Economic Overview

Any new public facility will require some degree of participation from tax payers. The larger the facility; the larger the impact on the City's debt level and annual budget. Sale or lease of land will reduce this impact and spur private investment that will generate new tax revenues.

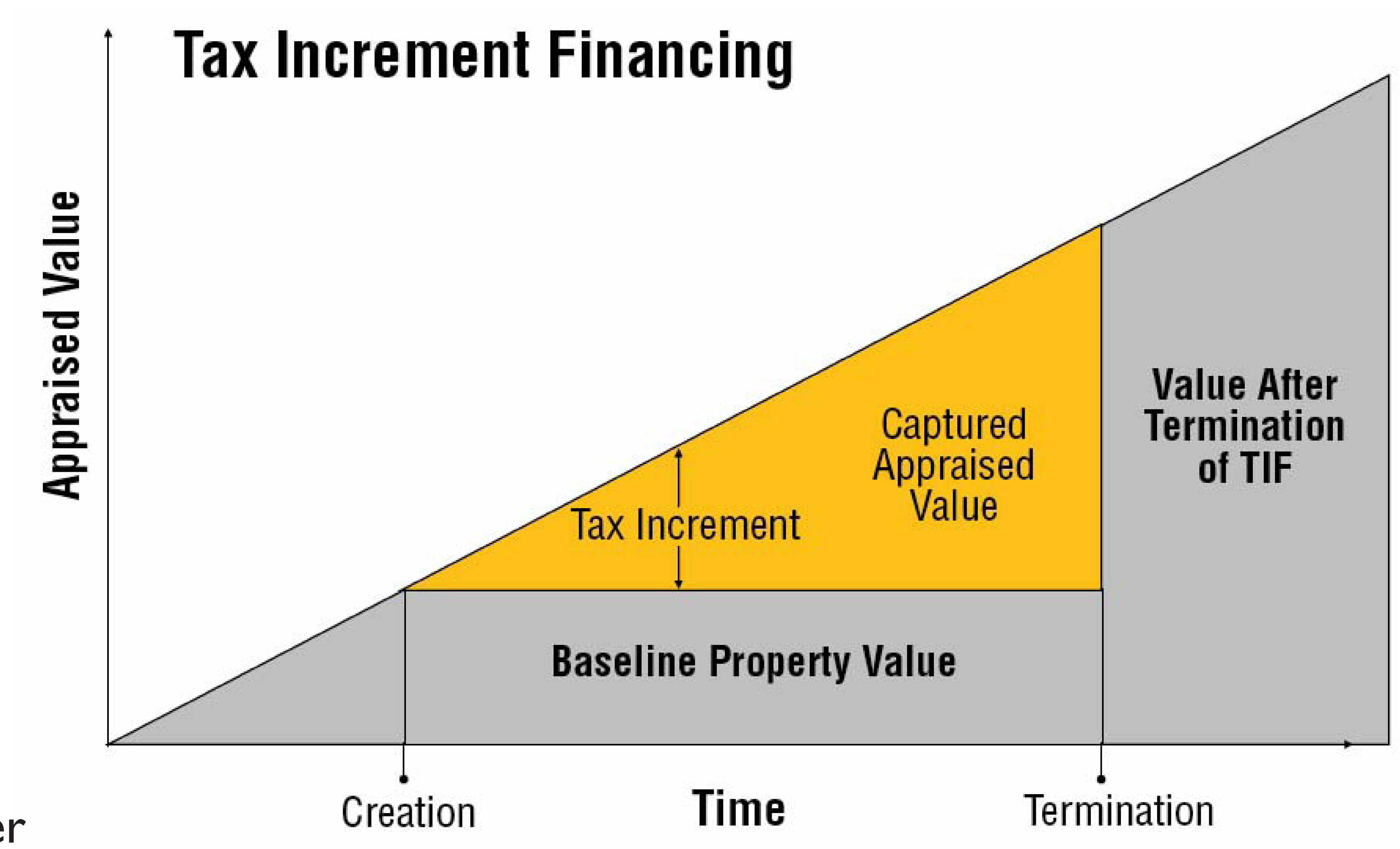
Sale vs. Lease vs. Ownership	Retain Public Ownership	Sale (all or part)	Lease (all or part)
Increase tax base		X	X
Lower tax burden on individual property owners		X	X
Generate up-front revenue		X	
Generate long-term revenue stream			X
Retain future site control	X		X
Added complexity to conventional financing	X		X

What is TIF?

Tax Increment Financing (TIF) is an economic development tool that has been used successfully in Edina and throughout Minnesota.

Current tax base is "frozen" and continues to be distributed to all taxing agencies

- New taxes remain within the District for 8 to 26 years
- New taxes can fund extraordinary redevelopment costs: demolition, soil correction, environmental clean-up & land acquisition
- New taxes can also fund public infrastructure: parking, roads, sidewalks, transit, storm water, sewer & engineering
- At end of TIF period, all taxing agencies share in the increased tax base



TIF is NOT a tax reduction for new projects. TIF cannot be used to build new community buildings.

How could the City pay for constructing a new community facility?

- Issue long term debt (bonds)
  - City of Edina has AAA ratings from Moodys and Standard & Poors generally leading to low interest rates
- Use sales revenue or lease revenue to offset costs
- Create TIF District and use new taxes generated by the private investment to pay for parking and nearby street and utility improvements
- Other creative revenue sources also considered
  - Naming rights
  - Philanthropic donations
  - Others TBD

How could the City pay for annual operating costs of a new community facility?

- User fees
- Registration fees
- Rental charges
- Programming grants
- Increase in annual budget