



# 10. IMPLEMENTATION

The Richfield Comprehensive Plan sets a number of goals for the community to achieve or strive over the next ten to twenty years. Goals, policies and initiatives referenced throughout the plan can be implemented through a series of public and private actions.

The Comprehensive Plan will be implemented in a number of ways. On a daily basis, the document is used by City staff to help frame recommendations to the City Council, as well as Richfield's other advisory commissions. It is used by residents and developers to understand the City's intentions for the use of land, the provision of housing, infrastructure needs and planned park and open space improvements.

# RECOMMENDATIONS

Sections of this plan contain specific implementation recommendations. Examples include:

- » Chapter 2 - Community Direction: Recognize past planning efforts and target redevelopment in key areas of the community (e.g., Cedar Avenue and 66th Street/ Nicolet Avenue).
- » Chapter 3 - Demographics, Social and Economic Trends: Continue to recognize Richfield's diversity and evaluate how services are being delivered to a changing demographic.
- » Chapter 4 - Goals and Policies: Adhere to the Comprehensive Plan's goals and policies to the best of the City's ability.
- » Chapter 5 - Land Use: Recognize the changes to the future land use plan and the density ranges for each land use category.
- » Chapter 6 - Housing: Explore the creation of homeowners' associations for meeting routine needs such as yard maintenance and snow removal, thereby allowing elderly residents to remain in their current homes.
- » Chapter 7 - Transportation: Prioritize pedestrian, bicycle and transit investments as a top priority for the community.
- » Chapter 8 - Parks: Implement the park recommendations as funding becomes available over the next ten years.
- » Chapter 9 - Utilities and Water: Continue to monitor and improve the water quality throughout the community.

Given the diversity represented in the types of recommendations identified above, this implementation section is organized to provide a general framework depicting implementation roles and responsibilities, official controls, finance tools and continued citizen participation.

# ROLES & RESPONSIBILITIES

The ideas represented in the Comprehensive Plan include a number of strategies that will require coordinated efforts by many different public, private, and non-profit entities. As an adopted policy plan, the Comprehensive Plan can help solidify the support, commitment, and collaboration needed to mobilize the community. The Comprehensive Plan should be referenced, celebrated and promoted both within the community and the region. In essence, the plan becomes the document that is provided to prospective businesses, residents or investors or potential grantors/philanthropists.

The various City roles and responsibilities in helping carry out the Plan are listed below.

## City Council

Richfield's Mayor and City Council members are the final authority in the implementation process. The Council approves all municipal plans, ordinances and programs. They also earmark funds and have the ability to execute funding agreements with federal, state and regional agencies.

The City Council works closely with key advisory commissions in implementing the goals and policies contained in the Comprehensive Plan. The Mayor and Council members also have frequent contacts with local residents and businesspersons allowing them to represent the opinions of constituents in the ongoing direction of the city.

The Mayor and Council annually approve the City's Capital Improvement Plan (CIP). The CIP process is used to identify annual project needs and priorities for project coordination as well as for financial planning. The CIP process provides for public discussion of short-range City improvements. The 2018 -2022 CIP can be found in Appendix D.

## Planning Commission

Richfield's Planning Commission is charged with guiding orderly and compatible development of the community. As such, they play a key role in all development and redevelopment decisions. It is important that the Commission's role be closely coordinated with the City Council to foster continuity between what the Comprehensive Plan's goals and policies are trying to achieve and what is actually allowed or promoted in the City's ordinances and programs.

By ordinance, the Planning Commission maintains the Comprehensive Plan for Richfield. They are the primary entity that directed the assembly of this plan and they are charged with any and all future modifications and amendments that may be proposed. The work of the Planning Commission doesn't stop with the plan's adoption. It is the role of the Commission to ensure that the City's ordinances are in conformance with the goals and policies of the Comprehensive Plan. Conformance may require periodic updates of the Zoning Code, as well as other sections of the City Code. On an ongoing basis, it is the Commission's responsibility to review all new development and redevelopment proposals including Planed Unit Developments (PUDs) Conditional Use Permits (CUPs), rezonings and variances for their conformance with the Comprehensive Plan.

