

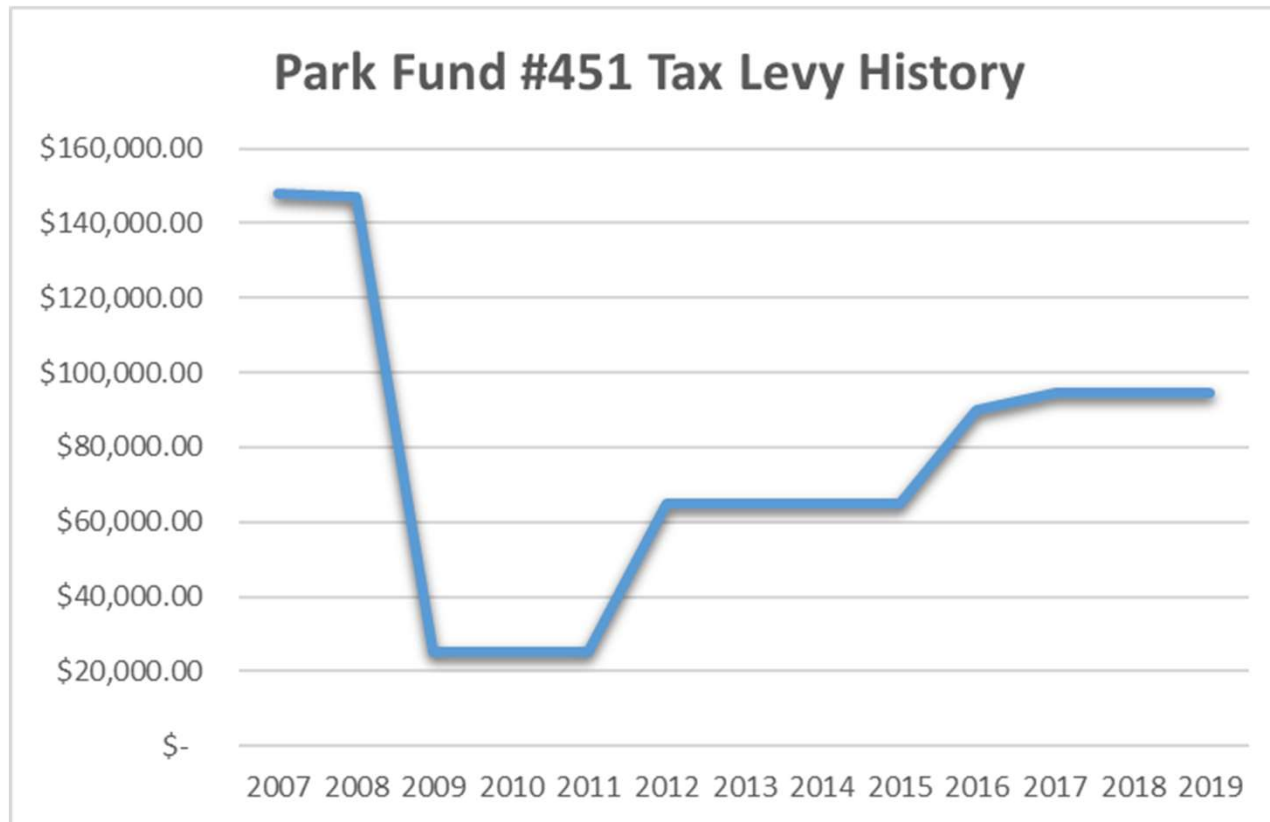


Local Option Sales Tax Discussion

* Updated January 21, 2020

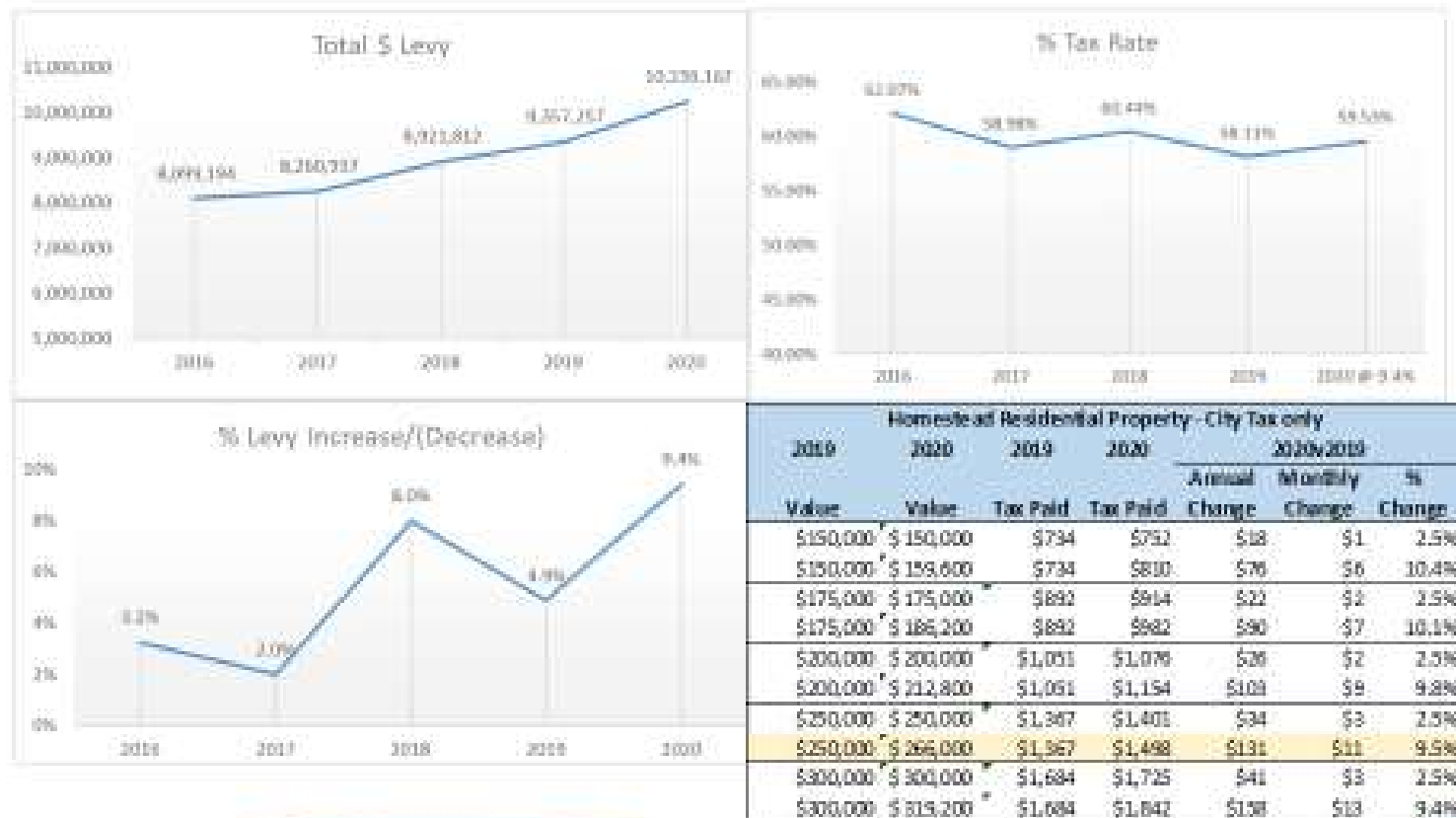
January 14, 2020

Annual Park Fund Revenues



Alternative/Supplement to Parks Funding From Property Tax

Note: The 2020 City Tax Amount is still 15.6% less than the average of other comparable city tax levies for 2019.



Local Option Sales Taxes

- In 1971, the legislature enacted a law that stated that no local government “...shall increase a present tax or impose a new tax on sales or income” as a tradeoff to the state providing significant general purpose aid to local governments.
- Despite this prohibition, the legislature had allowed a number of local sales taxes to be imposed via special legislation. There had been some modifications in 2008 and 1997.
- In 2019, statutes were amended that significantly changed authority and requirements for cities seeking local sales taxes.

Local Option Sales Tax

2019 New Law Provisions

- Construction and rehabilitation of capital projects.
- “...when a clear regional benefit beyond the taxing jurisdiction can be demonstrated.”
- Legislature must approve prior to voter approval (see next slide for details).
- Must be at a general election (2020, 2022, 2024)
- Must identify projects to legislature and the legislature does not have to grant authority for all projects.

Council Resolution Requesting Application for Authority (by 1-31)

- ☐ Proposed tax rate (.5%).
- ☐ Detailed description of no more than 5 capital projects that will be funded from the tax.
- ☐ Documentation of regional significance of each project, including the share of the economic benefit to or use of each project by those in and out of city.
- ☐ Amount of sales tax revenue that would be used for each project and the estimated time needed to raise that amount of revenue.

2019 Law Provisions

- Vote must be held within 2-years of legislative approval and also must be at a general election.
- If more than 1-project is authorized, there must be a separate question on the ballot approving the use of tax revenue for each project.

Key Dates

Date	Description
January 31 st	Council Approve Legislative Request & Submitted.
May 18 th	MN Legislature – Begins Feb.11 th and Ends May 18 th (at latest)
After session	Council must approve the taxing authority granted by State.
August 3 rd	Council Resolution on Local Referendum * No later than August 21 st submission
November 3 rd	Requires majority approval of question
After election	Council must approve implementation if approved by a majority

Table updated January 14, 2020.



January 21st Resolution

Requirements

- ☐ Proposed tax rate (.5%).
- ☐ Detailed description of no more than 5 capital projects that will be funded from the tax.
- ☐ Documentation of regional significance of each project, including the share of the economic benefit to or use of each project by those in and out of city.
- ☐ Amount of sales tax revenue that would be used for each project and the estimated time needed to raise that amount of revenue.

