



MEMORANDUM

DATE: January 14, 2020

To: Honorable Mayor & City Council

CC: Dave Bennett, Director of Public Works/City Engineer; Monte Nelson, Police Chief; Mitzi Baker, Community Development Director; Deb Little, City Clerk; Michelle Mahowald, Communications & Human Resources Director; Teresa Jensen, Director of Library and Information Technology Resources; Chris Hood, City Attorney

From: Ben Martig, City Administrator

RE: "Supplemental Agenda Background Memo" for January 14, 2020 No.2.

Summary Report:

The following is an update on agenda items as supplemental background agenda information made available for Tuesday, January 14, 2020.

Agenda Item No. 2. Update of Resolution for Request for Local Sales Tax Authorization from the State of Minnesota

See updated presentation for the Update of Resolution for Request for Local Sales Tax Authorization from the State of Minnesota is attached. The final Fieldstone Research survey report is still in development. However, Fieldstone Research has authorized some preliminary findings of the results that are included in the report. Staff is continuing to work on potential projects for further discussion related to preparing a potential resolution authorizing a request for special legislation by the State of Minnesota.



Local Option Sales Tax Discussion

* Updated January 14, 2020

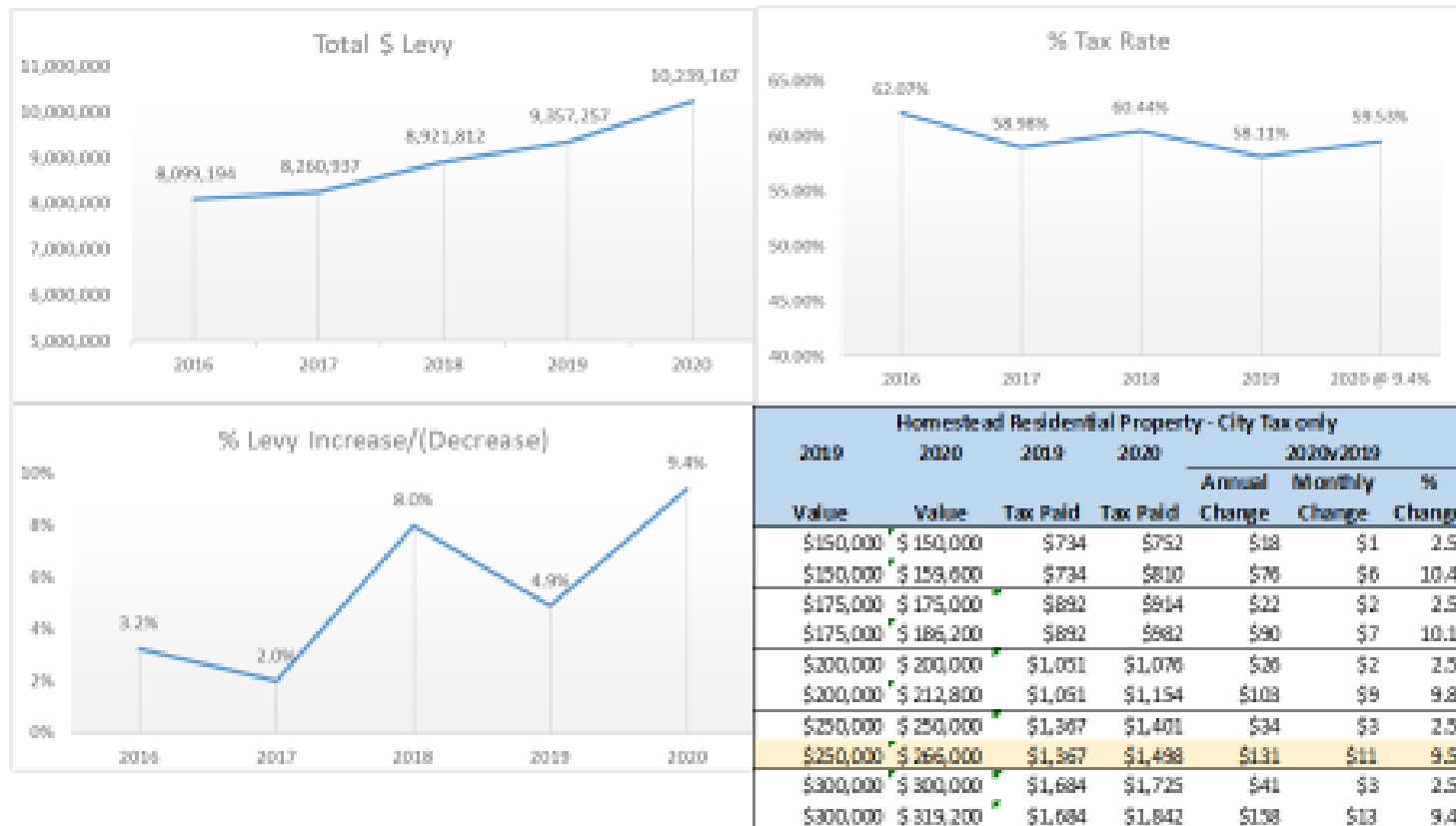
January 14, 2020

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 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

Preliminary Findings

- Survey conducted independently by Fieldstone Research.
- Mailed December 31, 2019 to households and businesses.
- Total surveys delivered 5,518 with 749 completed. 13.57% response rate.
 - Considered statistically valid with margin error $\pm 3\%$ with 95% confidence.
- Findings are **preliminary as of 1/14/20**, report in development will include more data including demographics, written comments, additional analysis, etc.

Parks & Recreation Survey

Executive Summary (1 of 2)

- Northfield residents value their parks and recreation spaces and are generally satisfied with them. 75% 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.
- Preliminary survey findings 1/14/20.