## Housing and Redevelopment Authority

The Richfield Housing and Redevelopment Authority (HRA) was created in 1975 to assure the long-term vitality of Richfield's residential and commercial property. It uses federal, state and local funds to create and administer programs that encourage investment in Richfield.

The HRA has implemented a number of programs to build new and to remodel existing homes. The HRA programs

are described in the housing section of the Comprehensive Plan. The HRA also encourages investment in the City's commercial areas using tax increment financing and other funding tools. The HRA acquires and removes dilapidated commercial buildings and then works with private developers to construct new retail and office space. The HRA also supports and encourages the upgrading and remodeling of commercial properties through a variety of tools and funding mechanisms.

## Economic Development Authority

The Richfield Economic Development Authority (EDA) was created in 2017 to encourage and financially support economic development, business assistance, and housing programming in the City. The EDA possesses powers similar to the HRA, including the power to levy taxes for the purposes of carrying out economic development activities. The City's EDA levy offers a consistent source of funding for the Transformation Home Loans and Kids@ Home Programs. In addition, new business development and apartment remodeling programs are being created and will be funded through the EDA.

## Richfield Advisory Board of Health

The Richfield Advisory Board of Health (RABH) is an eleven-member volunteer board. The RABH is responsible for advising, consulting, and making recommendations to the Community Health Board (City Council) on matters relating to the development, funding, and evaluation of community health services and programs.

Areas of current and past participation/collaboration include:

- » Richfield Public Schools Wellness Expo
- » Open Streets at Penn Fest
- » Annual presentation of Food Safety Awards
- » Richfield Bike and Pedestrian Advocates

- » Representation on the State Community Health Services Advisory Committee (SCHSAC)
- » Tobacco ordinance changes
- » Support of tobacco and alcohol compliance checks

## Arts Commission

The purpose of the Richfield Arts Commission (RAC) is to raise awareness of, promote the value of, advocate for and support the arts in Richfield. The RAC functions in an advisory capacity to the Richfield City Council.

## Charter Commission

The Charter Commission is responsible for the continuing study of the Richfield Charter and government. The Commission consists of 15 regular members who serve four-year terms. The members are appointed by the Chief Judge of the Hennepin County District Court.

## Civil Service Commission

The Civil Service Commission is charged with the recruitment and screening of Firefighter applicants. The duties and authority of this Commission are prescribed by State Statutes.

## Community Services Commission

The Community Services Commission is an advisory group, appointed by the City Council to discuss and provide feedback on City issues relating to recreation, parks, public works and any other issues as directed. The CSC either provides guidance to staff, discusses an issue with others active in the community, or formally recommends a course of action to the City Council. The CSC also appoints the Board of Directors to the Friends of Wood Lake (FOWL), a fund-raising organization for the Wood Lake Nature Center.

Issues brought to the CSC for review will typically originate from one of two City departments: Recreation Services

and Public Works. The Recreation Services Department includes the Community Center, Wood Lake Nature Center, Outdoor Swimming Pool, Adventure Gardens Mini-Golf and the Ice Arena. It is also the department that administers recreation programs and services for all ages and for people with disabilities, park improvement projects and special recreation projects. Issues raised by the Public Works Department may include parks maintenance, streets maintenance, water and wastewater maintenance, transportation and forestry issues.

## Friendship City Commission

The Friendship City Commission is charged with maintaining an ongoing friendship city relationship with Heredia, Costa Rica for mutual community-wide enrichment. The Commission is composed of nine members, including two non-resident members, who are appointed for three-year terms and two youth appointments for a one-year term.

## Human Rights Commission

The Human Rights Commission helps to secure human rights and equal opportunity for the residents of Richfield in the areas of housing, employment, public accommodations, public services, and education and to align ourselves with goals set forth in the Minnesota Human Rights act.

Richfield developed City Code that states the City will continue to annually establish a chartered Human Rights Commission. The Commission secures human rights and equal opportunity for the citizens of Richfield in the areas of housing, employment, public accommodations, public services, and education and to align its goals with those set forth in the Minnesota Human Rights act.

The Richfield Human Rights Commission was formally established as an advisory commission to the Richfield City Council in April of 1968. Prior to that, the Richfield Citizens Council for Human Rights existed. That council consisted of

citizen volunteers and was independently organized. It was transformed into the formal city commission in response to the requirement of the City of Richfield to fulfill its responsibilities as a partner of the State Department of Human Rights.