Funding

- 20-years of sales tax maximum
- Estimated reasonably could generate \$13 million over this period.
 - If used bonding to finance, revenues could support bonding for \$9.2 million in projects at a conservative 3.5% interest rate.
 - Ehlers suggests \$9.2M to \$13M total depending on financing.
- \$129,877,922 Total taxable sales Northfield (2017)
- \$649,390 Annual Revenues with .5% sales and use tax.

Parks & Recreation Survey

- Survey conducted independently by Fieldstone Research.
- Mailed December 31, 2019 to households and businesses.
- Total surveys delivered 5,518 with 955 completed. 17.3% response rate.
 - Considered statistically valid with margin error $\pm 3.5\%$ with 95% confidence.
- Findings are **Final Report: January 20, 2020**

Parks & Recreation Survey

Executive Summary (1 of 2)

- Northfield residents value their parks and recreation spaces and are generally satisfied with them. 80% use parks at least once a month.
- Downtown parks (Bridge Square & Riverwalk) are used most frequently followed by Sechler Park and Memorial Park/Pool/Skateboard Park.
- Greatest support for investment in spaces are in the areas of public restrooms, new/enhanced walking trails, and new/enhanced biking trails.
- Final Report 1/20/20.

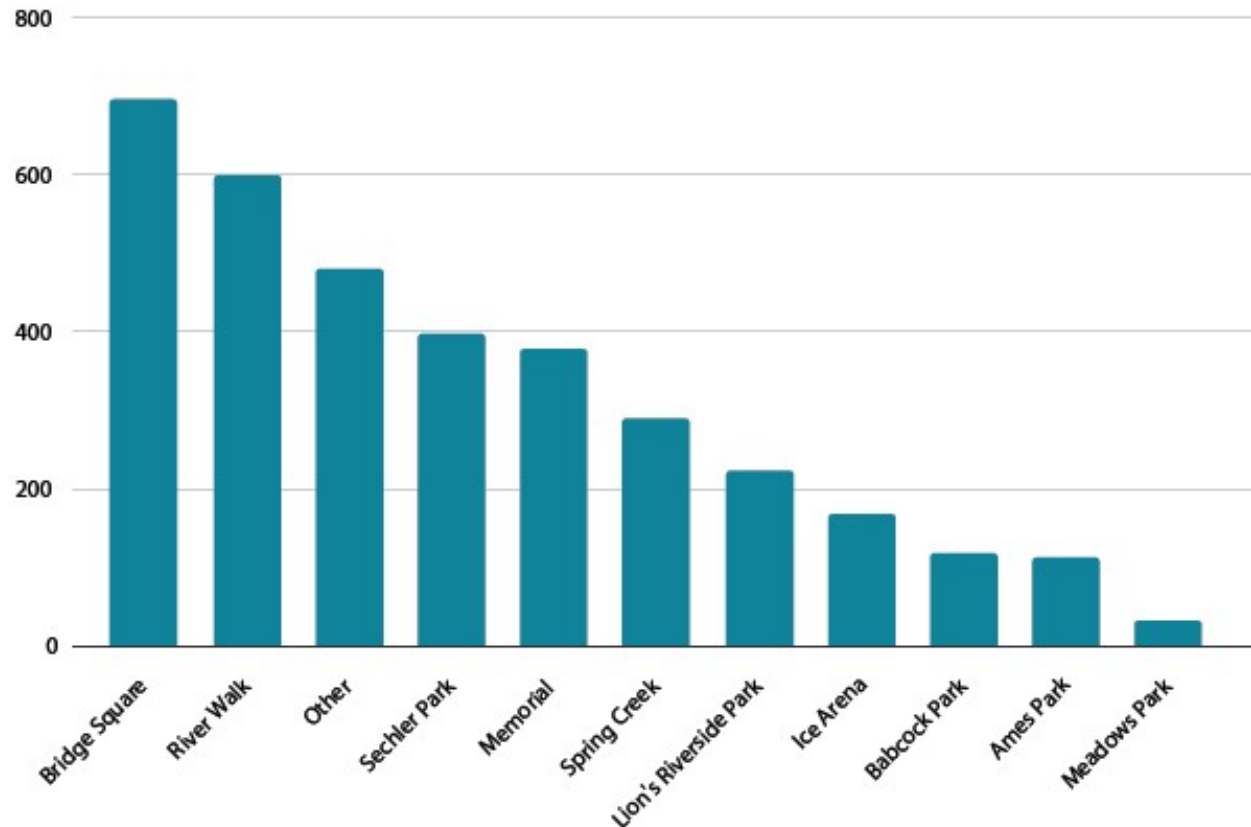
Parks & Recreation Survey

Executive Summary (2 of 2)

- Nearly 80% of respondents indicate the community should make at least some repairs to the ice arena.
 - Building a new multi-use or single use ice arena receives greater support than repairing/remodeling the existing ice arena.
- Just over half of respondents support a local sales tax to generate resources although some do “with reservation.”
- Final Report 1/20/20.

