

**Watertown Economic Development Authority**September 12<sup>th</sup>, 2019**Agenda Item: Preliminary Levy & Budget****Request for Action: Adopt Resolution #2019-02EDA, Adopting the Preliminary EDA Levy****Department: Shane Fineran, City Administrator****Background:**

The EDA sets a tax levy on properties in the community. These resources are utilized to support economic development activities in the community and administrative support for these functions. The total levy amount cannot exceed .0185% of the previous year's taxable market value in the community. In 2020 the maximum levy amount supported by this formula is \$58,575. Additional revenue funds to the EDA include grant aid for the Small Cities Development Program grant (SCDP), interest earnings, and repayments of revolving loan and business façade improvements. The fund balance of the EDA fund stands at \$408,555.

Non-grant related expenses for 2020 is recommended to increase to \$75,250. This reflects an additional \$25,000 allocated to provide support to the utility enterprise funds for the utility trunk waiver program. This reflects the discussion and direction from the EDA in evaluating Business Subsidy Policy amendments related to this program and providing EDA support for this program.

Grant related expenditures total \$260,000. \$225,000 of this is direct pass through from the SCDP program for commercial and eligible homeowner rehabilitation work. The program funds for this effort will expire in 2020. The homeowner target area has been expanded to the north across Territorial St W as contemplated in the grant application to make funds available to additional homeowners. We are hopeful that most of these funds will be expended by the deadline. We anticipate 2 additional commercial projects to utilize the program and 3 additional homeowner projects to be completed. Funds are also programmed to support the EDA Revolving Loan and Business Façade Improvement programs as well as the Watertown 4 Life! Program.

With the recent outreach efforted related to SCDP we have received a lot of interest that ties into storm damage repair in the target area. Homeowners that do not income qualify for the SCDP program are being referred to the Emergency Home Repair Loan program that the CDA is administering on behalf of the EDA. Homeowners are working to couple insurance related repairs to make energy efficiency and life/safety improvements to their homes utilizing this program. The CDA thinks we may expend the initial deposit of \$50,000 made for this program in this fashion. Staff is seeking direction if this is a program they would like to continue and at what amount. The program makes up to \$10,000 loan available.

The effort to help homeowners work through FEMA Flood Insurance Rate map changes via the Letter of Map Change process has exceeded our forecasts in the engineering line item to date in 2019. This is largely due to extra work and additional requests from FEMA for information related to the Mapes Creek LOMC. To date we have been successful in assisting 22 homes in the Rohs Way development and 3 scattered site properties in being removed from the special flood hazard area. We are confident that the Rosewood Estates development will be approved as part of the Mapes Creek LOMC soon. \$5,000 is programmed in 2020 for engineering services related to this effort.

In 2020 we will also plan to host another "Developer Day" type event, and an additional \$1,000 is programmed to support this effort.

Staff is seeking discussion and direction on the proposed budget and recommends adoption of the preliminary levy.

**Attachments:**

EDA Proposed Revenue

EDA Proposed Expenditure

Resolution #2019-02EDA

**EDA Revenue**  
2020

<b>Account</b>	<b>Description</b>	<b>2018 Budget</b>	<b>2018 YTD</b>	<b>2019 Budget</b>	<b>2019 YTD</b>	<b>2020 Budget</b>	<b>2020 YTD</b>	<b>Comment</b>
228-31010	Current Ad Valorem Taxes	\$ 50,062	\$ 49,950	\$ 55,294	\$ 28,850	\$ 58,575		
228-31020	Delinquent Ad Valorem Taxes	\$ 500	\$ 156	\$ 500	\$ 102	\$ 200		
228-33620	Other County Grants/Aid		\$ 143,900	\$ 389,119	\$ 71,355	\$ 225,000		DEED SCDG Program Revenue (Pass Through)
228-36200	Miscellaneous Revenue	\$ 500	\$ 50	\$ 500				Loan, Grant Application Fees
228-36210	Interest Earnings	\$ 1,400	\$ 6,410	\$ 3,000	\$ 3,638	\$ 3,000		
228-36500	Note Receivable	\$ 6,700	\$ (983)	\$ 6,700		\$ 6,700		RLF & BFI Loan Repayments
228-39000	Other Financing Sources	\$ 15,000	\$ 15,000	\$ -				
228-39201	Transfer from General Fund							
228-39203	Transfer from Other Fund							
		\$ 74,162	\$ 214,483	\$ 455,113	\$ 103,945	\$ 293,475	\$ -	

