



**MINUTES  
CITY COUNCIL WORK SESSION  
January 7, 2020**

**CALL TO ORDER**

The meeting was called to order at 5:00 pm.

**Present:** Mayor: Charlie Miner; Council: Tom Skjaret, Jahn Dyvik, Michelle Jerde, and Deirdre Kvale

**Staff Present:** City Administrator: Scott Weske

**Absent:** None

**PLEDGE OF ALLEGIANCE**

**APPROVE AGENDA**

*A motion was made by Skjaret, seconded by Dyvik to approve the agenda as presented. Ayes: all.*

**OPEN CORRESPONDENCE**

No one was in attendance to address the City Council during Open Correspondence.

**BUSINESS ITEMS**

**Tax Increment Financing (TIF) Basics Presentation – Stacie Kvilvang, Ehlers, Inc.**

Stacie Kvilvang of Ehlers, Inc. opened by explaining that Tax Increment Financing (TIF) is the ability to capture the majority of the increased taxes from development within a geographic boundary. She gave a presentation that outlined the basics of everything that factors into creating a TIF district and what can and cannot be captured. She provided examples of the differences between residential and commercial developments with relation to TIF. She noted that the project does still have to pay property taxes and noted that TIF is only generated after a project adds value to the property. She outlined the different types of TIF districts that can be created, their maximum length and their terms. She discussed the two legal tests that have to be met in the "but for" test. She stated that the first test is increased market value, and the second is that the development would not have occurred through private investment in the near or foreseeable future. She explained that typically cities have a 50/50 share with the developers and shared examples of what that this share would look like in a real situation. She described the "look back" process after the project is completed.

Council member Skjaret stated that he would like to talk about the practical aspects of potential TIF districts for the Zvago project and the Symes Street project.

City Administrator Weske explained that the thought process could be to create two TIF districts that would benefit the City prior to the shovels going into the ground.

The Council discussed potential road improvements in these areas and bonding for improvements.

Ms. Kvilvang reminded the Council that in order to create a redevelopment TIF district they need coverage and blight. She cautioned the City against taking financial risk if it isn't necessary and requiring the developer to "prove up" that they cannot afford the assessments on these lots. She

explained the limitations of including roadways as part of these projects and noted that the roads need to be adjacent to the project.

The Council discussed the condition of the sanitary sewer and roads near the potential TIF district locations.

Ms. Kvilvang noted that it takes 60 days to create a TIF district. She explained the costs of conducting a feasibility study and the other initial work that needs to be done in order to move forward with a TIF district.

Council member Skjaret asked how the City would determine which kind of TIF district would be used for the Virginia Avenue project. He stated that he sees the possibilities as renewal or housing but questioned how the City would know which would be the better option.

Ms. Kvilvang asked for some details about what may be happening in this location.

Council member Dyvik discussed some of the possible developers and development proposals.

Ms. Kvilvang indicated that if the existing homes would be considered blighted, there can be a redevelopment district which would mean there are no income restrictions. She stated that if there were to be a housing TIF district established, there would need to be some affordability in the project. She noted that assisted living facilities typically include 20% in affordable housing.

The Council discussed what is happening with the two currently existing TIF districts.

Ms. Kvilvang explained that for the BP property, it may have been a good idea if the City had done a blight resolution to preserve the ability to create a TIF district before the building was removed. She explained that there would now need to be more parcels involved in order for a TIF district to be an option. She offered to work with City Administrator Weske on what the options there may be with the upcoming projects in the City with regard to TIF districts. She stated that she can run a TIF estimate based on data to see if it would even be worth it to make sure it will generate enough.

The Council discussed levies, bonding, assessments and potential risks for various projects.

The Council thanked Ms. Kvilvang for coming to the meeting and explaining some details about TIF districts.

## **OTHER BUSINESS**

Mayor Miner suggested the Council have a brief conversation about the ongoing discussions regarding the fire service contract with the City of Orono. He noted that the City of Orono had previously sent a letter to the City giving Long Lake three options to choose from for the future relationship between Long Lake and Orono with regard to fire department operations. He stated that he is not sure when the letter was sent, but Orono is still standing behind the letter. He explained that the existing fire service contract with them expires at the end of 2025 and the initial goal has been to renegotiate the contract, which is moving rather slowly. He stated that in addition to meeting with some Orono Council members, he had drafted a letter that has been reviewed by City Attorney Thames and City Administrator Weske which outlines some possible next steps in the negotiation process. He gave a brief summary of the letter and noted that one of the suggestions is to get a mediator involved in this process. He asked the Council to read through the letter more thoroughly and get comments or suggestions back to himself or City Administrator Weske.

City Administrator Weske explained a bit about the various fire protection and related agreements with the City of Orono.

Council member Kvale asked if the Council could have copies of all the agreements.

City Administrator Weske stated that he has digital copies and can send them out to the Council.

**ADJOURN**

*Hearing no objection, Mayer Miner adjourned the meeting at 6:31 pm by general consent.*

Respectfully submitted,

Scott Weske  
City Administrator