Parks & Recreation Survey

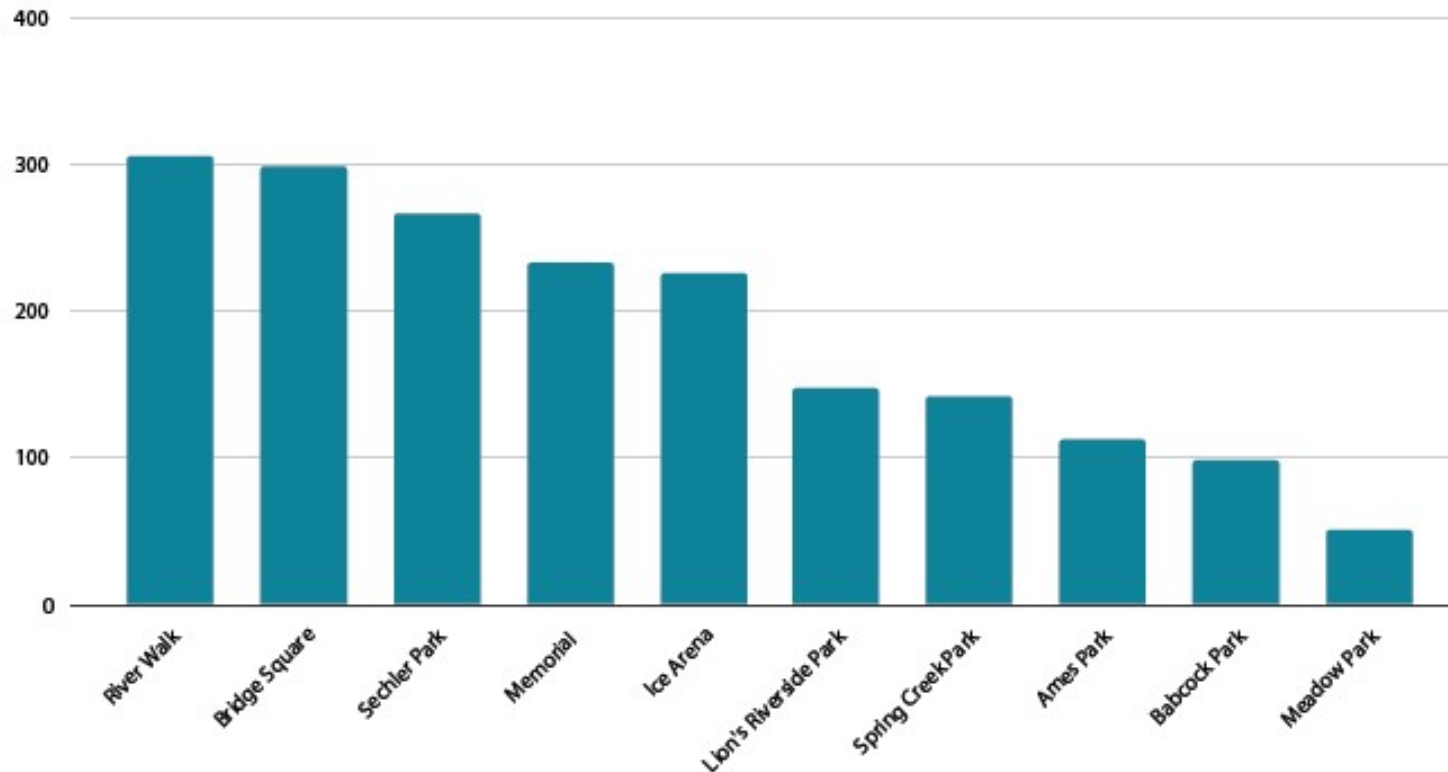
Which parks and recreational spaces do you or your family utilize?



- These parks were identified in the survey as they were considered more regional park by designation in city plans.

Parks & Recreation Survey

Top five parks you think should receive the greatest resources for improvement.



- **Final Report 1/20/20.**
- These parks were identified in the survey as they were considered more regional park or facilities by designation in city plans.

Parks & Recreation Survey

6. Are there specific services or facilities that are not available through Northfield's parks and recreation spaces that you or your family go out of town to use or would likely use if they were available in the community?

<i>Response</i>	<i>Count</i>	<i>Percent</i>
Yes	409	42.8%
No	378	39.6%
Did not respond	168	17.6%

Commentary

Some examples of services/facilities used in other communities include:

- *Cross country ski trails*
- *Walking and biking trails*
- *Splash pads*
- *Water parks*
- *Tennis courts*
- *Ice arenas*

- Final Report 1/20/20.