**EDA Expenses**  
2020

Account	Description	2018 Budget	2018 YTD	2019 Budget	2019 YTD	2020 Budget	2020 YTD	Comment
228-46500-101	Full-Time Employees Regular							
228-46500-110	Commission Wages	\$ 2,700		\$ 2,700		\$ 2,700		\$40 per meeting
228-46500-121	PERA							
228-46500-122	FICA							
228-46500-303	Engineering Fees		\$ 430	\$ 15,000	\$ 31,201	\$ 5,000		
228-46500-304	Legal Fees	\$ 3,000	\$ 2,811	\$ 3,000		\$ 3,000		Contract Review of Loans/Development Agreements
228-46500-310	Other Professional Services	\$ 10,000	\$ 1,500	\$ 10,000		\$ 10,000		ED Support & Market Data
228-46500-314	Professional Planning Services	\$ 2,000	\$ 1,749	\$ 2,000		\$ 2,000		MK Land (Mark Kaltsas)
228-46500-329	Other Communications	\$ 3,000	\$ 3,000	\$ 3,000	\$ 1,750	\$ 3,000		Jaguar ISP Service for WIFI
228-46500-433	Dues & Subscriptions	\$ 295	\$ 295	\$ 295	\$ 920	\$ 1,000		Minnesota Marketing Partnership & EDAM
228-46500-331	Travel Expenses							
228-46500-340	Advertising	\$ 3,500	\$ 2,645	\$ 2,000		\$ 3,500		EDA Programs Marketing/Development Day Event
228-46500-351	Legal Notices Publishing	\$ 50	\$ 26	\$ 50		\$ 50		Annual Audit Disclosure Report
228-46500-430	Miscellaneous							
228-46500-630	Bank Service Fee							
228-46500-640	Economic Development Payments					\$ 25,000		Enterprise Fund Utility Trunk Fee Support
228-46500-651	Loan Program	\$ 75,000	\$ 50,000	\$ 35,000		\$ 35,000		1 RLF, 2 BFI Loans
228-46500-652	Grant Program	\$ 55,000	\$ 146,400	\$ 444,119	\$ 73,881	\$ 235,000		Small Cities/BFI/Home Renovation Grant Program
228-46500-720	Operating Transfers	\$ 10,000	\$ 10,000	\$ 10,000	\$ 5,000	\$ 10,000		Salary Support for EDA Director
228-46500-510	Land Acquisition			\$ 10,000	\$ 5,000	\$ 10,000		Carver County Land Trust Property Partnership
		\$ 164,545	\$ 218,856	\$ 537,164	\$ 117,752	\$ 345,250	\$ -	

**RESOLUTION 2019-02 EDA**

**A RESOLUTION ADOPTING A PRELIMINARY 2019 TAX LEVY  
FOR THE WATERTOWN ECONOMIC DEVELOPMENT AUTHORITY  
FOR COLLECTION IN 2020**

**WHEREAS**, The City of Watertown is dependent upon the collection of a tax to fund a portion of its economic development activities,

**NOW**, therefore be it resolved that the Watertown Economic Development Authority hereby adopts the following Year 2018 tax levy for collection upon taxable property in the City of Watertown for the following purposes:

Watertown Economic Development Authority	\$	58,575
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Total Levy:	\$	58,575
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Adopted this 12th day of September, 2019 by the Watertown Economic Development Authority.

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Ken Grotbo, President

Attest: \_\_\_\_\_  
Lynn Tschudi, Secretary