## Transportation Committee

The City Council created a Transportation Committee in 2003 to provide advice on various transportation policy issues. At the present time, the Committee is involved in the review of proposed improvements to I-494 and I-35W. Of particular concern to the Committee will be the amount of access provided to the freeways in Richfield and the amount of right-of-way needed to upgrade the freeway network.

# IMPLEMENTATION TOOLS

To ensure that the Comprehensive Plan remains a useful tool for guiding growth, it will be periodically monitored and modified to reflect changing conditions and to correct errors identified through its implementation. Any amendments will be completed using the process outlined in state statutes and the City Code.

## Official Controls

The City's official controls include ordinances, fiscal devices and public programs that are established to carry out the Comprehensive Plan's land use, housing, transportation, public infrastructure, parks and open space goals and policies. The City's Ordinances, as established in the City Code, are the primary tools for implementing the Comprehensive Plan's goals and policies. Of particular note and relevance to the Comprehensive Plan is Chapter V and Appendix B of the City Code, which contain planning and land use regulations, and the City's Zoning Code. The City's Zoning Code can be viewed through the City's website. A summary of the zoning districts are provided in the sidebar (see Figure 10-1 for the Zoning Map).

These regulations include subdivision regulations to guide the division or re-division of land, guide street design and ensure the provision of utilities and adequate park land throughout the City; planned unit development regulations to allow for greater design flexibility and efficient land use; as well as shoreland and surface water regulations that ensure the protection of our natural resources. A current zoning map and a table describing current zoning districts are provided in Appendix F.

State law requires that zoning regulations be in compliance with the Comprehensive Plan. Following an update or amendment to the Comprehensive Plan, the City has nine (9) months to review and amend its Zoning Code to bring it into compliance with the modified Plan. The current ordinances are generally consistent with the Comprehensive Plan. The updated land use categories and designations that are

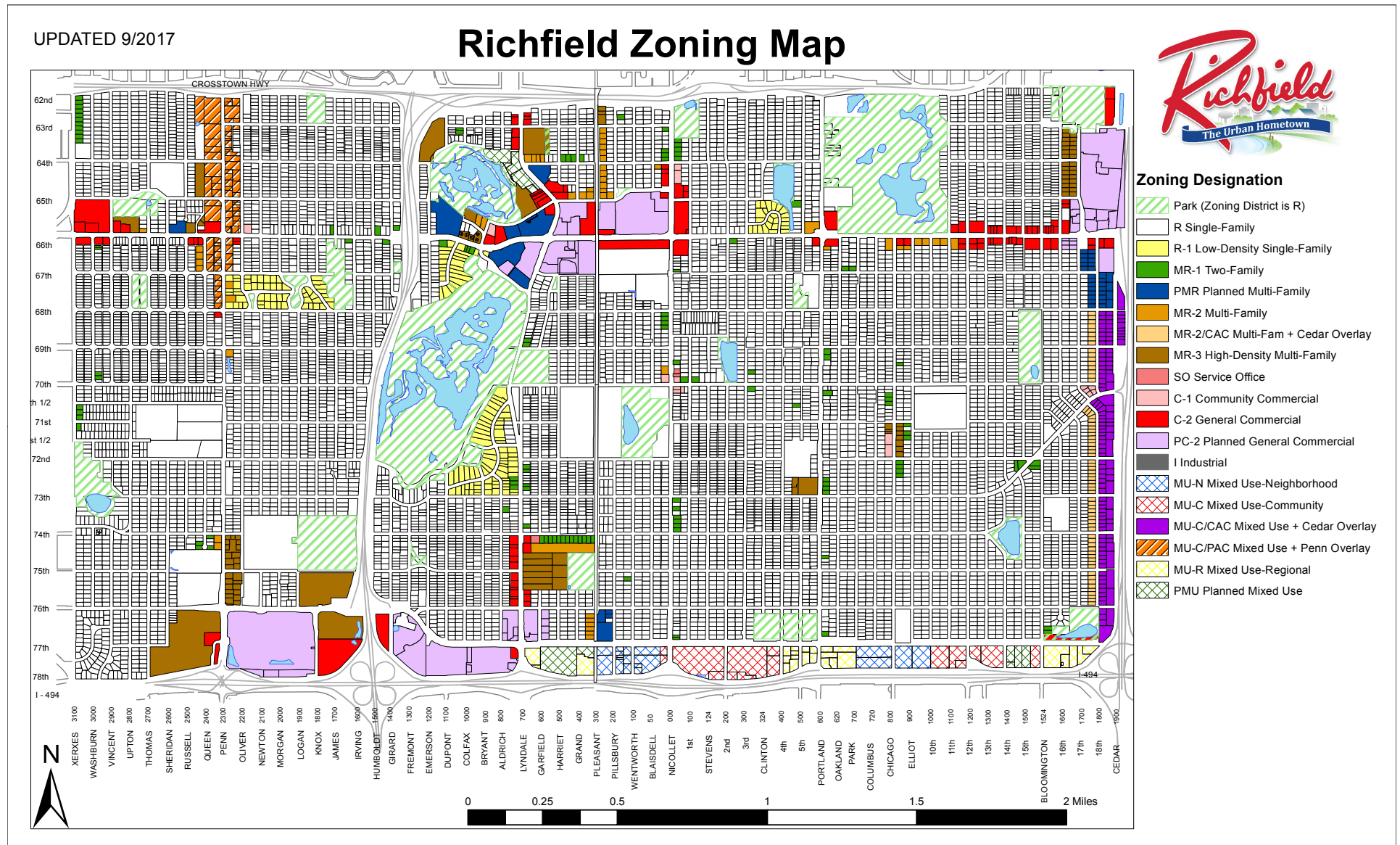
## Summary of Richfield Zoning Districts (as of March 1, 2018)