Parks & Recreation Survey

7. Which of the following best reflects your view on an ice arena?

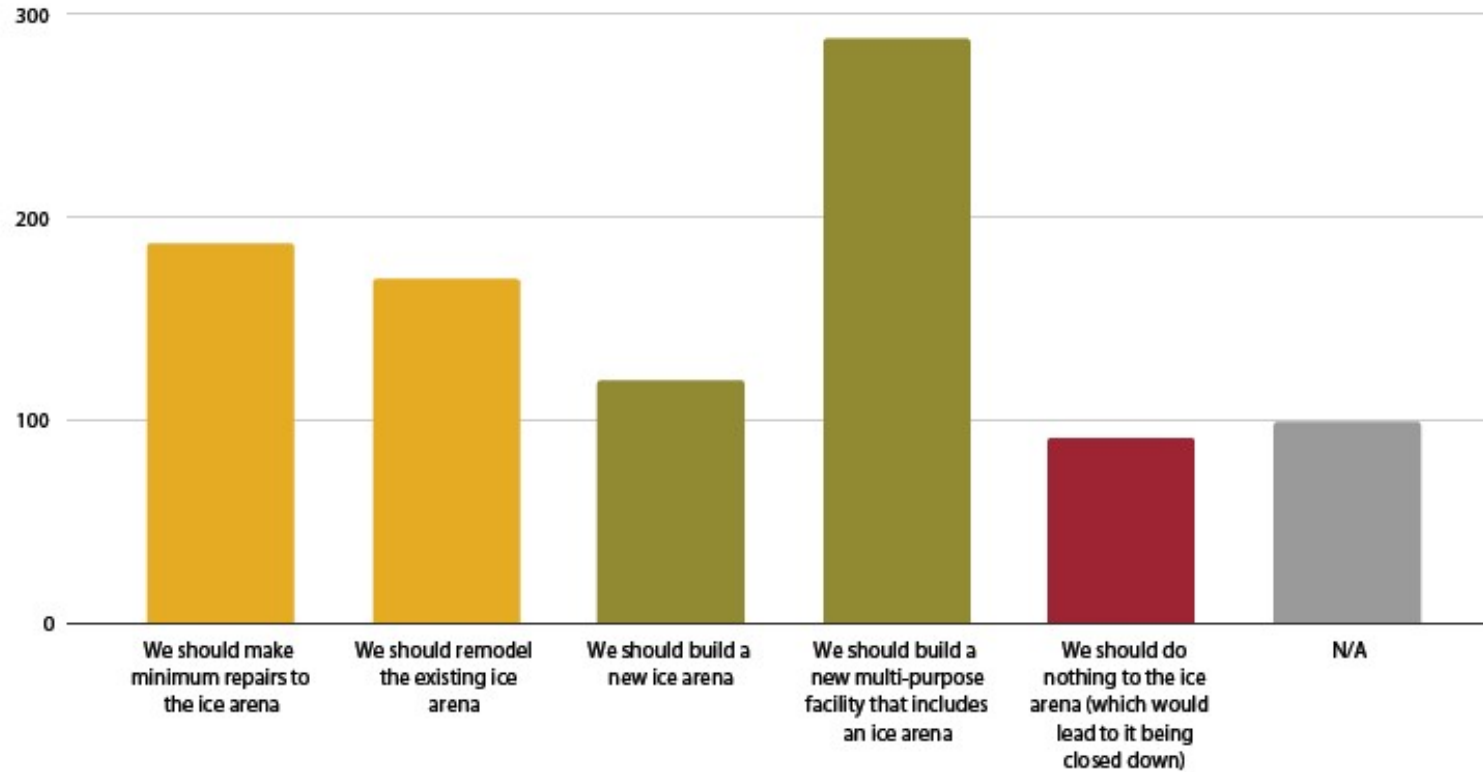
<i>Response</i>	<i>Count</i>	<i>Percent</i>
We should make minimum repairs to the ice arena	187	19.6%
We should remodel the existing ice arena	170	17.8%
We should build a new ice arena	120	12.6%
We should build a new multi-purpose facility that includes an ice arena	288	30.2%
We should do nothing to the ice arena (which would lead to it being closed down)	91	9.5%
Did not respond	99	10.4%

Commentary

Nearly 80% of respondents indicate the community needs to make at least some repairs to the ice arena. 37.4% favor investing in the existing facility with either minimal repairs (19.6%) or remodeling (17.8%). 42.7% favor building either a new ice arena or a new multi-purpose facility. Of those who support a new facility, a multi-purpose facility was heavily favored.

- Final Report 1/20/20.

