city-wide need, and by serving a proportionately high number of Minnetonka residents.
- *Access to funding.* The organization must have made reasonable efforts to raise funds from other sources, and have limited access to alternative forms of support.
- *Cost effectiveness.* The organization must not duplicate services already meeting community needs, and make effective use of volunteers and in-kind contributions to reduce the cost of service delivery.

## CDBG Overview

Beginning in 1974, the Community Development Block Grant (CDBG) program is implemented by the U.S. Department of Housing and Urban Development (HUD). The CDBG program provides annual grants, based on a formula, which distributes dollars to cities, counties and states. HUD determines the grant amount by using a formula comprised of several measures of community need, including extent of poverty, population, housing overcrowding, age of housing, and population growth lag in relationship to other metropolitan areas.

CDBG funds provide communities with resources to address a wide range of unique community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services. Communities develop their own programs and funding priorities; however, each activity must meet one of the following national objectives for the CDBG program:

- Benefit low- and moderate-income persons,
- Prevention or elimination of slums or blight, or
- Address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available.

CDBG funds may not be used for activities which do not meet these broad national objectives. Up to 15 percent of a community's funds may be used to support non-profit (public service) agencies.

### *City of Minnetonka CDBG Allocation by Year and Subrecipients*

2008 \$186,669	2009 \$188,793	2010 \$202,593	2011 \$169,414
<ul style="list-style-type: none"> <li>• CAPSH</li> <li>• HM-FRC</li> <li>• SCS-HOME</li> <li>• HOME Line</li> <li>• Emergency Rehab Loan</li> <li>• OO Rehab Loan</li> <li>• Administration</li> <li>• Fair Housing</li> </ul>	<ul style="list-style-type: none"> <li>• CAPSH</li> <li>• HM-FRC</li> <li>• SCS-HOME</li> <li>• HOME Line</li> <li>• ICA</li> <li>• Emergency Rehab Loan</li> <li>• OO Rehab Loan</li> <li>• Administration</li> <li>• Fair Housing</li> </ul>	<ul style="list-style-type: none"> <li>• CAPSH</li> <li>• ResourceWest</li> <li>• SCS-HOME</li> <li>• HOME Line</li> <li>• ICA</li> <li>• Emergency Rehab Loan</li> <li>• Administration</li> <li>• Fair Housing</li> </ul>	<ul style="list-style-type: none"> <li>• CAPSH</li> <li>• ResourceWest</li> <li>• SCS-HOME</li> <li>• HOME Line</li> <li>• ICA</li> <li>• Emergency Rehab Loan</li> <li>• OO Rehab Loan</li> <li>• Administration</li> <li>• Fair Housing</li> </ul>

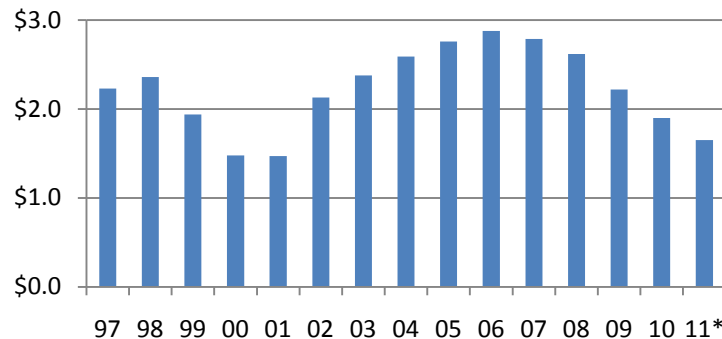
Key: CAPSH=Community Action Partnership of Suburban Hennepin; HM-FRC=Hopkins Minnetonka Family Resource Center (now known as ResourceWest); OO Rehab Loan=Owner Occupied Rehabilitation Loan; SCS=Senior Community Services