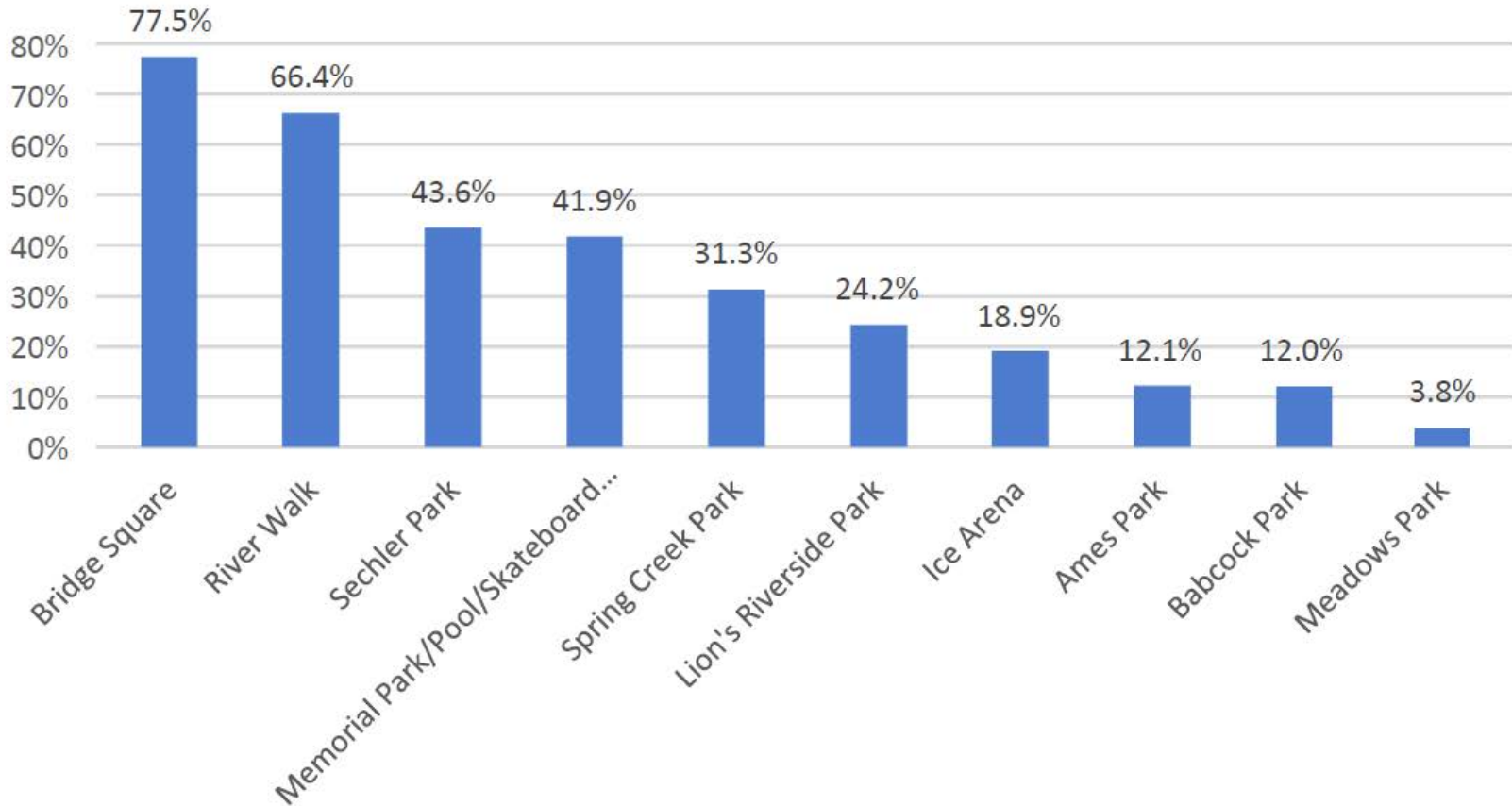
Parks & Recreation Survey

Executive Summary (2 of 2)

- Nearly 90% 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.”
- Preliminary survey findings 1/14/20.