Parks & Recreation Survey

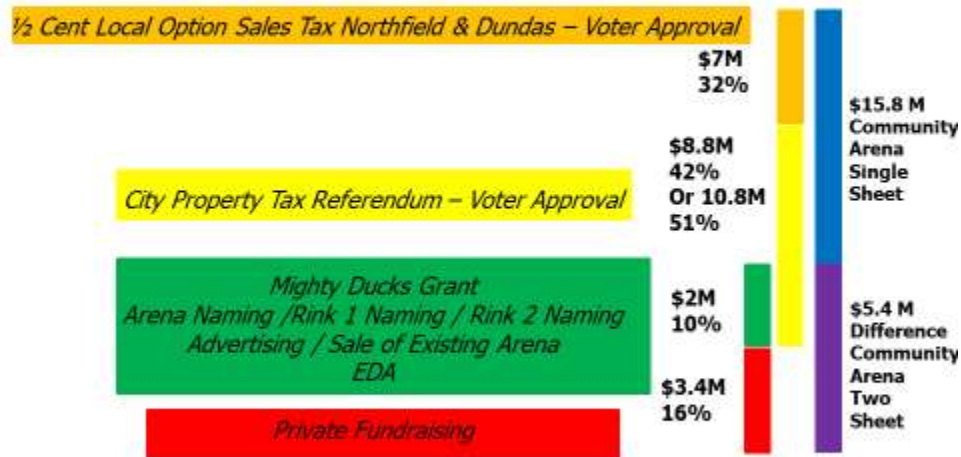


- Final Report 1/20/20.

2018 Referendum Project Recap

Collaboration and Financing

Community Arena Two Sheet \$21,151,000 plus donated land



* Additional \$3 M available for other parks, trails and rec facilities.

Northfield Referendum Vote Summary:

Total Voting on Referendum = 9,779 (94.49%)

Total Voting "Yes" = 4,358 (44.56%)

Total Voting "No" = 5,421 (55.44%)

* difference = 1,063 (10.88%)

Mayor's Task Force Ice Arena Alternatives (2018)

Northfield Community Arena Scenario's Reviewed

Option 1 – Maintain Existing Community Arena (single sheet)
\$1,310,200

Option 2 – Remodel and Expand Existing Community Arena (single sheet)
\$ 6,984,000

Option 3 – Build New Community Arena (single sheet) Partnered with St. Olaf
\$ 17,209,000

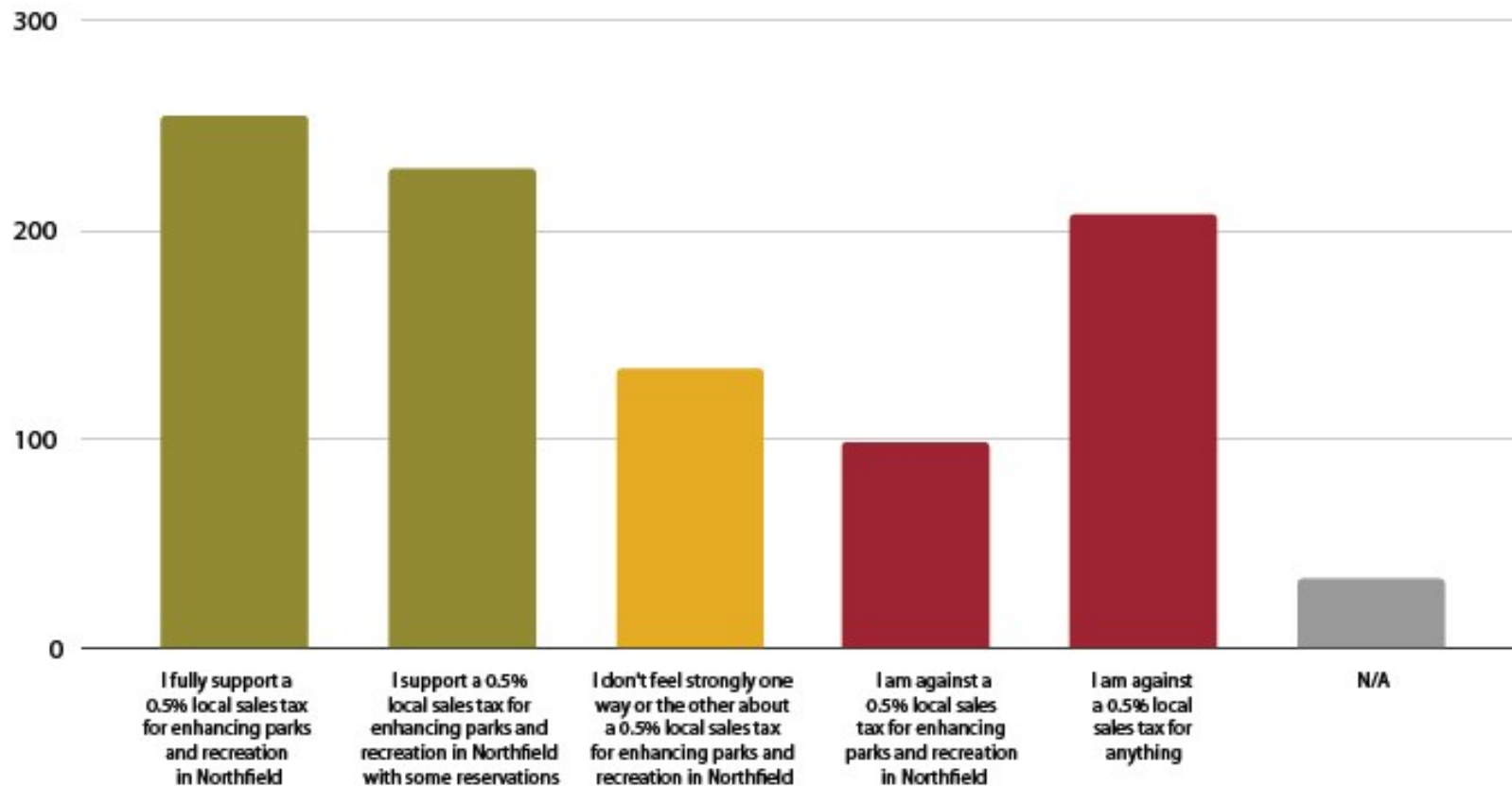
Option 4A – Build New Single Sheet Community Arena (single sheet) on NHA Land
\$ 15,843,000

