



City of White Bear Lake
Community Development Department

MEMORANDUM

To: Ellen Richter, City Manager

From: Jacquell Nissen, Housing and Economic Development Coordinator

Date: October 19, 2017 for the October 24th City Council Meeting

Subject: **Downtown Special Service District
Petition in Favor of 2018 & 2019 Levy**

BACKGROUND

In 1992, following the completion of the first McComb Group Downtown Market Analysis, the City helped create the Main Street, Inc. organization as well as establish the downtown special service district (SSD). In accordance with State Statutes, if the owners of 25 percent of more of the land area subject to the service charges, and either: (1) owners of 25 percent of the net tax capacity, or (2) owners, individuals and businesses of 25 percent of more of the square footage subject to the levy file a petition in favor of the levy, then a public hearing to consider the proposed action will be scheduled. The special service district allows the City to establish an annual levy, which is collected with real estate taxes from all business properties in the district. The initial levy was set at \$30,000 per year which was increased to \$40,000 in 1998 and later to \$45,000 per year where it remains. The SSD funds are used for marketing and promotion of the downtown area, as well as for beautification. The goal of the district is to promote downtown White Bear Lake as a regional destination for retail, restaurants, services and entertainment in a distinct and authentic commercial core. The funds are collected by the City and forward to Main Street, Inc. for eligible expenses.

SUMMARY

On September 4, 2017, the Main Street Board of Directors approved a Petition seeking renewal of the special tax levy totaling \$45,000 a year to promote and beautify the downtown district for a two year period. On September 25, 2017 the Main Street Board submitted to the City a Petition in Favor of the Levy for 2018 and 2019 signed by owners representing 30% of the land area, 46% of the total tax capacity and 36% of the square footage subject to the special levy requesting renewal of the special service district for 2016 and 2017. Notice of the public hearing has been published twice in the White Bear Press on October 6th and October 18st, as well as individual notices mailed to each property owner with the anticipated annual levy projected for their specific property.

The levy formula for 2018 and 2019 is similar to the formula used in establishing the current SSD assessment. The formula is based on the gross square footage of each business with the multiplier for the first floor of 0.09432/s.f. (just over 9 cents per square foot) and all other non-residential

upper levels assessed at 0.01960/s.f. (less than 2 cents per square foot). A minimum charge of \$135 and a maximum change of \$1,600 per property are once again proposed. Also as in previous years, an exception is made for second floor owner-occupied condominiums in the Avalon Mall at 2179 4th Street. If the minimum tax were charged to the units, it would result in an unfair taxation of \$6.00+ per square foot, substantially more than an identical multi-tenant, non-condominium building (such as the Key's building at Banning and 4th). These second floor units, therefore, pay the levy based on the formula with no minimum \$135 per year threshold.

State statute provides for a veto or over-ride petition. The statutory provision allows a petition of owners representing at least 35% of the building square footage in the district to over-ride the resolution. At this time, there has been no filing of a negative petition. Opponents, however, have 45 days from adoption of the attached resolution to file a petition to invalidate the resolution. If no over-ride is achieved, the resolution becomes effective on December 8, 2017.

RECOMMENDED COUNCIL ACTION

White Bear Lake's Special Service District was one of the first established within the state of Minnesota and has been renewed 12 times since its initial establishment based upon the affirmative support of those property owners who petition to have this special levy imposed upon their collective properties. The funds raised are specific to the promotion and beautification efforts that go above and beyond customary municipal services and help ensure that downtown White Bear Lake remains an appealing and exciting commercial destination for the larger Twin Cities metropolitan area. Therefore, Staff recommends approval of the resolution authorizing the 2018 and 2019 Special Service District Levy in the amount and fashion outlined above.

ATTACHMENTS

1. Draft Resolution Renewing the Special Assessment for the Downtown Special Service District No. 1 for 2018 and 2019
2. Downtown Special Service District Map
3. 2016-2017 Special Service District Expense Summary

RESOLUTION NO.

RESOLUTION ESTABLISHING AND IMPOSING SPECIAL ASSESSMENT FOR THE YEARS 2018 AND 2019 WITH NO INTEREST ON TAXABLE PROPERTY WITHIN SPECIAL SERVICES DISTRICT NO. 1 FOR SPECIAL SERVICES PURSUANT TO ORDINANCE NO. 92-10-879

WHEREAS, after published and mailed notice of a public hearing concerning the adoption of Ordinance No. 92-10-879 and completion of the public hearing, the Council did adopt such an ordinance establishing Special Service District No. 1; and

WHEREAS, published and mailed notice of a public hearing on this resolution has been given and a public hearing has been held on October 24, 2017; and

WHEREAS, the City Council of the City of White Bear Lake determines that it is necessary and appropriate to establish and impose a special assessment for the years 2018 and 2019 with no interest upon property within Special Services District No. 1 to defray the expense of administration, promotional, marketing services, and beautification of the district with no interest;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of White Bear Lake as follows:

Subd. 1. Definitions: As used in this resolution, the following terms shall have the definitions set forth herein:

“District” means Special Services District No. 1 as established and identified in Section 510 of the City Code of the City of White Bear Lake.

“Parcel” means a Tax I.D. Parcel as identified and designated in the real estate tax records of the Ramsey County Recorder.

“Service Charge” or “Services Charges” means ad valorem taxes imposed upon a parcel of property, which amount shall be separately certified to and separately reflected upon the rolls of and on tax statements issued by the County Treasurer.

Subd. 2. Exempt Properties: The following types of property shall be exempt from the tax imposed under this resolution:

- A. Property exempted from taxation by Minn Stat. 272.02;
- B. Homesteaded property;
- C. Property used solely for residential purposes; and

- D. Property owned or operated by any federal, state or local governmental agency or subdivision and used for public purposes.