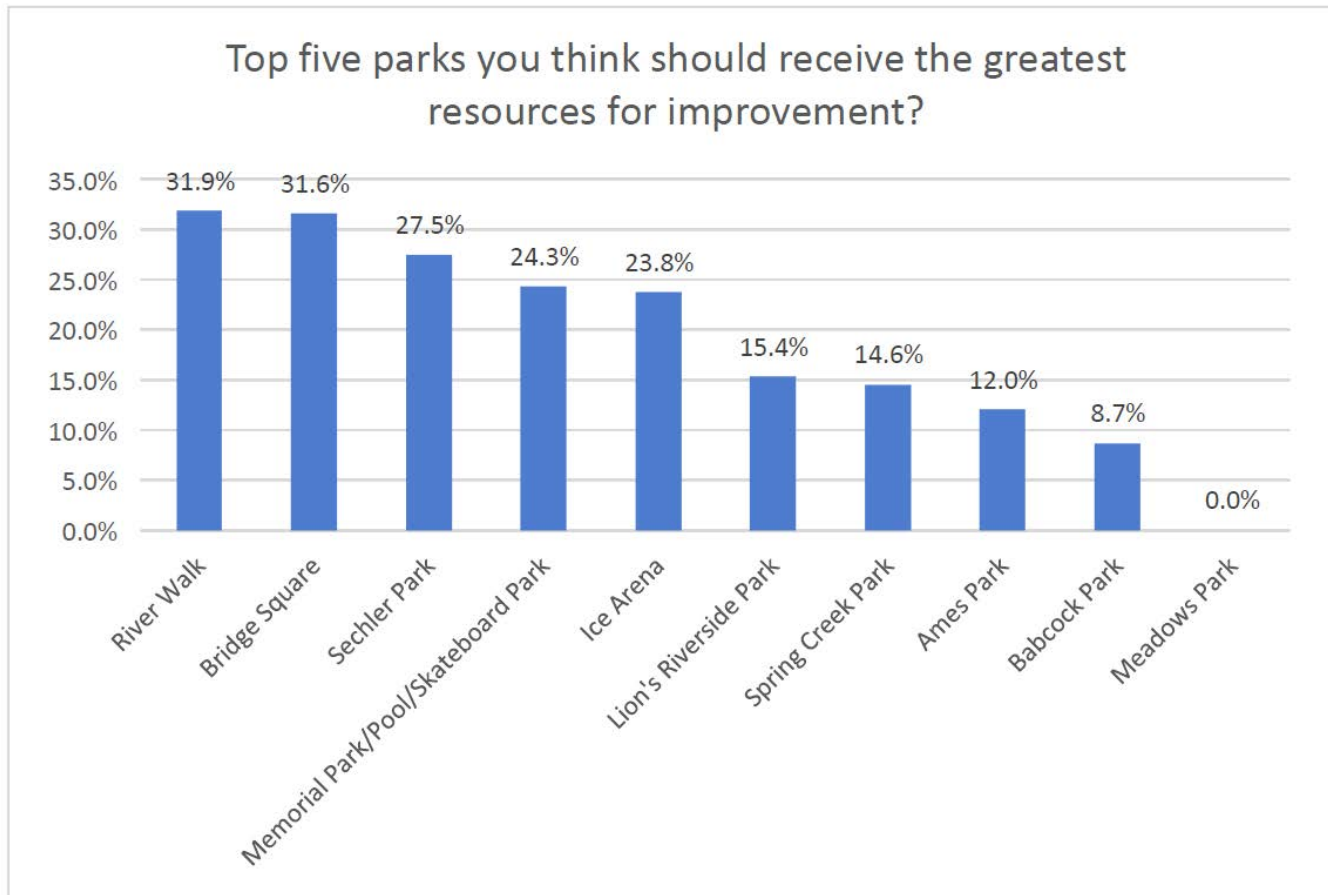
Parks & Recreation Survey

What spaces do you or your family use?



- Preliminary survey findings 1/14/20.
- These parks were identified in the survey as they were considered more regional park by designation in city plans.

Parks & Recreation Survey



- Preliminary survey findings 1/14/20.
- 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>Option</i>	<i>Count</i>	<i>Percent</i>
Yes	315	51.4%
No	298	48.6%

