



# Public Hearing: Debt Issuance (Tax Abatement) for the Transit Hub Project August 5, 2024

# Transit Hub Project



## Project Scope

- Transit Hub Building & Pavilion
- 2<sup>nd</sup> Street Protected Curbs for Safety Enhancements & “Quiet Zone” Designation Eligibility
- \$2,800,700 Total Cost
  - 1,750,000 State Capital Bond Grant
  - 26,000 Remaining TIF#4 City Cash
  - 22,870 City Capital Reserves
  - \* 1,001,830 Debt/Borrowing (abatement)
  - \*rounded to \$1,025,000

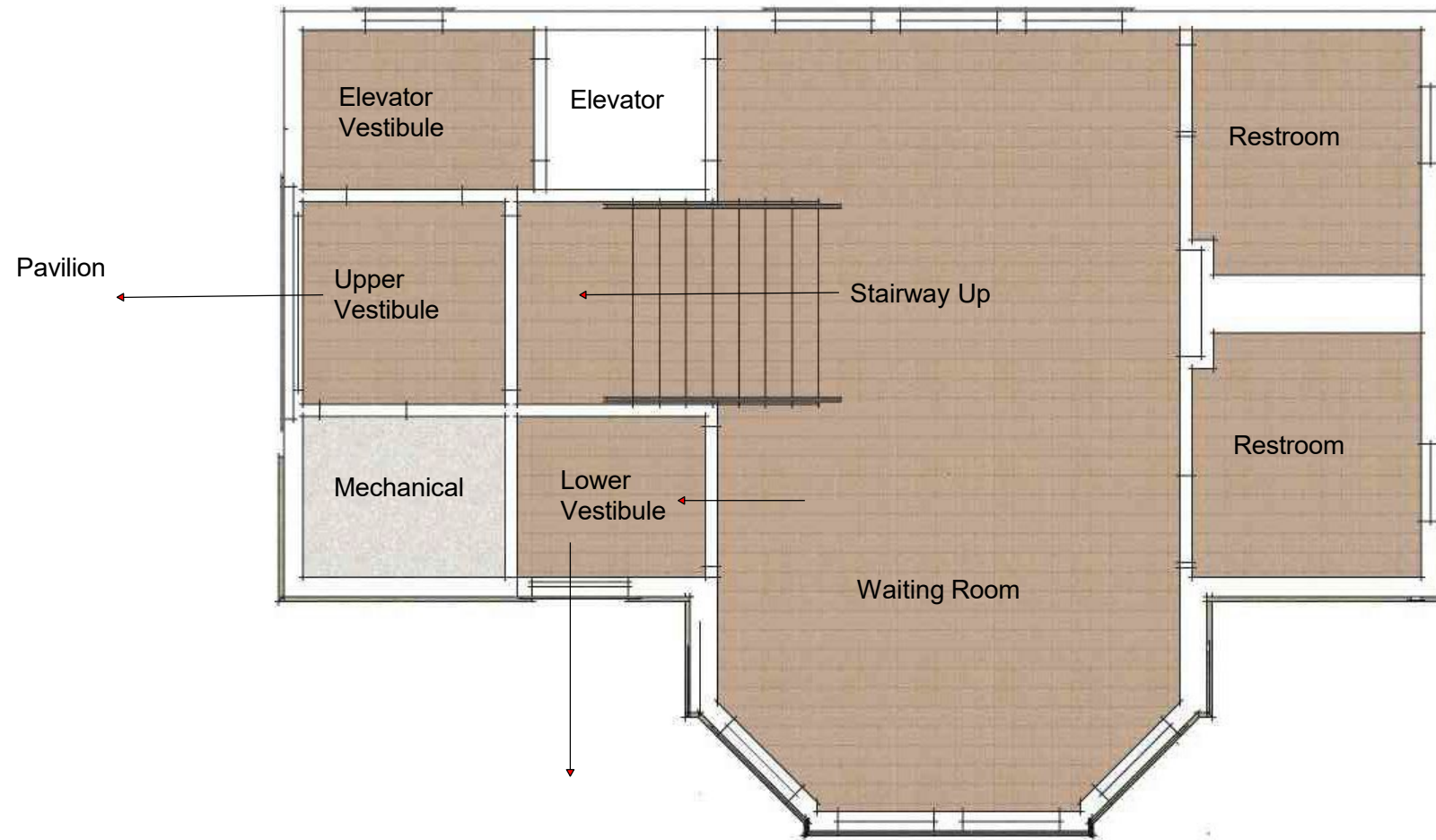
## 2<sup>nd</sup> Street Railroad Crossing



