



CITY OF
FALCON HEIGHTS

2077 W. LARPEUR AVENUE FALCON HEIGHTS, MN 55113-5594 PHONE 612-644-5050

Jan

December 27, 1988

TO: Mayor Baldwin and Councilmembers

FROM: Shirley Chenoweth

Attached is the holiday Consent Agenda for your approval.

If you have questions or wish to discuss any items at the January 11th meeting, please call me by Thursday afternoon (December 29th).

SC:pp
attachments

CONSENT AGENDA

DECEMBER 28, 1988

1. Disbursements

- (a) Disbursements through December 28, 1988 - \$22,085.52
- (b) Statement from Dahlgren, Shardlow and Uban
for November, 1988 - \$2,953.09

2. Contract for snow removal at City ice rinks.

ACTION: _____

GENERAL DISBURSEMENTS

MINUTES OF 12/28/88

CHECK NO.	ISSUED TO	REASON	AMOUNT
22601	Mark Eggert	Videotaping	\$112.00
22602	Tim Turba	Videotaping	60.50
22603	Hammond Quality Awards	Plaque for Al Rolek	49.25
22604	U.S. Postmaster	Stamps	100.00
22605	MN Pollution Control Agency	Conference-V.Wright	60.00
22606	Roseville/FH Chamber of Commerce	Luncheon-P.Chenoweth	21.00
22607	Herman Miller	Office Partitions	10,680.60
22608	Accountemps	Temporary Help	1,082.40
22609	AT&T	Telephone	37.43
22610	US West	Monthly Service-Telephone	48.87
22611	MN Conway Fire & Safety	Recharge dry chemical	25.00
22612	Muska Electric	Temp. wiring-warming house	890.00
22613	Gelco Space	Equipment Rental	498.00
22614	Kirsten Eckberg	Temp. Park & Rec employee	441.00
22615	MAMA	Luncheon	45.00
22616	Brighton Veterinary Hospital	Animal control	49.00
22617	Covert Construction	Remodeling copy room	1,083.74
22618	Champion Auto	Snowblower repair	27.43
22619	Dahlgren, Shardlow & Uban	Nov. Professional Services	2,953.09
22620	Mpls. Hilton Inn	Council retreat	766.24
22621	Wayne Mosman	Electrical work-Fax Machine	80.00
22622	The Professor Caters	Breakfast with Santa catering	655.45
22623	State Treas., Surplus Property	Equipment & Supplies	364.50
22624	Royal Crown Beverage	Pop machine	50.40
22625	Leo Lindig	Conference	337.14
22626	Shirley Chenoweth	Misc. expenses	14.60
22627	Jon Lunde	Resident reimbursement	12.00
22628	Joan Wells	Resident reimbursement	24.00
22629	Kirsten Eckberg	Resident reimbursement	12.00
22630	Margie Robinson	Resident reimbursement	12.00
22631	Anne Ebner	"	12.00
22632	Rick Burmeister	"	12.00
22633	Tom Baldwin	"	24.00
22634	Dick Larson	Bldg. Inspector	480.00
22635	Deborah Kielsmeier	Resident reimbursement	7.00
22636	Jean Coon	Resident reimbursement	12.00
22637	Terry Nelson	Resident reimbursement	24.00
22638	Deborah Trent	Resident reimbursement	12.00
22639	Raymond Brown	"	12.00
22640	Lynn Allen	"	12.00

GENERAL DISBURSEMENTS

MINUTES OF 12/28/88

CHECK NO. ISSUED TO REASON AMOUNT

22641	Jean Suppes	Temp. Park & Rec employee	\$63.00
22642	Intowne Industries	Solid Waste Newsletter	\$290.00
22643	Jan Wiessner	Open House supplies	21.27
22644	Midway Ford Co.	Truck Repair	14.04
22645	Kriss Products	Supplies	86.56
22646	Konica Business Machines	Copy machine supplies	60.64
22647	Ramsey County	Polling place cards mailed	175.37
22648	Mr. City Mgmt. Assoc.	Membership renewal	35.00
22649	North Star State Bank	Replacement money for cash box	140.00

22551 VOID
22555 VOID

TOTAL: \$22,085.52



DAHLGREN SHARDLOW AND UBAN
1000 W. WASHINGTON AVE.
MINNEAPOLIS, MN 55402
TEL: 827-1111

STATEMENT

11/30/88
Page 1

01501 : Falcon Heights T.A.