## Livable Communities Fund Overview

This account was established in 1997 by special legislation allowing Minnetonka to retain funds remaining after early decertification of the Ridgepointe-Cliffs housing TIF district. The special legislation was approved with the provision that the money only be used for housing activities and directly-related public improvements. Examples of recent projects funded by the Livable Communities account include:

- Homes Within Reach (WHAHLT)—Annual contributions to write-down their net cost of purchasing homes in Minnetonka
- Cedar Pointe Townhomes—A quarterly payment is made to off-set part of the rents to subsidize nine units
- Crown Ridge and Minnetonka Heights—Contributions for support programs
- Other—Used as a pass through for certain Hennepin County Transit Oriented Development (TOD) funds for The Sanctuary and Deephaven Cove.

Livable Communities Fund Balance  
(millions)



\*2011 is a projected balance. Decrease shown due to expenditures related to Homes Within Reach that have already been committed.

## Next Steps

The next steps in the non-profit funding review are as follows:

1. No later than September 30, EDAC commissions will receive electronically a copy of all grant applications and a ranking form (pages A4-5) for each applicant.
2. Between September 30 and October 27, commissioners will read applications and fill out a Ranking Form for each applicant (as much as possible) prior to the EDAC meeting on Thursday, October 27. Bring the ranking forms to the October 27 EDAC meeting.
3. On October 27, each applicant will be given the opportunity for a brief presentation. After each presentation, commissioners will time to ask questions.
4. Following all presentations, commissioners will discuss and recommend funding to the city council.

## **Recommendation**

Staff recommends the EDAC review the background information and provide any comments on the program, review process, or ranking form.

Submitted through:

Julie Wischnack, AICP, Community Development Director

Originated by:

Elise Durbin, AICP, Community Development Supervisor

# AMENDED POLICY

City of Minnetonka

City Council Policy 2.8

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## Policy Number 2.8 City Support of Nonprofit Organizations

**Purpose of Policy:** This policy establishes guidelines for support of nonprofit organizations.

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### Introduction

The purpose of this policy is to establish a fair and objective process for considering requests from nonprofit organizations serving community residents, and supporting those services that most effectively benefit the citizens of Minnetonka with the limited resources available.

### Types of Financial Support

The city of Minnetonka generally provides financial support to nonprofit organizations in four ways: (1) contracts for service, (2) general budget appropriations, (3) Livable Communities allocations, and (4) CDBG allocations.

**Contracts for service.** Services directly related to the functions of city government may be provided through contracts with nonprofit organizations in accordance with the following requirements:

- The service must be something the city would undertake or provide in its ordinary course of business, or which is directly related to activities which the city charter or state law authorizes the city to perform. This may include services which enhance the effectiveness or reduce the cost of existing city programs or services, or which reduce the workload on or provide resources to city staff.
- The costs of these services will be budgeted in the general fund, and departmental recommendations will be reviewed and approved by the city council in conjunction with the regular budget cycle. Ad hoc decisions during the budget year will not be considered, unless explicitly approved by council.
- Contracts for service meeting the preceding criteria are excluded from the process and criteria outlined in this policy for other forms of nonprofit support.

**General budget appropriations.** General budget support may be provided for nonprofit organizations which the city is authorized by state statute or charter to support financially. These include artistic organizations, as provided in Minn. Stat. Sec. 471.941. Grant agreements will be required to document how the money was used, and requests are subject to the process and criteria outlined in this policy for nonprofit agency support.

**Livable Communities allocations.** Financial support may be also provided to nonprofit organizations qualifying for Livable Communities funding as permitted in Minnesota 1997 Laws, Ch. 231, Art. 10, Sec. 21. Contracts for service will be required, and requests are

# AMENDED POLICY

City of Minnetonka

City Council Policy 2.8

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subject to the process and criteria outlined in this policy for nonprofit agency support.

**CDBG allocations.** Support for nonprofit organizations may also be provided through Community Development Block Grants (CDBG), which the city receives from the U.S. Department of Housing and Urban Development (HUD). Both city and federal criteria will determine eligibility, and subrecipient agreements will be required. Applications for the public service portion of CDBG funding are subject to the process and criteria outlined in this policy for nonprofit agency support.