# Transit Hub Building & Pavilion

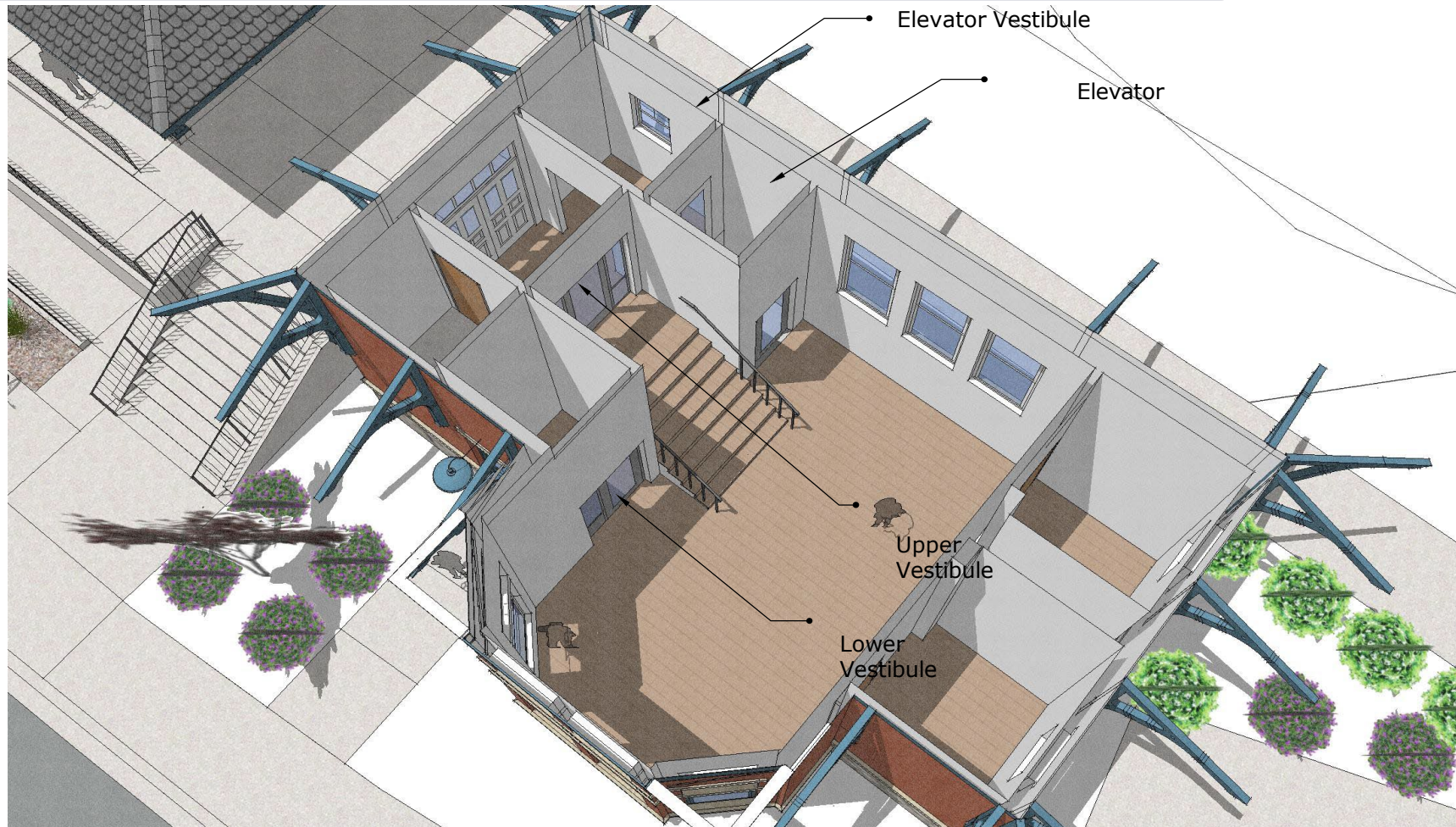


# Transit Hub Building Floor Plan





# Transit Hub Floor Plan



# 2024 – Debt Issuance Planned



- **2024 Bonding and Statutory Authority**
  - **Transit Hub Project**
    - **\$1,025,000 Abatement Bonds under M.S. 469**
  - Street Reconstruction Projects (College & Water / Jefferson Pkwy)
    - \$6,615,000 Street Reconstruction Plan Bonds under M.S. 475
  - Equipment Fund (Pumper, Police Command Van, Dump Truck)
    - \$1,210,000 Equipment Certificates under M.S. 412
  - Stormwater System Improvements
    - \$1,520,000 Utility Revenue Bonds under M.S. 444

# Tax Abatement Bonds



- Tax Abatement authority allows MN Cities to apply General Obligation pledge toward financing certain public improvements
  - Provide of help acquire or construct public facilities and/or public infrastructure
  - Pledge helps secure lowest cost financing (“AA” credit rating) and flexible repayment terms for the City

# Tax Abatement Procedure



- **Hold Public Hearing and adopt Abatement Resolution**
  - Identifies source and term of abatement (up to 20 years)
    - Designated properties whose tax capacity covers the borrowing amount
  - Adopts Findings – Abatement is in the public interest because...
    - Project meets eligible purposes identified within M.S. 469.1813
      - Provide public facilities and/or access to services
    - Public benefit exceeds costs
  - Council can then have authority to issue bonds for the identified project



# Statutory Limits



- 20-year maximum term for any abatement
- Annual abatements cannot exceed 10% of Net Tax Capacity

## Annual Abatement Limit

Pay 2024 Net Tax Capacity: 24,318,598

**Annual Limit (x 10%): 2,431,860**

<u>Existing Abatements</u>		<u>Term</u>
2018B Bonds (Parking Lots)	(30,000)	2028
2019A Bonds (Spring Ck Rd)	(74,595)	2029
2023B Bonds (Park Improvements)	(240,000)	2038
2024A Bonds (Transit Hub)	(75,323)	2039
Total:	(419,918)	

**Remaining Capacity: 2,011,942**

# 2024 Abatement



- Purpose: Finance Transit Hub
  - Proposed Area: 51 parcels
    - Established residential area
    - \$75,323 in annual city taxes
  - Up to 15-year term
  - No impact or change to individual property owners based on this action
- \* Does not interfere or overlap with potential TIF Districts*





Council Questions  
Open Public Hearing  
Council Discussion  
Council Motion to Close Public  
Hearing  
Consider Abatement Resolution