City of Falcon Heights
2077 Larpenteur Avenue, W.
Falcon Heights, MN 55113
Jan Weisner

PROJECT MANAGER : C. John Uban

Professional Services for the period: November 1, 1988 to November 30, 1988

Technical Assistance

Copy/Collate

Graphics

Prepare/Meet

D. Black, J. Wiesner, S. Chenoweth

Research/Analysis

Setbacks, Comp. Plan Review

Writing

Setbacks Summary

Reimbursable Expenses

Technical Assistance

- Maps
- Mileage
- Parking
- Photocopies

Total Fixed Fee Amount:

888.33

Marcor

Phone Calls

G. Hallencamp, City Staff
Black, Winkle, Hollencamp
J. Shiely, Shirley, KKE

Writing

Edit Staff Report

Review/Discuss

Site Plans, Building Plans
Area Study

Research/Analysis

City Ord., Parking, Land Use
Setbacks, Site Plans and Redevelop.
Proposal

Secretarial Service

TOTAL AMOUNT DUE FOR MARCOR:

1318.50

Barber:

Review/Discuss

Sign Ordinance

Writing

Barber Sign Review

Secretarial Service

TOTAL AMOUNT DUE FOR BARBER:

381.50

Bullseye:

Research/Analysis

Bullseye Parking Requirements

Prepare/Meet

D. Hunt and Jan 11/30

TOTAL AMOUNT DUE FOR BULLSEYE:

400.00

Miscellaneous Expenses

Delivery Service
Mileage
Postage
Photocopies

Total Miscellaneous Expenses

\$ 19.76

** Invoice Total **

=====
\$ 2953.09
=====

Consent X

Agenda Item: #2

Policy _____

CITY OF FALCON HEIGHTS

Meeting Date: _____

REQUEST FOR COUNCIL CONSIDERATION

ITEM DESCRIPTION:

CONTRACT FOR SNOW REMOVAL AT CITY ICE RINKS

SUBMITTED BY:

Carol Kriegler

REVIEWED BY:

Shirley Chenoweth

EXPLANATION/SUMMARY (attach additional sheets as necessary):

In an attempt to have the City's ice rinks better serve the community, it would be my suggestion that the City contract for snow removal services at the four ice rink locations. Currently, Public Works has this responsibility and it sometimes takes them several days to have snow removed at the four locations. Having these services contracted will allow for the following:

1. Prompt Service - Plowing could occur at night and weekends and the rinks would be much more available to the community. As it is now, a Friday or Saturday snowfall means the rinks are not skateable until Tuesday.
2. Better Quality Ice - Often times flooding and ice maintenance can't occur at optimal times due to snow on the ice. I also believe that our ice rink staff will be able to concentrate more on ice quality if their responsibility is reduced in the area of snow removal.

I would like to make it clear that this is a recommendation for this year only. It is my understanding that a 4-wheel drive truck with blade is scheduled for purchase by Public Works next year. This will greatly increase the efficiency of snow removal by City staff in the future.

ACTION REQUESTED: The appropriation of \$3,240.00 for contracted snow removal services. Plowing of all pleasure and hockey rinks at four locations (Idaho-Snelling, Falcon Heights School, University Grove, Community Park)

\$36.00/hour X a maximum of 7.5 hrs. (for snowfall of 1 to 8 inches)
= \$270.00

\$270.00 X 12 snowfalls = \$3,240.00

Tax increment law receiving scrutiny

TIF COULD BE HOT TOPIC AT 1989 MINNESOTA LEGISLATURE

by Liz Wolf

Tax increment financing (TIF) has emerged as perhaps the predominant economic development tool in Minnesota during the past few years. But critics are pushing for reform, charging that some cities and developers have lost sight of TIF's original intent.

In anticipation of TIF being a hot topic in the 1989 Legislature, the Senate Tax Subcommittee on Economic Development is holding public hearings to get input regarding what issues of the law need addressing and possibly changing.

Sen. Ember Reichgott was the chair at the

Nov. 28 hearing focusing on testimony from advocates of change in TIF procedures. A hearing scheduled for later this week is to focus on testimony from those who support the use of the tool in its present form.

"Last year we agreed that TIF needs changes," Reichgott explained at last month's hearing, and some new restrictions were added to state law. But she said the Legislature is holding hearings to determine what additional issues still need to be addressed.

"This is a study document only," she emphasized, "but this information will be critical to the formulation of 1989 TIF

legislative proposals."

Help for Blighted Areas

Tax increment financing is an economic development tool that uses the increase in property taxes generated by new construction to help pay for the cost of development rather than the general cost of government, according to the Research Department of the Minnesota House of Representatives. This is accomplished by "capturing" the development's increased assessed value in a TIF district.

TIF
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TIF

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Bonds are typically sold to cover such costs as property acquisition, relocation of existing users, demolition of existing structures, site preparation and infrastructure improvements. This public assistance helps to make financially feasible projects that private developers wouldn't otherwise undertake. Then the property taxes, or "increment," paid during the TIF period (the city hopes) will permit recovery of the cost of inducing the development.

