



TO: Mayor and Council

FROM: Milton Dohoney Jr., City Administrator
Marti Praschan, Financial Services Area Administrator & CFO
Kim Buselmeier, Financial Manager
Maura Thomson, DDA Executive Director
Sara McCallum, DDA Deputy Director

SUBJECT: Downtown Development Authority (DDA)

DATE: March 22, 2024

Question #3: What would staff advise City Council to take into consideration if a raising of the cap on the DDA's share of the TIF were contemplated? Would allowing DDA to capture more simply mean moving money from one place (where the City has more control) to another place (a different entity with its own governing board) where the city has less control. Are there things that DDA can do with money that it's more difficult for the City to do? (Councilmember Disch)

Response: The TIF revenues above the DDA cap are currently allocated approximately 58% to the City, and 42% to the other taxing units. Raising the DDA TIF cap would not only reallocate dollars from the City to the DDA, it would also increase that revenue by 72 cents for every dollar (by adding the other taxing units' amount to it). Since the DDA invests in projects that align with City goals, this ultimately provides for more investment and capacity within the City. The DDA focuses on meeting values within the DDA District allowing the City to focus outside of downtown.

City Council approves the DDA's Development plan. Work on a new plan in alignment with updated City goals is currently underway. The DDA anticipates this work being complete in 2025. DDA staff also work closely with City staff in developing our capital investment strategies in support of City priorities. We participate in the City's CIP process and include approved values in our budget, which is approved by City Council before adoption by the DDA Board. In terms of flexibility, although the DDA is limited in its geographic scope, they do have more flexibility in investing in a range of infrastructure projects.



TO: Mayor and Council

FROM: Milton Dohoney Jr., City Administrator
Marti Praschan, Financial Services Area Administrator & CFO
Kim Buselmeier, Financial Manager

SUBJECT: FY25 Budget: Financial Outlook

DATE: March 22, 2024

Question #1: Why is the increase in revenue from real and personal property tax predicted to be so much less after FY 25? I appreciate caution in financial predictions, but a 50% drop seemed like a lot.

6% increase FY 25 (\$3.2M)
3% increase FY 26-29 (Councilmember Disch)

Response: The 6% increase reflects both development additions and inflationary impacts. The FY 26-29 forecasts anticipate modest growth, but don't include anticipation that inflation will continue the same trajectory that we have seen in the last year.

Question #2: What implications could be drawn from the fact that a majority of our debt comes off the books in 11-15 years? Should the city refrain from taking on more debt in the meantime? Or something else? (Councilmember Disch)

Response: The slide was intended to provide City Council with information that would assist in strategies to address "horizon" issues as presented by staff. The City has the capacity to issue debt provided we can financially afford the debt service payment.