Recommended Option

Option 4B – Build New (two-sheet) Community Arena on NHA Land
\$ 21,151,000

Parks & Recreation Survey

Support of potential local sales tax.



- Final Report 1/20/20

Parks & Recreation Survey

Based upon feedback from residents, the city is considering enhancements to the parks and recreation spaces in Northfield. Parks are currently funded through city property taxes. One of the possibilities for funding enhancements is through a 0.5% local sales tax on retail sales and taxable services in Minnesota (example: not clothes or groceries) that would be paid for by all consumers including those not residing in Northfield. Which of the following best reflects your views on this?

<i>Response</i>	<i>Count</i>	<i>Percent</i>
I fully support a 0.5% local sales tax for enhancing parks and recreation in Northfield	254	26.6%
I support a 0.5% local sales tax for enhancing parks and recreation in Northfield with some reservations	229	24.0%
I don't feel strongly one way or the other about a 0.5% local sales tax for enhancing parks and recreation in Northfield	133	13.9%
I am against a 0.5% local sales tax for enhancing parks and recreation in Northfield	99	10.4%
I am against a 0.5% local sales tax for anything	207	21.7%

Commentary

50.6% of respondents fully support or support with some reservation a local sales tax. 32.0% of respondents are generally opposed to a local sales tax. A quarter of respondents indicated they support a local sales tax with some reservations. This study did not include the opportunity to understand what those reservations might be. Some surveys included unsolicited editorial comments indicating they were vehemently opposed to any tax increases. This may indicate a greater passion among those who oppose a local sales tax than among those who support it.

- Final Report 1/20/20

Parks & Recreation Survey

11. Please rank the following potential new facilities or spaces for the city of Northfield based on their importance to you and your family (with the most important being “1”):

<i>Response</i>	<i>Average</i>	<i>Rank</i>
Other	2.57	1
Build new walking trails	2.61	2
Build new bicycling trails	2.83	3
Build a new splash pad	4.19	4
Build new ice arena	4.36	5
Build indoor gymnasium space	4.86	6
Build new athletic fields (for soccer, lacrosse or other activities)	5.28	7
Build new outdoor tennis space	5.54	8
Build new indoor tennis space	5.54	8
Build new pickleball space	5.77	10

Commentary

New walking and bicycling trails were the most consistently supported ideas for new facilities/spaces in the city. “Other” suggestions were also highly supported by the individuals who suggested them but do not collectively indicate strong support for any single idea. Other suggestions included items such as:

- *Dog parks*
- *Canoe launches*
- *Cross country ski trails*
- *Playgrounds*

- Final Survey 1/20/20.

Parks & Recreation Survey

12. Please rank the following potential improvements to existing facilities or spaces for the City of Northfield based upon their importance to you and your family (with the most important being "1"):

<i>Response</i>	<i>Average</i>	<i>Rank</i>
Other	2.90	1
Add downtown public restroom on or near Bridge Square	3.02	2
Expand/enhance existing walking trails	3.11	3
Expand/enhance existing bicycle trails	3.46	4
Add restrooms in existing parks	3.48	5
Improve shelters in existing parks	4.64	6
Enhance the senior center with expanded exercise facilities	4.89	7
Enhance baseball/softball fields*	5.55	8
Remodel the existing ice arena	5.62	9
Expand/enhance skateboard park	7.37	10
Convert some athletic fields to synthetic turf	8.22	11

Commentary

In addition to the individual suggestions some respondents offered, public restrooms, walking trails and bicycle trails were viewed as the most important improvements to be made to existing spaces. Other suggestions included items such as:

- *Improve/enhance dog parks*
 - *Maintain/repair existing facilities*
 - *Landscape/greenspace enhancements*
-
- **Final Survey 1/20/20.**