## General Policy Guidelines

The Minnetonka City Council is solely responsible for determining whether the city will provide support to nonprofit organizations. This policy should not be construed to obligate the city to provide support of any kind to any nonprofit organization.

Support for nonprofit organizations is provided on an annual basis, with no obligation implied for future funding commitments. Requests and approvals will be considered in conjunction with the city's annual budgeting process.

At its option, the city council reserves the right to appoint one of its members, or a representative, to the board of directors of all nonprofit organizations to which the city provides support.

The city council may waive or reduce fees charged for the use of city facilities when a nonprofit organization has provided equivalent financial or in-kind support to the city, or when approved as part of the organization's request for city support.

## Funding Criteria

The following criteria will be considered to determine funding priorities for nonprofit organizations requesting city support:

- **Community-wide benefit.** Services provided by the nonprofit organization must benefit the community as a whole by meeting an important city-wide need, and by serving a proportionately high number of Minnetonka residents.
- **Access to funding.** The organization must have made reasonable efforts to raise funds from other sources, and have limited access to alternative forms of support.
- **Cost effectiveness.** The organization must not duplicate services already meeting community needs, and make effective use of volunteers and in-kind contributions to reduce the cost of service delivery.

## Request and Approval Process

The following procedures will be used to review requests for city support:

# AMENDED POLICY

City of Minnetonka

City Council Policy 2.8

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- **Application** forms must be submitted prior to August 1 for consideration in the following fiscal year - January 1 to December 31 for city funding, and July 1 to June 30 for federal CDBG funding.
- **Review.** City staff will review applications and make recommendations to the city council based on the funding criteria specified in this policy. The city council may also designate appropriate city advisory boards or commissions to review requests and recommend funding priorities.
- **Approval** of funding will take place when the final budget is adopted by the city council in December of each year. Conditional approvals of CDBG allocations made at that time will be finalized in February.

Adopted by Resolution No. 85-7664  
Council Meeting of January 28, 1985

Amended by Resolution No. 94-9740  
Council Meeting of June 27, 1994

Amended by Resolution No. 94-9784  
Council Meeting of September 12, 1994

Amended by Resolution No. 2003-077  
Council Meeting of August 25, 2003

Amended by Resolution No.  
Council Meeting of July 14, 2008

**City of Minnetonka Non-Profit Funding  
Ranking Form**

**Application #** \_\_\_\_\_ **Amount Requested** \_\_\_\_\_

**Project/Program Name** \_\_\_\_\_

**Community wide Benefit (30 Total Points)**

1. Has clearly identified the community need for the program and what community benefits will result of it.
2. Shows benefit to low- to moderate income households.
3. Identifies total number of beneficiaries from all communities that the program served in previous years, including this year and a projected number that will be served next year.
4. Describes specifically how Minnetonka residents benefit from the program and identifies the number of Minnetonka residents that were served in previous years, including this year, and a projected number that will be served next year.

**Program Goals and Outcomes (20 Total Points)**

1. Program is based on identified need and the goals are clear and specific.
2. Identified objectives and outcomes are realistic and appear to be achievable.
3. Program will have a significant impact on identified need.
4. Clearly identifies impact and success.

**Cost Effectiveness (10 Total Points)**

1. Clearly demonstrates the need is currently not being adequately met by alternative programs available in the community.
2. Clearly describes the use of volunteers for the program and how they affect or reduce the program/organization's budget.
3. Identifies all in-kind contribution for the program and their estimated value.

MAXIMUM POINTS	POINTS EARNED	REMARKS
5		
10		
5		
10		
5		
5		
5		
5		
5		
3		
2		

**Capacity & Sustainability (15 Total Points)**

1. Has shown ability to undertake the program.
2. Demonstrated success in related programs or similar activities.
3. Has a history of effective program management.
4. Demonstrated fiscal responsibility and expertise.

