



## MAYOR AND COUNCIL COMMUNICATION

DATE: June 21, 2016

**CONSENT**

ITEM #: 23

**MOTION**

**AGENDA ITEM:** Requests from Finance Related to Old Village Downtown Improvement Project

**SUBMITTED BY:** Kristina Handt, City Administrator

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### **BACKGROUND:**

At the May 3<sup>rd</sup> Council meeting, Council member Lundgren asked that staff bring forward recommendations to lower the fiscal impact to property owners impacted by the Old Village Downtown Improvement Project. Staff asked that it be a future work session as the May work session was already full.

Since the duties of the Finance Committee include review of utility fees and the special assessment methodology had previously been recommended by the Finance Committee for this project, at the June 14<sup>th</sup> Finance Committee meeting, staff mentioned there were a number of ways to influence the financial impact to property owners effected by the Old Village Downtown Improvement Project. These included lowering the assessments and fees, deferring costs over a period of years through special assessments or the Met Council deferral program, and lowering the interest rate to name a few. Council member Fliflet also asked for staff to look into project loans as well. The committee made a recommendation regarding connection and SAC charges (see later agenda item) but it wasn't clear when the other items would come back to Finance Committee given the next couple meetings had been established as joint meetings with the Council to work on the 2017 budget.

### **ISSUE BEFORE COUNCIL:**

Should the Council direct the Finance Director and Finance Committee to provide recommendations within 45 days regarding the financial options related to the Old Village Downtown Improvement Project?

### **PROPOSAL DETAILS/ANALYSIS:**

Mayor Pearson and Council member Bloyer would like a recommendation from the Finance Director in conjunction with the Finance Committee regarding all the possible ways to reduce the financial impact to property owners downtown.

Some specific items they'd like discussed and a recommendation made on include:

- 1) commercial properties in the village are to be assessed their street / landscaping improvements at the residential equivalency rate of 30%, yet are not to be lower than any residential property within phase 1&2 (IE: 30% v 100%).
- 2) city allows carrying the debt for private internal sanitary sewer hookup costs to an amount not to exceed 5k
- 3) for those transitioning to city sewer, a lowered interest rate shall be provided for aggregate city assessments totaling higher than 14k
- 4) consideration of a universally lowered assessment amount, in anticipation of future growth for the phase 1 and 2 properties. I.E. existing properties are subsidizing future growth potential. Existing assessment policy takes little if any consideration of future hook ups for the phase 1 and 2 projects.

5) with regards to phase 1 and 2, for those properties being charged 3 or more RECs, prior to any assessments being levied, a cost benefit appraisal is to be performed in order to ascertain a more exacting incremental value increase for those properties. That appraisal shall be the actual assessed amount.

**FISCAL IMPACT:**

NA-will be determined with recommendations

**OPTIONS:**

- 1) Request a summary of all recommendations within 45 days from the finance director in conjunction with the finance committee related to the Old Village Downtown Improvement Project
- 2) Don't request this information from finance

**RECOMMENDATION:**

If removed from the consent agenda:

**Motion to request a summary of all recommendations within 45 days from the finance director in conjunction with the finance committee related to the Old Village Downtown Improvement Project.**