The consensus of those testifying in favor of change was generally favorable to TIF. But while they said 1988 TIF legislation was a step in the right direction, most added that many problems remain, especially the need for stricter monitoring and enforcement of TIF districts.

"My general reaction to the use of tax increment financing in Minnesota is that it is a good tool if used properly," Granite Falls City Council Member Art Barber wrote in a letter read at the hearing by his daughter, Janice Godwin. "But, in our part of the state, it has been overused and abused.

"I believe the state of Minnesota should definitely monitor the tax increment financing districts," Barber's letter continued. "The

laws seem quite adequate, but there is a need for ways to enforce the existing laws, and it would seem appropriate that the state auditor's office should be the enforcement agency involved." He stated that the auditor's office would be a logical choice because it would not likely be influenced by pro-development agencies or groups.

In addition, Barber said counties and school districts should have the right to veto proposed tax increment financing districts.

Granite Falls has one of the highest percentages of tax increment per capita in Minnesota, according to Barber. The population of the city is about 3,000, and in 1988, the city had a captured assessed value of \$1,465,000, with the community development commission receiving \$154,000 in tax increment money.

"If limitations were to be placed on the amount of total captured assessed value, based on the population of an authority's area of operation, it would be an incentive for the authority to retire the bonds issued and to return the tax increments from those projects to the county before undertaking a new project," Barber said.

"For example," he said, "if Granite Falls had a total captured assessed value limit of \$500,000 and if they were already at that limit, no new districts could be established until parcels representing an amount equal to the captured assessed value for the proposed

district were returned to the county tax rolls."

Hennepin County favors changes

Hennepin County Commissioner Jeff Spartz also had many concerns dealing with TIF. "Much correcting remains to be done," he said, because the 1988 legislation only dealt with seven or eight of more than 25 recommended changes.

According to Spartz, about 60 percent of the state's TIF use occurs in Hennepin County. Another 23 percent occurs in the Twin Cities metropolitan area, with the rest of the state accounting for only 17 percent.

Hennepin County TIF districts will receive \$81 million in tax dollars this year, Spartz said. In 1989, they will receive about \$100 million, or about 8½ percent of Hennepin County's tax base. Within five years, he said, TIF collections of \$170 million per year are projected.

Citing these figures, Spartz said he has concluded that TIF has strayed from its original purpose of combating severe blight in the core cities.

"TIF started in California in the 1950s to generate local matching funds for federal urban renewal projects," he explained. He said the objective of the subsidy was to give badly blighted cities "a level of playing field" with other cities so they could attract redevelopment where no activity would otherwise take place. This became known as the "blight criteria."

"Most of the early TIF that was collected in Minneapolis and in the first tier cities was in the areas of greatest blight," Spartz continued. "In the early years, the blight test was real and obvious. But times and the TIF law have changed."

The Minnesota TIF law was greatly liberalized in 1979, Spartz said, when economic development districts were permitted without a blight test. "The blight test was essentially replaced by this easy test: Will the development create jobs in the city or keep or enhance the city tax base?" He added, "What development doesn't create jobs or enhance the tax base?"

"The level playing field became tilted again, and the cost of TIF subsidies became more expensive as inter-city competition for redevelopment and development grew," he said.

Spartz said Hennepin County recommends the following changes to TIF law:

- Tighten up the "but for" test, which Spartz said is the sole justification and rationale for TIF. The test states that TIF is justified if redevelopment could not occur without the subsidy, he explained. But, if development and its benefits would have occurred without the use of TIF, he said the "but for" test is not met and TIF is being abused.

A significant number of TIF districts in the metro area don't meet the test, Spartz said. "The 1988 legislation did not tighten the test,"

he said. "This is a critical issue for reform in 1989."

- The blight test for redevelopment districts is too subjective and broad and should be rewritten to tighten the qualification criteria, Spartz continued.

"We believe that state law permits extremely flexible city interpretations," Spartz said. "Currently, redevelopment districts are considered blighted if as few as 35 percent of the parcels within the district have severely blighted structures. . . . The blight test doesn't always accurately and reasonably reflect the cost to cure the blight in the district, he said.

For example, the Metropolitan Stadium site in Bloomington qualified as a blight because of the obsolete stadium even though salvage receipts were almost equal to the cost of demolition, Spartz said. Similarly, the adjacent 33-acre Kelley farm qualified for redevelopment because it was the site of a dilapidated house and farm building. The farm was purchased by Bloomington for \$10.5 million shortly after the TIF district was created.

The blight test should be defined in terms of a minimum percentage of blighted area and the cost to cure the blight, Spartz said, and it should limit the amount of increment to the amount needed to cure the blight, and all parcels should be contiguous.