- » **SINGLE-FAMILY RESIDENTIAL DISTRICT (R):** The purposes of the R District regulations are to protect and preserve the single-family residential character of the R District; reserve appropriate locations for single-family dwellings; provide opportunities for cluster housing development; minimize traffic congestion and the overloading of utilities; and provide residential locations that are safe, attractive and quiet.
- » **LOW-DENSITY SINGLE-FAMILY RESIDENTIAL DISTRICT (R-1):** The purposes of the R-1 District regulations are to reserve and preserve appropriately located areas for larger lot single-family uses; ensure adequate light, air, privacy and open space for each dwelling; minimize traffic congestion and avoid the overloading of utilities by preventing the construction of buildings of excessive size (or density) in relation to the surrounding land, buildings or infrastructure; and to provide larger lot single-family residential areas that are safe, attractive and quiet.
- » **TWO-FAMILY RESIDENTIAL DISTRICT (MR-1):** The purposes of the MR-1 District regulations are to reserve appropriately located areas for two-family residential dwellings; preserve as many as possible of the desirable characteristics of the single-family residential district while permitting higher population densities; provide opportunities for context-sensitive infill cluster housing development and the use of cluster housing as a transition between land uses, thereby allowing greater intensities and a wider variety of housing types; minimize traffic congestion and avoid the overloading of utilities by preventing the construction of buildings of excessive size (or density) in relation to the surrounding land, buildings, or infrastructure; and to provide two-family residential areas that are safe, attractive and quiet.