**Budget & Leverage (25 Total Points)**

1. Proposed expenditures appear to be reasonable and cost effective in relation to service and community need.
2. Project is not totally dependent on CDBG funds but has limited access to alternative sources of funding.
3. Has identified other funding sources and amounts.
4. Program has established links/partnerships with other service providers (as appropriate).
5. Clearly identifies the consequences to the organization if it did not receive the full amount of funding requested.
6. Program requests indirect costs/admin funds

**Total Points Scored (Max 100)**

3		
2		
5		
5		
MAXIMUM POINTS	POINTS EARNED	REMARKS
5		
10		
5		
3		
2		
-10		

A MINIMUM OF 65 POINTS ARE REQUIRED FOR FUNDING CONSIDERATION

OTHER COMMENTS:

**EDAC Agenda Item #5**  
**Meeting of October 27, 2011**

**Brief Description:** Staff Report

*The purpose of the staff report is to provide EDAC Commissioners updates on other projects that are of interest to the EDAC or that the EDAC may have previously reviewed.*

**Southwest LRT**

Work is underway to select a consultant for preliminary engineering (PE). This is expected to be completed, and a consultant hired by end of first quarter 2012, after which PE will begin. PE is expected to take about two years to complete, and the plans for the LRT project will be 30% drawn at that time.

The transitional station area planning as part of the community works project has been delayed until a consultant is selected for PE. The purpose of this planning project will be to focus on what needs to happen between now and opening day of the LRT to facilitate the development of the station and for redevelopment.

**Bren Road/Highway 169 Bridge Reconstruction**

Work continues on the Bren Road/Highway 169 bridge reconstruction. The bridge opened the evening of October 14. The project website is [www.169bren.com](http://www.169bren.com).

**Housing Programs**

The first of the loan for the city's new housing programs has closed—a Welcome to Minnetonka downpayment assistance loan of \$6,923. Statistics to date include:

68 pre-applications for housing rehabilitation

- 6 are not qualified (over income, over asset limits, four over property value)
- 2 have withdrawn their application
- 11 are in the Minnetonka Home Enhancement Program
  - 1 qualifying application has been returned
- 49 are in the Emergency Repair Program

7 pre-applications for the Welcome to Minnetonka program

- 4 qualifying applications have been returned
- 1 loan has closed

**YMCA project**

The city participated in a question and answer session on October 6 as a part of the Livable Communities Demonstration Account grant funding. Recommendations for funding will be made by the end of the month.

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### **November EDAC**

There is no EDAC meeting on the November calendar (due to the Thanksgiving holiday); however, there is a need for the EDAC to provide finalized budget recommendations to the city council, and thus a need for a meeting. Staff has identified three potential meeting dates:

- Monday, November 7—6:00 p.m.
- Thursday, November 10—6:00 p.m.
- Monday, November 14—5:00 p.m.

Please bring your calendars with to the meeting so that a date and time can be finalized.

### **Upcoming Events**

Wednesday, December 7                      Sensible Land Use Coalition program  
"Michael Langley, CEO, Greater MSP"  
11:30 a.m.-1:30 p.m.  
DoubleTree Park Place, St. Louis Park

*If you are interested in attending you can go to [www.sensibleland.org](http://www.sensibleland.org) to sign-up (use the member rate as the city is a member). After attending the program submit your receipt to staff for reimbursement.*

Thursday, December 22                      EDAC Meeting  
6:00 p.m.  
Council Chambers

### **Attachments**

- 2011 EDAC work plan (page A1)
- Project Update (page A2)