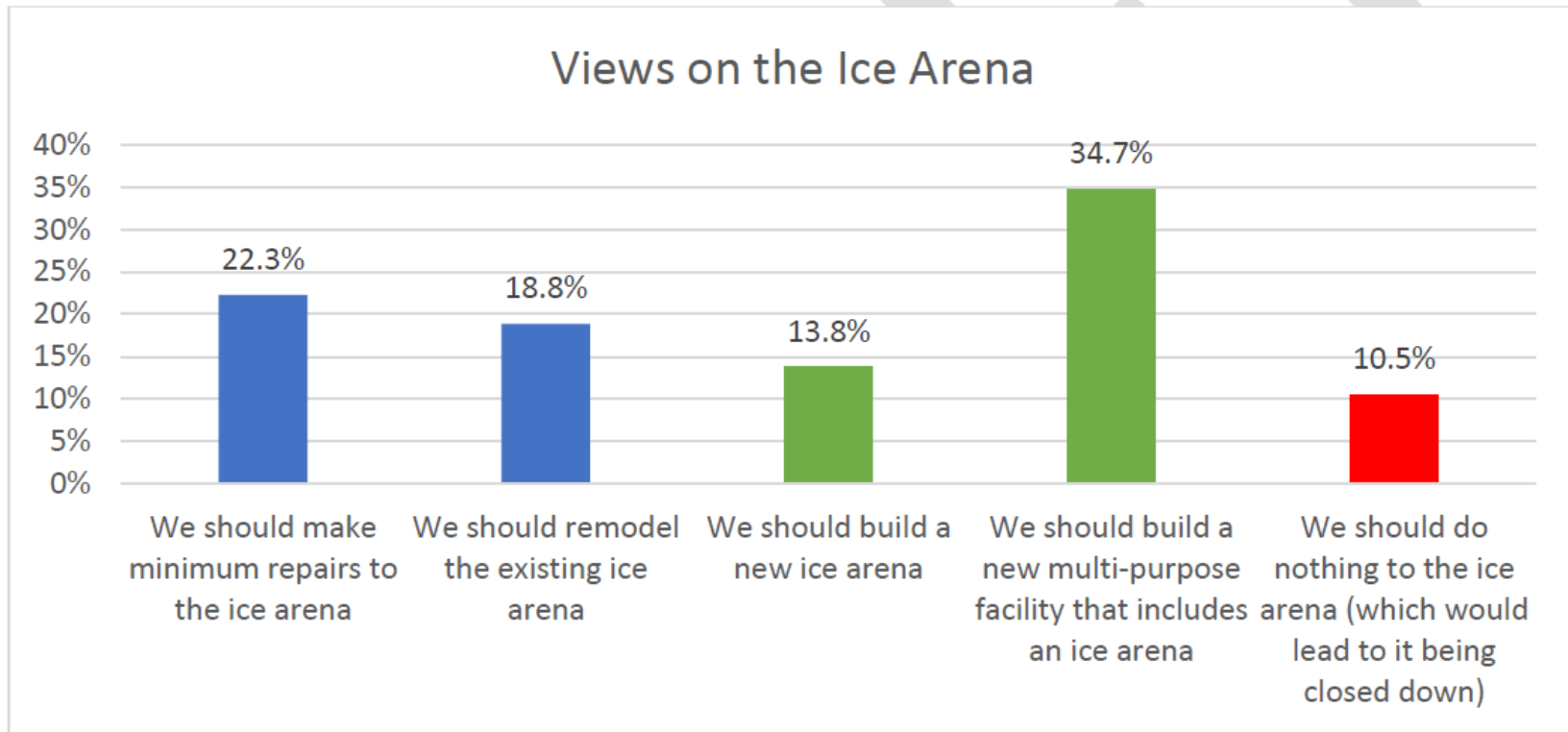
Commentary

While we have not yet done a comprehensive review of the qualitative data associated with this question, 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*

- **Preliminary survey findings: 1/14/20.**

Parks & Recreation Survey



Commentary

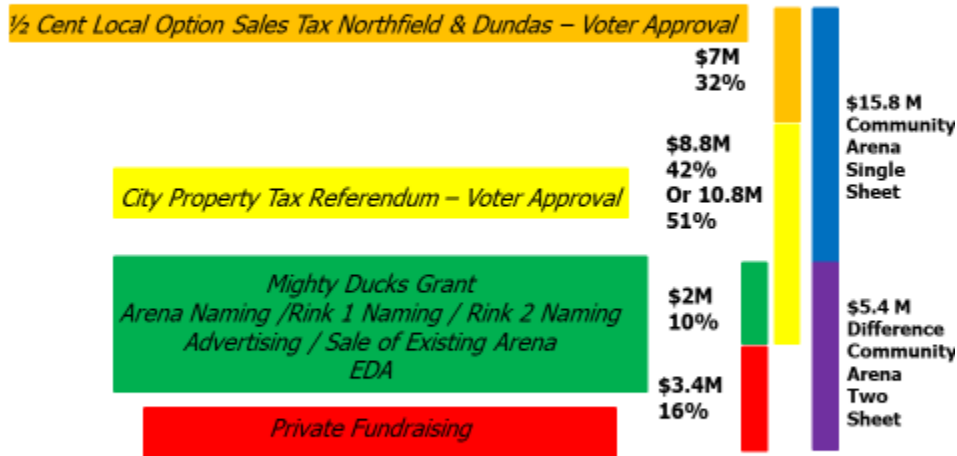
Nearly 90% of respondents indicate the community needs to make at least some repairs to the ice arena. 41.1% favor investing in the existing facility with either minimal repairs (22.3%) or remodeling (18.8%). 48.4% favor building either a new ice arena or a new multi-purpose facility. Of those who support a new facility, a multipurpose facility was heavily favored.

- Preliminary survey findings 1/14/20.