- » **MULTIFAMILY RESIDENTIAL DISTRICT (MR-2):** The purposes of the MR-2 District regulations are to reserve appropriately located areas for multifamily dwellings; preserve as many as possible of the desirable characteristics of the single-family residential district while permitting higher population densities; provide opportunities for infill cluster housing development, thereby allowing greater intensities and a wider variety of housing types; minimize traffic congestion and avoid the overloading of utilities by preventing the construction of buildings of excessive size (or density) in relation to the surrounding land, buildings, or infrastructure; and to provide multifamily residential areas that are safe and attractive.
- » **HIGH-DENSITY RESIDENTIAL DISTRICT (MR-3):** The purposes of the MR-3 District regulations are to reserve appropriately located areas for family living in a variety of types of dwellings at a reasonable range of population densities; preserve as many as possible of the desirable characteristics of the single-family district, while permitting higher population densities; provide space for semi-public facilities needed to complement urban residential areas and space for institutions that require a residential environment; minimize traffic congestion and avoid the overloading of utilities by preventing the construction of buildings of excessive size in relation to the surrounding infrastructure; and to provide multifamily residential areas that are safe and attractive.
- » **SERVICE OFFICE DISTRICT (S-O):** The Service Office District provides limited locations for low-intensity, small office businesses in a residential neighborhood setting. Service Office districts may be located on blocks with residential land uses. Buildings, parking, landscaping and signs should be designed to help the commercial development harmonize with the residential character of the rest of the block. This district does not allow retail sales.
- » **NEIGHBORHOOD BUSINESS DISTRICT (C-1):** The Neighborhood Business (C-1) District is intended to provide sites where low-intensity small retail and service businesses may locate for the convenience of customers residing nearby, while minimizing adverse effects on nearby housing. Buildings, parking, landscaping and signs should be designed to help the commercial development harmonize with the residential character of the rest of the block.
- » **GENERAL BUSINESS DISTRICT (C-2):** The C-2 General Commercial District allows a wide variety of retail and service businesses that may serve a trade area encompassing Richfield and beyond. Despite the commercial nature of these land uses, the City expects them to have an attractive appearance from all sides, to be compatible with nearby residential properties, to minimize adverse effects on surface waters, and to not significantly degrade the level of service or safety on nearby roads.
- » **MIXED-USE DISTRICT (MU):** A mixed use district is an area that supports multiple land uses that are complementary to one another and support the ability to live, work, shop and play within a development pattern of horizontally mixed or vertically mixed uses. There are three sub-districts of mixed use: Mixed Use Regional (MU-R), Mixed Use Community (MU-C), and Mixed Use Neighborhood (MU-N)
- » **INDUSTRIAL DISTRICT (I):** The purposes of the I District are to provide appropriately located areas with adequate space to meet the needs of modern industrial and light manufacturing, including off-street parking areas, loading areas and landscaping; permit and reserve areas for employment activity and service to the public which do not materially detract from nearby uses; provide sufficient open space around industrial structures to protect them from the hazards of fire; protect areas appropriate for industrial uses from intrusion by inharmonious uses, while also protecting nearby properties from hazardous influences; and minimize traffic congestion and avoid the overloading of utilities by preventing the construction of buildings of excessive size in relation to the surrounding land, buildings, and infrastructure.
- » **OVERLAY DISTRICTS:** The purpose of the Overlay Districts are to guide the design character of redevelopment and revitalization in ways that are sensitive to the intent of the Comprehensive Plan. There are three overlay districts: Airport Impact Overlay District, Penn Avenue Corridor Overlay District, and Cedar Avenue Corridor Overlay District.

Figure 10-1. Richfield Zoning Map



adopted as part of the 2018 Comprehensive Plan update may suggest a need for amending at least one portion of the City's Zoning Code, that portion related to mixed-use. As Richfield moves toward more mixed use development in the future, it may be advisable to consider a zoning approach that is more building- or form-based in lieu of the City's current land use categories, which are more function-based.

## Citizen Participation

Citizen participation in the local planning process is a key element in the continued implementation of the Comprehensive Plan. Open communication should characterize the relationship between city government and local citizens. The expression of public opinion and its subsequent consideration in decision-making are essential ingredients in implementing all public policy issues including the Comprehensive Plan.

Citizen participation was a component of the preparation and adoption of this Comprehensive Plan. A series of "pop-up events, online engagement, two public open houses, and a public hearing were held during 2017 and 2018 to seek citizen participation in establishing the community's long-term vision, goals and plan elements. Additionally, a number of mailings were prepared and sent to every Richfield household to notify them of the meetings. The City's website was also used as a conduit for updated information during the planning process and as a means to actively receive community input.

The implementation of the Comprehensive Plan also requires a strong citizen participation effort. Public outreach allows interested and affected individuals and organizations to have the opportunity to participate in the decision-making process. The City has a number of public education and outreach tools available including the City newsletter; the City's website, special mailings and publications; public hearings; community or neighborhood meetings; and workshops. These materials are produced in

various languages to reach Richfield's diverse population. The City will use these tools to involve the public in the Comprehensive Plan implementation process.