Subd. 3. Duration of Service Charges: Service charges imposed pursuant to this resolution will be for real estate taxes due and payable in the calendar years 2018 and 2019 and shall be for the purpose of paying for the special services within the district including promotional, marketing services and beautification of the district.

Subd. 4. Amount and Increases in Service Charges: there is hereby imposed a service charge on each parcel of property within the district subject to the levy as set forth below:

- A. Each parcel in the district, subject to the service charge, shall pay an amount equal to the building's gross first floor square footage multiplied times a rate of 0.09432 and other floors (non-residential) and certain warehouse square footage multiplied times a rate of 0.01960 with a minimum charge set at \$135 and a maximum charge set at \$1,600. The total of all service charges in calendar year 2018 and 2019 shall not exceed \$45,000 for each year.
- B. Subsequent years' service charges and any increase shall only be implemented after Council adopts the increase by resolution after receiving a qualifying petition pursuant to the Laws of Minnesota, Chapter 428A, and after holding a public hearing.
- C. Service charges levied upon property within the district shall be collected and paid over as any special assessment, but shall be spread out only upon the parcels of property made subject thereto in Section 510 of the City Code and this resolution.

The foregoing resolution, offered by Council member _____ and supported by Council member _____, was declared carried on the following vote:

Ayes:

Nays:

Passed:

Jo Emerson, Mayor

ATTEST:

Kara Coustry, City Clerk

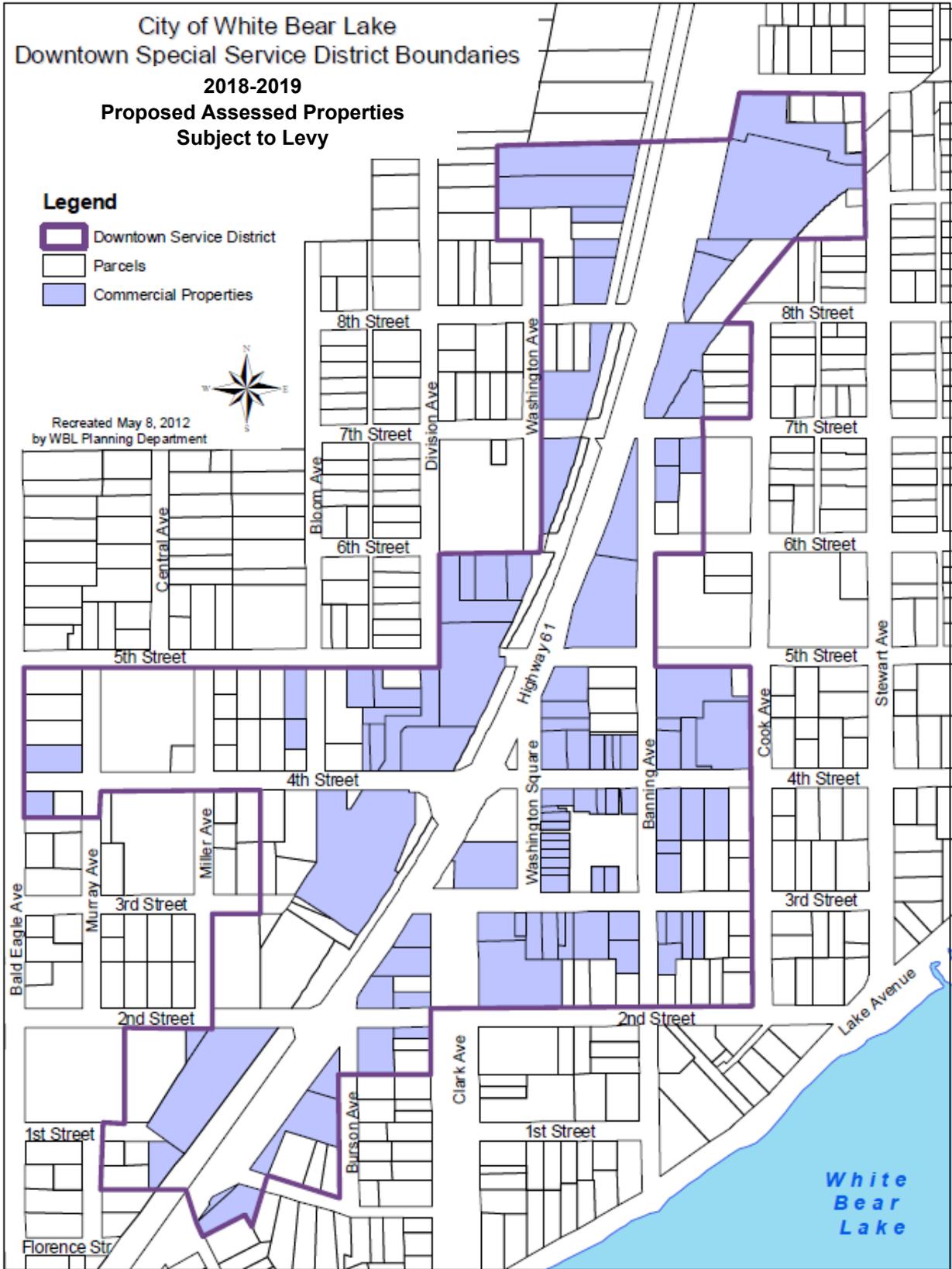
City of White Bear Lake
Downtown Special Service District Boundaries
2018-2019
Proposed Assessed Properties
Subject to Levy

Legend

-  Downtown Service District
-  Parcels
-  Commercial Properties



Recreated May 8, 2012
by WBL Planning Department



White
Bear
Lake