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

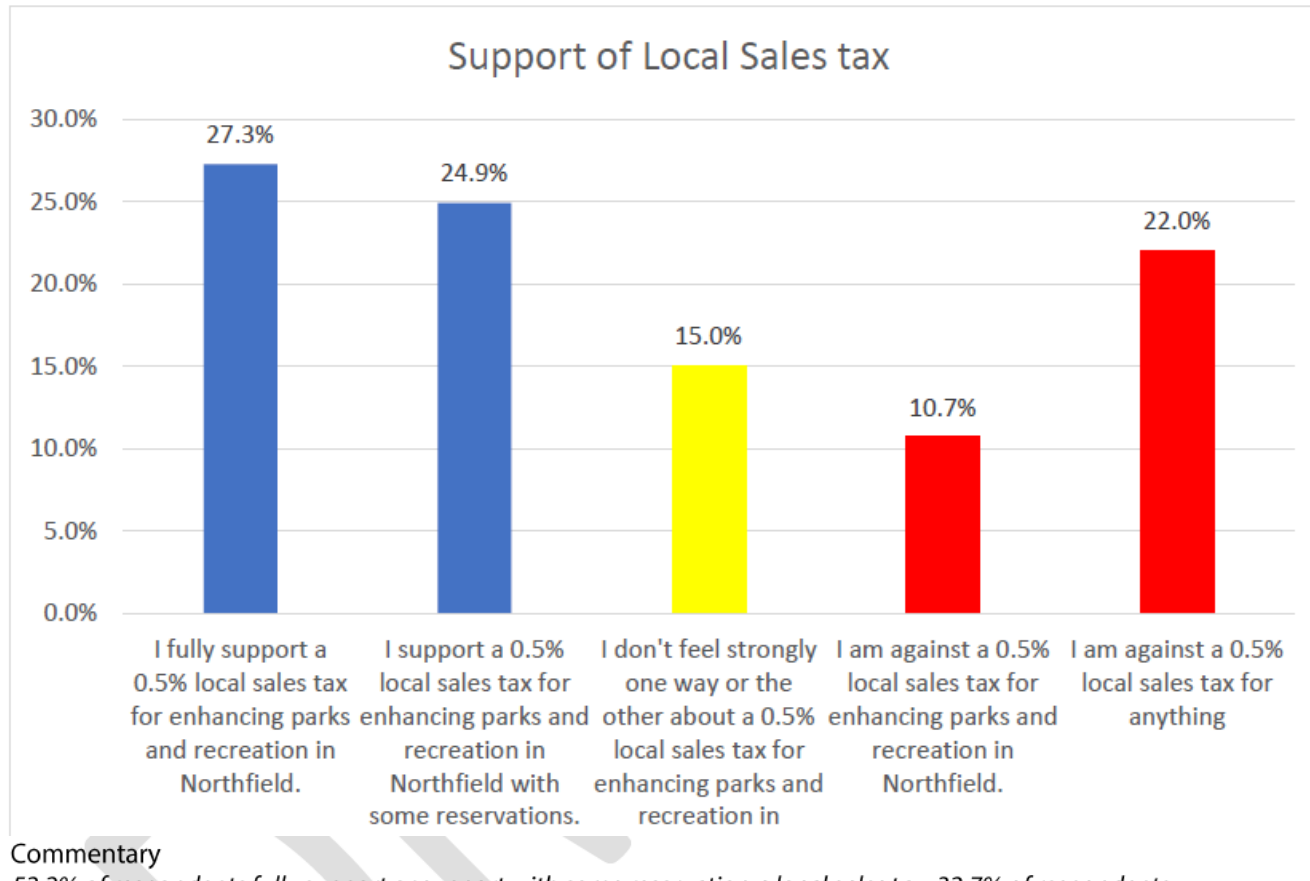
Option 3 – Build New Community Arena (single sheet) Partnered with St. Olaf
\$ 17,209,000

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



Commentary

52.2% of respondents fully support or support with some reservation a local sales tax. 32.7% 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.

- Preliminary survey findings.

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>Facilities/Spaces</i>	<i>Average</i>	<i>Rank</i>
Build new walking trails	2.58	1
Other	2.63	2
Build new bicycling trails	2.79	3
Build new ice arena	4.26	4
Build a new splash pad	4.28	5
Build indoor gymnasium space	4.83	6
Build new athletic fields (for soccer, lacrosse or other activities)	5.39	7
Build new outdoor tennis space	5.50	8
Build new indoor tennis space	5.57	9
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*

- Preliminary survey findings.