## Finance Tools

State Law provides a broad array of powers and tools that may assist the City of Richfield in financing public infrastructure and facilities. These tools are subject to the empowering statutes that must be referenced prior to actual use.

Every statutory power contains a unique set of authorizations and restrictions. Richfield will need to carefully consider which tools and techniques are applicable to various types of desired improvements. For example, public improvements can be financed with special assessments, special service districts, housing improvement areas, tax abatement and tax increment financing. To evaluate the use of potential statutory powers, Richfield needs to consider the following questions.

- » Who can use the powers? Most municipal powers are granted directly to the city. In these cases, the Richfield City Council can act without the involvement of any other body. Some development powers reside solely with another entity, such as the Housing and Redevelopment Authority.
- » How do the powers function? Every municipal development power carries certain requirements and implications for its use. For example, tax increment financing involves a complex set of statutory requirements. Property owners must petition to start the process for establishing a special service district. Tax abatement discussions should involve the county. Important issues that shape decisions on finding and using the right tools to implement a plan.
- » Does the power provide funding capacity? Many statutes provide access to revenues and debt that can

be used to finance implementation initiatives. Several questions can help guide the evaluation of the funding capacity in a given statute:

- » What revenues are authorized?
- » How can the revenues be used?
- » Can the city issue the bonds as "general obligations," achieving the lowest interest rates?
- » Do the bonds count against the city's debt limit?
- » What approvals are needed to authorize use of these powers?

Some key sources of statutory authority come from the following Minnesota State Statutes:

- » Constructing public improvements and levying special assessments: Chapter 429.
- » Constructing, operating, and maintaining water, sanitary sewer and storm water utility systems: Section 444.075.
- » Creating and using special service districts: Sections 428A.01 through 428A.101.
- » Creating and using housing improvement areas: Sections 428A.11 through 428A.21.
- » Establishing and using tax increment financing districts: Sections 469.174 through 469.1791.
- » Making and using tax abatement levies: Sections 469.1812 through 469.1815.
- » Powers granted to cities through housing and redevelopment authorities: Sections 469.001 through 469.047.
- » Powers granted to cities through economic development authorities: Sections 469.090 through 469.1081.
- » Lease financing for real and personal property: Section 465.71.

## Capital Improvement Bonds

Capital improvement bonds are a relatively new capital finance power for Minnesota cities. Through this authority,

the city can issue bonds to finance the acquisition or betterment of a city hall, a public safety facility or a public works facility. The statute does not define the precise nature of public safety or public works facilities. This debt authority is subject to several procedural requirements and limitations:

- » The bonds must be issued pursuant to an approved capital improvements plan.
- » The issuance is subject to a reverse referendum petition.
- » The total principal and interest due in any year on all outstanding capital improvement bonds may not equal or exceed 0.05367% of taxable market value of the city

## Housing Improvement Area

Cities have the power to establish a special taxing district to make improvements in areas of owner-occupied housing (Minnesota Statutes, Sections 428A.11 through 428A.21). The housing improvement area is similar in concept to the special service district. It is a special taxing district that can be used to finance a variety of improvements. However, there is an important administrative difference with the housing improvement area. The city has the ability to assign the procedures for imposing “fees” and administering the area to another “authority,” such as the HRA.

A housing improvement area is a defined collection of parcels. The area may cover a single housing project or a broader area within the downtown. The city has the power to levy a “fee” on the housing units in the area. This fee may work like a property tax or may be spread using another approach determined by the city. The fee can be collected through the property tax system.

## Uses

The statute allows each city to define the nature of housing improvements. This tool can be used to finance any form

of public improvement, including streetscape, parking and trails. A housing improvement area can also be used for private improvements that are part of new or existing housing developments.

## Limitations

The city does not have the unilateral power to establish a housing improvement area. The process must be initiated by petition of property owners. In addition, the actions to establish the area and impose the fees are subject to veto by the property owners. These potential complications become moot if the area is set up at the beginning of the development process. Typically, there is a single property owner at this stage of the process. In existing neighborhoods, this tool allows residents to take the initiative to improve local parks.

