



Council Worksession
September 27, 2022
5:00 pm

Present: Mayor Kari Niedfeldt-Thomas
Councilmember Abdullahi Abdulle
Councilmember Graeme Allen
Councilmember Pam Axberg
Councilmember Emily Dunsworth

Absent:

Staff in Attendance: Devin Massopust, Craig Schlichting (attending remotely), Gina Foschi (attending remotely)

Guests in Attendance: Mikaela Huot, Baker Tilly

Annual Tax Increment Financing (TIF) District Update and Summary

Massopust stated Mikaela Huot from Baker Tilly was in attendance to provide the Council with a presentation on the City's TIF Districts.

Mikaela Huot, Baker Tilly, reviewed the fundamentals of tax increment financing and provided a summary of the existing active TIF districts within the City, which included the New Brighton Elementary and US Bank redevelopment sites. She explained the City has redevelopment and housing TIF districts. She described how TIF was a method of capturing tax base growth resulting from new development and noted TIF districts had a fixed term for capture. The costs that are eligible for TIF financing were discussed. She commented on the financial review and needs analysis that was conducted for new projects requesting TIF. She provided further information on the "but for" test and how financial gaps are determined for TIF projects. The development plans for the Block B parcel were discussed.

Councilmember Axberg inquired if TIF financing was available to other agencies. Ms. Huot reported cities were the primary users for TIF financing. She explained counties could use TIF if they established an HRA.

Mayor Niedfeldt-Thomas stated Ramsey County would be creating their own HRA.

Councilmember Axberg asked what the pros and cons were of decertifying a TIF district early. Ms. Huot commented if obligations have been paid in full, the captured tax base would be added to the City's tax base, which would help the City's long term financing.

Councilmember Dunsworth indicated there would be a 20+ year gap before the City's current TIF districts would become decertified. Ms. Huot stated this was the case.

Further discussion ensued regarding how the market has impacted or driven redevelopment opportunities in the community over the past 20 years.

Mayor Niedfeldt-Thomas requested further information regarding the City's interfund loans. Schlichting discussed the process and interest rates used for the City's interfund loans.

Councilmember Abdulle asked if streets were eligible for TIF funding. Ms. Huot stated generally streets are eligible if within the TIF project area and are within the proper percentage of funding.

Mayor Niedfeldt-Thomas questioned how long the affordable units within the US Bank TIF district had to remain affordable. Ms. Huot reported these units had to remain affordable for the full length of the TIF district which was 26 years. She commented on how some cities have extended the term of TIF districts in order to extend the affordability for certain units.

Councilmember Allen stated developers would have to incur extraordinary costs to develop Block B which was why nothing has happened over the past several years. He reported he has heard a number of presentations on TIF over the years and noted he learned something new from each one.

Councilmember Abdulle explained he appreciated the refresher on TIF.

Mayor Niedfeldt-Thomas thanked Ms. Huot for her thorough presentation on TIF.

Worksession adjourned at 6:16 pm

Respectfully submitted,

Terri Spangrud
City Clerk