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>Improvement</i>	<i>Average</i>	<i>Rank</i>
Other	2.95	1
Add downtown public restroom on or near Bridge Square	2.96	2
Expand/enhance existing walking trails	3.01	3
Expand/enhance existing bicycle trails	3.39	4
Add restrooms in existing parks	3.56	5
Improve shelters in existing parks	4.65	6
Enhance the senior center with expanded exercise facilities	4.85	7
Remodel the existing ice arena	5.58	8
Enhance baseball/softball fields*	5.67	10
Expand/enhance skateboard park	7.38	11
Convert some athletic fields to synthetic turf	8.35	12

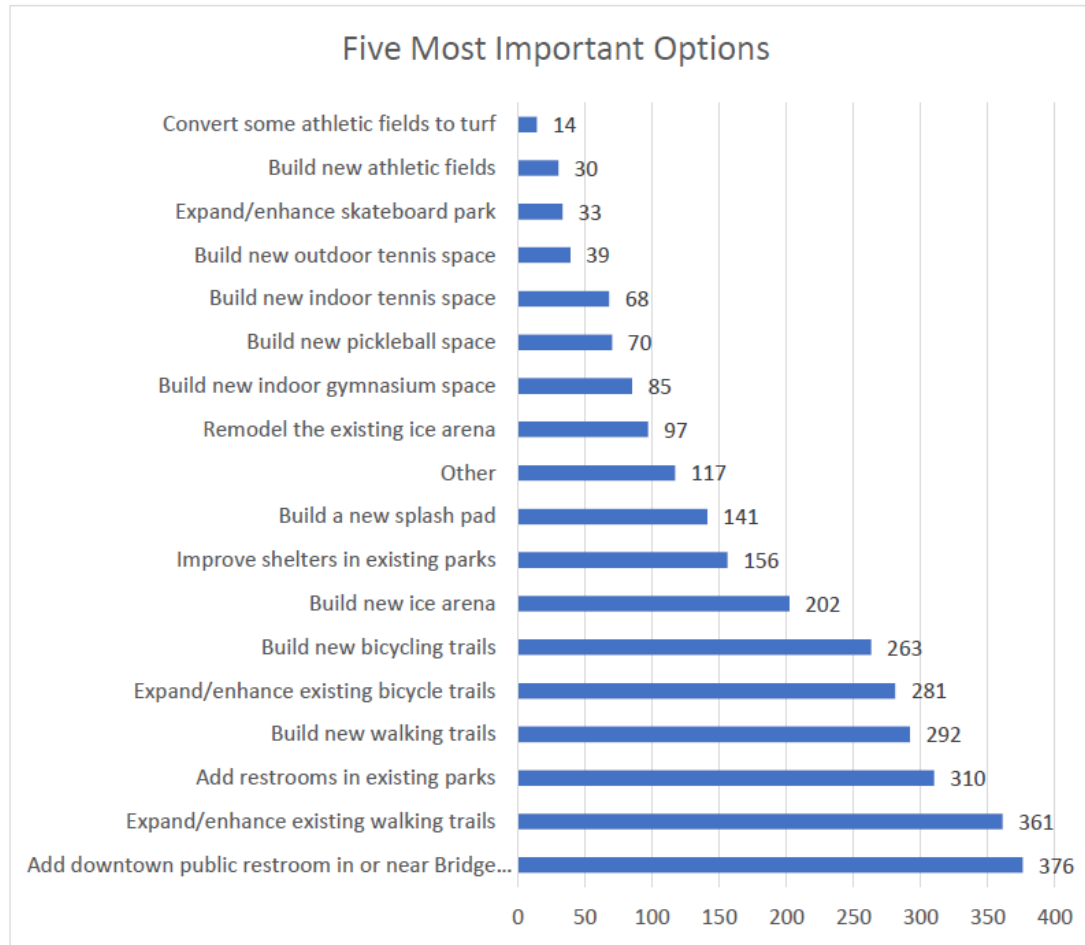
Commentary

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*

- **Preliminary survey findings.**

Parks & Recreation Survey



- Preliminary survey findings.

Possible Suggested Capital Projects

- In development for meeting discussion.

Council Discussion/Policy Options

- Get initial feedback and thoughts related to interest to pursue a local sales tax request, or not.
- Share any thoughts on types of park improvements interested in or supported.
- Approve resolution on January 21st to meet criteria (up to 5 total capital projects). Council could choose not to pursue all projects or sales tax at all.
- Will need to determine projects, scope, and other details on January 21st.