

MEMORANDUM

TO: Brian Hagen – City Manager
 Diana Lund – Finance Director

FROM: Stacie Kvilvang - Ehlers

DATE: December 7, 2023

SUBJECT: TIF 14 (COR) Status

You inquired if the District could repay an additional \$4 million in costs related to new street work to be completed within the COR. Below is a chart that outlines eligible expenditures made by the City to date (does not include any pay-as-you-go (paygo) obligations), other funding sources and the net cost to the City:

Category	Cost	Other Funds	Net Cost to the City
Land Acquisition	\$ 12,987,632	\$ (5,776,632)	\$ 7,211,000
Public Improvements (COR 3)	\$ 4,536,490	\$ (40,482)	\$ 4,496,008
Ramp	\$ 11,754,485	\$ (8,356,186)	\$ 3,398,299
Transit Station	\$ 4,106,872	\$ -	\$ 4,106,872
Roads	\$ 25,432,829	\$ (10,265,539)	\$ 15,167,290
Roads - 2023A Bonds	\$ 7,000,270	\$ -	\$ 7,000,270
Residence at the COR	\$ 11,552,465	\$ (9,109,465)	\$ 2,443,000
TIF Admin	\$ 425,846	\$ -	\$ 425,846
TOTAL	\$ 77,796,889	\$ (33,548,303)	\$ 44,248,586

As noted, the City expended approximately \$78 million, received approximately \$33.5 million from other sources, leaving a net amount of cost still owed to the City of approximately \$44.2 million. In addition to the above referenced costs, the City had an additional \$5.1 million in costs for park improvements, admin and marketing that cannot be reimbursed through TIF, but could be reimbursed with land sale proceeds.

For pay 2024, the District is expected to generate approximately \$2.12 million in TIF. Of this \$1.285 million is going towards payment on the two (2) existing paygo notes and debt service on the 2023A bonds that were issued for road improvements within the COR this year. This leaves approximately \$837,000 for the City to pay for administrative costs, any of the \$37.248 million in costs noted above (this nets out the \$7 million in roads financed with the 2023A bonds since we are required to repay those) or to use it to pay for future improvements within the District.

If we assume no future development (TIF stays at \$2.12M/year), the City would have approximately \$22.8 million available for uses as previously noted at the end of the District. However, staff is of the opinion that more development will occur over the remaining term of the District that will increase the amount of annual TIF to approximately \$4.2 million by 2034. If development happens as staff has preliminarily laid out, that would mean at the end of the District, the City would have approximately \$45 million available for eligible costs.

As noted, under either scenario, the City will have future TIF dollars available to pay for the additional \$4 million in road improvements within the COR. Any dollars available after that expenditure are available to go back to the City to reimburse them for the remaining \$37.248 million in costs.

Special Legislation in 2024

Some of the City costs noted in the chart above were funded without the required interfund loan resolutions pursuant to the TIF statute. It was assumed that the transit station and some of the other public improvements were allowable expenditures since they were specifically called out in the legislation, however the legislation did not exempt the City from the interfund loan requirement.

TIF counsel recommends that you amend the special legislation to request that those costs (approximately \$10.7 million) are exempt from the interfund loan requirement and thus, you can reimburse yourself with TIF (if available). Without the legislation, only \$26.5 million of the \$37.248 million in City costs could be recovered.

Please contact me at 651-697-8506 with any questions.