

City of Farmington
City Council Work Session Minutes
January 3, 2023

1. Call to Order

Mayor Hoyt called the work session to order at 5:00 p.m.

Present: Hoyt, Bernatz, Lien, Porter, Wilson

Also Present: Lynn Gorski, City Administrator; Chris Regis, Finance Director; Deanna Kuennen, Community Development Director; John Powell, Public Works Director; Kellee Omlid, Parks and Recreation Director; Gary Rutherford, Police Chief; Justin Elvestad, Fire Chief; Tony Wippler, Planning Manager; Cynthia Muller, Administrative Assistant

2. Approve Agenda

MOTION by Porter, second by Wilson to approve the agenda. **APIF, MOTION CARRIED.**

3. Discussion Items

a. Tax Increment Financing (TIF) Overview

Mr. Jason Aarsvold, Ehlers, presented an overview of TIF. He discussed the types of TIF districts, reviewed the analysis process and how recommendations for the amount of TIF is determined, and how public assistance such as TIF can be used to support city goals. Farmington has plans, policies and procedures in place for economic development assistance. Protecting local resources is done through a review of the developer's application and financial information to establish an appropriate level of public assistance. This is a pro forma analysis. Pay-as-you-go is the default format to ensure the project qualifies for the proposed type of assistance. The developer funds the project and the city reimburses the developer. A requirement for TIF funding is the "but for" test, meaning the development would not be possible but for the use of tax increment. City Council must make this finding.

Tax increment financing is the ability to capture and use most of the increased local property tax revenues from new development within a defined geographic area for a defined period of time without approval of the other taxing jurisdictions. Any new taxes created from the development are captured. When the TIF district ends, we have a value of the taxes. Council asked if the proforma determines the amount of time the district stays open. Mr. Aarsvold explained the plan establishes the district, a budget is included that is higher than needed. The TIF agreement determines how much the developer gets from the TIF district. It runs for 26 years, but you might only need 15 years worth to pay the developer. The base tax capacity doesn't change. The property owner pays the property taxes as you normally would. The county calculates how much increment and how much the base value is. The county advises the city of the increment amount. The end of the TIF district is defined in the agreement. Pay-as-you-go shifts the responsibility to the developer. The more

you ask outside the development standards, there is a cost. If a future council tries to change the TIF agreement, the developer can sue the city. To amend the agreement, it has to be mutual.

There are three types of TIF districts:

- Redo substandard / obsolete buildings
 - o Redevelopment TIF district (26 year maximum)
 - o Renewal and Renovation TIF district (16 year maximum)
- Affordable housing
 - o Housing TIF district (26 year maximum)
- Job and tax base creation
 - o Economic development TIF district (9 year maximum)

In the TIF process there are notices that need to be made, including 30 days notice to the county prior to hearing notice publication and 10 days notice of the public hearing. The city council holds the public hearing and considers a resolution to adopt a TIF plan. The city council approves the district. The EDA approves the TIF agreement and the district.

Another form of assistance is tax abatement. Tax abatement is the ability to capture and use all or a portion of the property tax revenues within a defined geographic area for a defined period of time – typically to assist with housing or commercial development. The city receives a revenue stream over a period of time. This is used when a TIF district can't be created.

Director Kuennen stated staff would be looking at a TIF redevelopment district process and more specifics will be brought to the January 17, 2023, EDA meeting. She encouraged council to trust the process and we will get to a reasonable number. Council can go above the analysis, but stressed working with a financial adviser, go through the development and explain why we are not recommending what the developer wants.

b. 2040 Comprehensive Plan Update – Process Update

In August staff issued an RFP to update the land and transportation chapters of the comprehensive plan. Several responses were received, but the project was put on hold due to staffing changes. Current staff sees the benefit and importance in establishing and defining a community vision first, which will then serve as a foundation to build a blueprint for future growth by guiding and informing the comprehensive plan update. This requires city council consideration as it is anticipated that the completion of a combined vision and comprehensive plan amendment will have added expense and a slightly longer timeframe for completion. Staff presented a draft process and timeline that runs from January 3, 2023, to approval of the final 2040 comprehensive plan update in March 2024. The comprehensive plan update is being funded by ARPA dollars.

Adding a visioning component on the front end of the comprehensive plan allows for public comment. Currently a vision doesn't exist which articulates the values and goals as a community. Director Kuennen explained the purpose of having a vision is getting input from the public by forming a task force. Council would determine the task force and approves the vision. A community vision should go beyond council. Without a vision, what are we basing the comprehensive plan on? Council would approve the consultant through an interview process. We are asking the consultants already involved with the comprehensive plan update to provide a visioning component. Through the process we will find a consultant that fits. Administrator Gorski added we need a way to sell Farmington to developers. This piece will make sure we don't redo what we've already done.

Council would like to discuss this further at the January 17 EDA meeting. Staff noted the vision task force is undefined and it's up to council whether to have a task force. Staff has consultant proposals already and would like to reach out to them to see if they are interested and give them an opportunity to include a visioning proposal in their comprehensive plan proposal. Council reached a consensus to move forward with staff contacting the consultants.

c. Annual Organizational Matters

Councilmembers reviewed annual committee openings and determined who would like to serve on the various committees. This is on tonight's regular city council agenda for approval.

4. Adjourn

MOTION by Porter, second by Wilson to adjourn at 6:57 p.m. **APIF, MOTION CARRIED.**

Respectfully submitted,

Cynthia Muller

Cynthia Muller
Administrative Assistant