

COMMITTEE OF THE WHOLE

09-0544R

RESOLUTION PROVIDING FOR THE IMPOSITION OF SERVICE CHARGES WITHIN THE DOWNTOWN WATERFRONT SPECIAL SERVICE DISTRICT.

CITY PROPOSAL:

BE IT RESOLVED, by the city council of the city of Duluth, Minnesota (the "city"), as follows:

Section 1. PURPOSE AND AUTHORIZATION.

1.01. (a) Under and pursuant to the provisions of Minn. Stat. §§ 428A.01 - 428A.101 (the "act"), the city is authorized to establish a special service district;

(b) The city council has, by Ordinance No. 9688 adopted on September 13, 2004, adopted an ordinance establishing the Duluth Downtown Waterfront Special Service District (the "district");

(c) The city council has, by Ordinance File No. 09-047 extended the term of the district to include the period of time beginning January 1, 2010, and ending December 31, 2014.

1.02. The act provides that service charges may be imposed by the city, within the special service district, at a rate or amount sufficient to produce the revenues required to provide the special services in the district.

1.03. Property owners in the Downtown Waterfront who want to improve the safety, cleanliness and economic vitality of the Downtown Waterfront area by establishing the district pursuant to the act have petitioned the City to establish the Downtown Waterfront Special Service District and to establish service charges, all as more particularly set forth in an operating plan for Duluth's Downtown Waterfront District dated May 5, 2009 (the "operating plan") developed by a steering committee composed of a broad range of people representing property owners, business leaders, the city and others with a direct stake in enhanced business and economic development conditions in the Downtown Waterfront. The operating plan, which has been incorporated into the ordinance establishing the district by reference, sets forth the special services to be

provided, the particular area of the city to be included within the district's boundaries, the amount and manner of imposing service charges and the manner in which special services will be implemented. A copy of the operating plan is available for public inspection in the city clerk's office, 411 West First Street, Duluth, Minnesota.

Section 2. SERVICE CHARGE IMPOSED.

2.01. A service charge is hereby imposed upon all property that is classified under Minn. Stat. § 273.13 and used for commercial, industrial, or public utility purposes, or is vacant land zoned or designated on a land use plan for commercial or industrial use and located within the boundaries of the district. The service charge is imposed on the basis of net tax capacity. As used in this ordinance, the term "net tax capacity" has the meaning set forth in the act. Service charges not paid on or before the applicable due date for ad valorem taxes shall be subject to the same penalty and interest as in the case of ad valorem tax amounts not paid by the respective due date. The due date for service charges payable in the same manner as ad valorem taxes is the due date given in law for the real or personal property tax for the property on which the service charge is imposed. Service charges will be collected in the same manner as ad valorem taxes. The assessment for service charges will be based upon a target total assessment of \$342,716 in the year 2010. The total assessment will increase two percent in 2011 and three percent each of the three remaining years. The maximum service charge that will be imposed on any single property will be capped at \$8,000 in 2010. The cap will increase to \$8,160 in 2011, \$8,404.80 in 2012, \$8,656.98 in 2013, and \$8,916.68 in 2014. For purposes of applying these caps, a "single property" is a single principal building or a physically integrated set of principal buildings which commonly functions as one property, together with accessory improvements and parcels serving the principal building or buildings. Accessory improvements or parcels may include, without limitation, skywalk bridges, parking ramps, parking lots, vacant lots, open spaces and

plazas. Examples of single properties which could be subject to a cap include the Tech Village, Lake Superior Place, the Minnesota Power Building, the Sellwood Building and Annex, and the Radisson Hotel. An otherwise qualifying property with multiple owners remains a "single property." An otherwise qualifying property that has been divided into separate ownership parcels through the use of a subdivision plat, condominium or similar regime and in which the parcels are separately taxed is not a "single property."

Section 3. ANNUAL CERTIFICATION.

3.01. Service charges imposed on net tax capacity which are to become payable in the following year, must be certified to the county auditor by the date provided in Section 429.061, subd. 3, for the annual certification of special assessment installments. The city assessor is directed to provide this certification annually and on a timely basis.

Approved for presentation to council:

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Chief Administrative Officer

Approved as to form:

Approved:

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Attorney

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Auditor

ADM/ATTY      DM/REA:cjk      8/28/2009

STATEMENT OF PURPOSE: This resolution establishes service charges based on net tax capacity to pay for special services in the newly established Downtown Waterfront Special Service District for the years 2010-2014.