- New economic development districts should be permitted only in areas of severe economic distress and limited to job-creating industrial facilities.

- The duration of all redevelopment districts, pre-1979 as well as post-1979, should be reduced, and the window of opportunity to issue bonds on pre-1979 districts should be closed.

"The 1988 language allows an excessive duration for redevelopment districts. Most states do not allow a term to exceed 20 years, but pre-1979 districts are allowed as long as 29 years. . . . Some of us will be buried before some of these districts expire," Spartz said.

- The 1989 Legislature should address the issue of excess increment being generated in some districts. "Several cities in Hennepin County have districts which are or will soon produce increment in excess of their debt service requirements," Spartz said.

- Adequate TIF reform can't be achieved until the affected county and the school district are given substantive roles in the approval of the district, he said. He said they should be allowed to veto proposed TIF districts that aren't "in the best interest of the entire community."

TIF Use Continues to Grow

Jody Hauer of the Citizens League agreed that the 1989 Legislature needs to take a close look at the tax increment law. "1988 legislation was adequate, but not sufficient," she said at the hearing.

"TIF activity has continued to grow in Minnesota at a great rate. In 1988, there was a 25 percent increase in TIF that follows a 25 percent jump from 1986 to 1987. This year the assessed valuation captured for TIF topped the \$1 billion mark for the first time with \$1.246 billion," according to Department of Revenue's data published Nov. 9.

But Hauer added that the growth in the tax base is considerably less. The total assessed value of property in those cities with TIF projects increased about 9 percent between last year and this year (compared with the 25 percent growth in value captured for TIF).

Ironically, Hauer noted, the bulk of the TIF projects are in the Twin Cities area, where the economy is healthier than in the rest of the state. More than 84 percent of the assessed value captured for TIF in Minnesota is in the seven-county metro area, she said, and two-thirds of the metro TIF assessed value is in Hennepin County.

One indicator of a city's use of TIF is how much of its tax base is tied up in TIF projects. In the metro area, Chanhassen has the highest percentage of its assessed value in TIF with more than 22 percent. Ten metro area cities have between 10 percent and 20 percent of their tax base in TIF. They are Minneapolis, Robbinsdale, Hilltop, Chaska, New Germany, Waconia, Falcon Heights, Savage, Shakopee and Newport. Fifteen cities and towns in greater Minnesota fit in this category.

"The question about whether TIF is being overused is one that is not easily answered."

Hauer said. "No one has defined the point beyond which TIF is no longer beneficial. The state Legislature is the logical body to define that point.

"However, if it (TIF) becomes so common that it's seen as a given, it loses those characteristics that have made it a useful economic development tool," she said. "In other words, the problem arises when TIF becomes the expected practice rather than the exception."

The Citizens League applauds the 1988 Legislature for the changes in TIF law. Hauer said, "but there's still a concern that TIF should only be used for projects with a real need in an area with real blight.

"The Citizens League is not opposed to public assistance," Hauer told the senate tax subcommittee, "but it is opposed to the current off-budget assistance that needs to be more direct. It's difficult to justify the use of TIF the way it's currently being used."

In addition to the groups that testified at the hearing, several individual citizens of Roseville also testified. Roseville resident

Philip Hope said TIF has many merits in Minnesota, but "it has been abused many times and certainly in my own city of Roseville."

For example, Hope said that the Roseville City Council established a tax increment district to help a Canadian-based investor develop a \$14 million high rental, high density apartment project.

"A wealthy local property owner reaped tremendous profit from the land because of TIF," Hope claims. "This controversial and unnecessary project is being constructed on an open space tract of land that holds strong environmental significance. For over 40 years, the land adjoining the proposed apartment project has been a neighborhood of single-family, owner-occupied homes. This project definitely does not qualify for tax increment financing... It's not a blighted area by any means."

Hope went on to say that TIF was intended to help economically distressed areas. It was not intended for assistance in such a high rental apartment project, he said. But Hope

claimed that the city got around the law. There was a relatively small project that involved tearing down an unused motor freight building and preparing the soil for new construction that would be two miles from the proposed high-density housing project. "This does qualify under TIF provisions," he said, but the "high density apartment project was included in the TIF district. Our group of Roseville homeowners does not feel that it was the intent of the Legislature to permit this abuse when the enabling law was enacted."

Hope added that there should be stronger monitoring and more control of TIF districts. "We, as taxpayers, are powerless to do anything about our city council's actions in abusing this law. Voting them out of office may be delayed up to three years. This is certainly no help to us after the damage has been done to our community and our environment."

The tax subcommittee's second hearing, focusing on those in favor of tax increment financing in its present form, is set for Dec. 14.