



Blue Earth

Economic Development Authority

Agenda: 12/10/10

Item: Old Business, A. TIF 2-1Heritage Square and 2-2 Juba's

Information: I have received notification from the State Auditor's Office, TIF Division that these two TIF's have revenues in excess of the TIF Plan expenses (estimated \$85,903 by the end of 2010). I had briefly mentioned that I was looking at the use of TIF for the Hanson Building demo at our last meeting. The EDA and City have two options with these that I have been exploring and I am requesting a recommendation for the Council from the EDA.

Option One: Close both TIF's and return the excess collections to the County for redistribution to the City, County and School District. Under this option the City Council passes a resolution to close both TIF's and return the anticipated \$85,903 to the County. The County Auditor's Office then returns to the City approximately (based on 2010 TIF redistributions 62%) \$53,260.00. The EDA makes a request of the Council to transfer the redistributed to the EDA to be earmarked for the demo of the Hanson Building (\$57,500). This would be an allowable use of TIF funds for redevelopment (demo) of a business building.

Option Two: Would be to rewrite the two TIF plans expanding the use to demo of the Hanson building. I spoke with Springsted TIF advisors and following a review of the original plans, they determined that under new TIF legislation, the City could use TIF money for this demo application. However, the rewriting of the TIF would cost \$7,500 and the project cost would only justify one year more collections. All costs could be recovered under this option. There may be some small additional costs in seeding the lot in the spring or sidewalk repairs that could also be included. The City, County and School District would also need to hold TIF Hearings and approve the new TIF plan.