Parks & Recreation Survey

13. Given all the options you just reviewed, which five are most important to you?

Response	Count	Rank
Add downtown public restroom in or near Bridge Square	462	1
Expand/enhance existing walking trails	433	2
Add restrooms in existing parks	378	3
Build new walking trails	350	4
Expand/enhance existing bicycle trails	345	5
Build new bicycling trails	325	6
Build new ice arena	253	7
Improve shelters in existing parks	201	8
Build a new splash pad	178	9
Other	158	10
Remodel the existing ice arena	127	11
Build new indoor gymnasium space	103	12
Build new indoor tennis space	89	13
Build new pickleball space	83	14
Build new outdoor tennis space	49	15
Expand/enhance skateboard park	41	16
Build new athletic fields (for soccer, lacrosse or other activities)	39	17
Convert some athletic fields to turf	24	18

Commentary

The overall evaluation of potential investments mirrored earlier questions regarding both new and existing facilities. Respondents most often support additional public restrooms both in Bridge Square and in other parks, as well as enhanced and new hiking and biking trails.

- Final Survey 1/20/20.

Resolution Options

- 3 Options (related to ice arena):
 - Option A: Include ability to do roof repairs and refrigerant system replacement (estimated cost up to \$2M).
 - Option B: No ice arena in this option.
 - Option C: Leaves ice arena in general on list.
- Exhibit A – In development to present regional significance documentation.
- These projects place some guidance on this sales tax project scope but doesn't limit other park investments in other areas (example: neighborhood parks, etc.).

Resolution Options

- All include references to Riverfront Park betterment and Sports and Recreation projects (see next slide for detailed listing of areas).
- All include .5% Sales Tax (in addition to what is taxable in MN) for up to 20 years.
- All reference total project cost of \$13M including potential sales tax generated.

Option A

The city council supports the authority to impose a general local sales and use tax of one half of one percent (.50%) for a period of approximately twenty years to fund the following project and an amount for the interest on and costs of issuing bonds to finance the following project:

The City intends to pay for the capital and administrative costs of the betterment of regional parks, trails and open spaces. The improvements will include capital projects that serve accessibility, aesthetic and functional betterments. The locations include those within the defined Riverfront Corridor betterment as included in the strategic plan including the following: Riverwalk; Bridge Square; Ames Park; Lion's Riverside Park; Babcock Park; Cannon River Regional Park; Sechler Park and various sports and recreation facilities including facilities at: Spring Creek Park, Sechler Park; Northfield Community Resource Center (FiftyNorth) – or other defined area to serve expanded needs; Memorial Park/Pool/Skateboard Park and Ice Arena roof repairs, refrigeration equipment replacement and related asset preservation. The total maximum estimated cost of these improvements is \$13,000,000.

Option B

The city council supports the authority to impose a general local sales and use tax of one half of one percent (.50%) for a period of approximately twenty years to fund the following project and an amount for the interest on and costs of issuing bonds to finance the following project:

The City intends to pay for the capital and administrative costs of the betterment of regional parks, trails and open spaces. The improvements will include capital projects that serve accessibility, aesthetic and functional betterments. The locations include those within the defined Riverfront Corridor betterment as included in the strategic plan including the following: Riverwalk; Bridge Square; Ames Park; Lion's Riverside Park; Babcock Park; Cannon River Regional Park; Sechler Park and various sports and recreation facilities including facilities at: Spring Creek Park, Sechler Park; Northfield Community Resource Center (FiftyNorth) – or other defined area to serve expanded needs; and Memorial Park/Pool/Skateboard Park ~~and Lee Arena roof repairs, refrigeration equipment replacement and related asset preservation.~~ The total maximum estimated cost of these improvements is \$13,000,000.

Option C

The city council supports the authority to impose a general local sales and use tax of one half of one percent (.50%) for a period of approximately twenty years to fund the following project and an amount for the interest on and costs of issuing bonds to finance the following project:

The City intends to pay for the capital and administrative costs of the betterment of regional parks, trails and open spaces and betterment of sports and recreation facilities. The improvements will include capital projects that serve accessibility, aesthetic and functional betterments. The eligible locations include those within the defined Riverfront Corridor as included in the strategic plan including the following: Riverwalk; Bridge Square; Ames Park; Lion's Riverside Park; Babcock Park; Cannon River Regional Park; and Sechlar Park. The sports and recreation eligible locations include the following: Spring Creek Park, Sechlar Park, Northfield Community Resource Center (FiftyNorth), Memorial Park/Pool/Skateboard Park and Ice Arena ~~roof repairs, refrigeration equipment replacement and related asset preservation~~. The total maximum estimated cost of these improvements is \$13,000,000.

Steps After Approvals

- Legislature May Request More Detail on Cost and/or Breakout of Project.
 - Will be thinking of how to prepare for the potential feedback on this and changes.
- The City will need to work on further refinement.
 - More to come later on options here.
- Staff exploring further community surveying possibilities, education and legislative strategic planning on this effort.
- See earlier schedule for hard deadlines.

Questions and Discussion