Submitted through:  
Julie Wischnack, AICP, Community Development Director

Originated by:  
Elise Durbin, AICP, Community Development Supervisor

## 2011-2012 EDAC Meetings

Updated October 20, 2011

Meeting Date Meetings at 6:00pm unless otherwise noted	Item Description	Room/Special Notes
Thursday, October 27	Regular EDAC Meeting	Council Chambers • 2012 Non-profit funding (annually)
TBD (November 2011)	EDAC Meeting	Location TBD • 2012 HRA levy (annually) • 2012 final budget review
Thursday, December 22	Regular EDAC Meeting	Council Chambers • 2012 EDAC work plan (annually)
Thursday, January 26	Regular EDAC Meeting	Council Chambers
Thursday, February 23	Regular EDAC Meeting	Council Chambers
Thursday, March 22	Regular EDAC Meeting	Council Chambers
Thursday, April 26	Regular EDAC Meeting	Council Chambers
Thursday, May 24	Regular EDAC Meeting	Council Chambers
Thursday, June 28	Regular EDAC Meeting	Council Chambers • 2013 budget review (annually)
Thursday, July 26	Regular EDAC Meeting	Council Chambers • 2013 HRA Levy (annually)
Thursday, August 23	Regular EDAC Meeting	Council Chambers
Thursday, September 27	Regular EDAC Meeting	Council Chambers
Thursday, October 25	Regular EDAC Meeting	Council Chambers • 2012 Non-profit funding (annually)
Thursday, November 8	Regular EDAC Meeting	Council Chambers • 2012 HRA levy (annually)
Thursday, December 20	Regular EDAC Meeting	Council Chambers 2012 EDAC work plan (annually)

\*\*Note: This schedule is tentative and subject to change.

### Other Potential Agenda Items

- Continuous updates: LRT Preliminary Engineering and Community Works
- Introduction to TIF, Tax Abatement, and TIF pooling
- Homes Within Reach presentation/update
- TIF Management Review and Analysis (annually)
- Metro Transit Sector Study

## PROJECT UPDATE

### Affordable Housing

#### 2011-2020 Affordable and Lifecycle Housing Goals

	Goals (2011-2020)	Results	Percent of Goals Achieved
New Affordable Units (rental & ownership)	246 to 378	0	0%
New Lifecycle Units	375 to 800	0	0%

#### Projects counting for 2011-2020 affordable/lifecycle housing goals

Project	Year Completed	Affordable Units	Lifecycle Units
St. Therese	November 2011	30	150
Sunset Hills Apartments	Approved by Council	51	64

#### Housing Project Updates

Project	Total Units	Affordable Units	Update
Sanctuary	23	4	Construction of fourth affordable unit is still pending. New owner has taken over and will be looking at how to construct this fourth unit
Glen Lake	248	41	<ul style="list-style-type: none"> <li>• All 11 affordable units at The Oaks of Glen Lake (Exchange building) are occupied.</li> <li>• St. Therese (senior facility) to open in November.</li> </ul>
Homes Within Reach			45 Minnetonka units, 88 units total.

### Transit

- Metro Transit sector study scope and RFP being developed
- Southwest LRT Community Works project continues.
- Approval given September 1 for Southwest LRT to enter into preliminary engineering

### Economic Development/Business

- Minnetonka Open to Business program continues

### Other Projects (Detailed information can be found at [www.eminnetonka.com](http://www.eminnetonka.com))

Project	Description	Status
Shady Oak Road	Reconstruction from Co Rd 3 to Hwy 7	Construction in 2014.
Bren Road/Hwy 169 interchange	Reconstruction Bren Road bridge over Highway 169	Bridge opening anticipated mid-October 2011
UnitedHealth Group	Phase 2 Building Expansion 354,000 square foot, 10-story tower	Construction continues
Sunset Hill apartments	64 unit apartment building on Wayzata Boulevard	Approved by council on May 2 Submitted tax credit application
Ridgedale YMCA	Redevelopment of YMCA site	
Hampton Inn	Redevelopment of the old Cattle Company property	Review by Planning Commission on November 3 Environmental clean-up has started
Ecostation 2012	Redevelopment of Shady Oak LRT station area	Concept review by Planning Commission and City Council

Updated October 10, 2011