## Lease Revenue Bonds

Public buildings can be financed through the issuance of lease revenue bonds. This tool combines two pieces of statutory authority. The Richfield Housing and Redevelopment Authority has the ability to issue revenue bonds to finance projects pursuant to a redevelopment plan. These projects can include the construction of public buildings. Most HRA's do not, however, have sufficient revenues to secure these bonds. A city can provide this revenue through a lease purchase agreement with the HRA. The authority for the lease comes from Minnesota Statutes, Section 465.71.

In considering the use of lease revenue bonds, several factors should be noted:

- » The lease is not a long-term, binding obligation in the form of most city bond issues. The lease is subject to a statutory “annual appropriation” pledge. In simple terms, the city council has the right not to appropriate funds to pay the lease in any fiscal year. This action would, however, mean forfeiture of the facilities

financed with the lease.

- » If the amount of the lease exceeds \$1,000,000, then the obligation is subject to the statutory debt limit. This limit equals 2% of the taxable market value of property in the city.
- » A levy by the city to make payments on lease revenue bonds qualifies as a special levy under the current levy limit system. A levy to pay debt of another political subdivision is an eligible special levy. Although a HRA is a part of city government, it is technically a political subdivision.

## Park Dedication Fees

Some cities may require developers to dedicate land and/or build trail segments as part of their subdivision improvements. This financing tool is commonly used in developing communities. In cases where land dedication or park and trail construction is required the developer will receive credit for these dedications toward satisfaction of park dedication requirements. The authority for park dedication comes from Minnesota Statutes, Section 462.358.

## Special Assessments

Public improvements are often financed using the power to levy special assessments (Minnesota Statutes Chapter 429). A special assessment is a means for benefiting properties to pay for all or part of the costs associated with improvements, and to spread the impact over a period of years. This tool can be applied to both the construction of new improvements and the rehabilitation of existing improvements.

## Uses

Special assessments can be used to finance a wide range of public improvements. Eligible improvements include sanitary sewer, water, storm sewer, streets, sidewalks,



street lighting, park, streetscape, and parking.

Special assessments provide a means to borrow money to finance public improvements. Chapter 429 conveys the power to issue general obligation improvement bonds to finance the design and construction of public improvements. Important factors in the use of improvement bonds include:

- » The amount of the assessment must be 20% or more of the improvement cost to allow the issuance of bonds.
- » Local improvement policies and/or decisions made on previous projects often create parameters for assessments. Likewise, assessment decisions should be made with consideration of the potential implications for future similar projects.
- » The assessment must strike a balance between equity and feasibility. Properties that benefit
- » A minimum of 20% of the cost of the improvement must be assessed against benefited properties.
- » Beyond the 20% threshold, any other legally available source of municipal revenue may be used to pay debt service on improvement bond. Improvements bonds are not subject to any statutory debt limit.
- » Improvement bonds may be issued without voter approval.

### Limitations

Careful consideration must be given to setting the amount of the assessment. From a legal perspective, the amount of an assessment cannot exceed the benefit to property as measured by increased market value. There are also practical considerations. For reconstruction, the challenge becomes determining how much benefiting property owners should pay for enhancing an existing improvement. Within this limitation, several factors will shape the amount of the assessment:

- » The amount of the assessment must be 20% or more of the improvement cost to allow the issuance of bonds.
- » Local improvement policies and/or decisions made on previous projects often create parameters for assessments. Likewise, assessment decisions should be made with consideration of the potential implications for future similar projects.
- » The assessment must strike a balance between equity and feasibility. Properties that benefit from improvements should pay a fair share of the costs. The assessment must be affordable for both the property owner and the city. Reducing the assessment to the property requires the city to allocate other revenues to the project.

## Special Service District

A special service district is a tool for financing the construction and maintenance of public improvements within a defined area. Minnesota Statutes, Sections 428A.01 through 428A.10 govern the creation and use of special service districts. A special service district provides a means to levy taxes (service charge) and provide improvements and service to a commercial area.

### Uses

A special service district can be applied to both commercial and industrial areas. The district can provide an alternative means of financing the construction of any of the public improvements discussed previously with special assessments. The service district approach avoids the benefits test imposed by special assessments; the test for the district is that the amount of service charges imposed must be reasonably related to the special services provided. The costs of parking, streetscape, or storm water improvements, for example, may be better spread across a district than through assessments to individual properties.

An important use of the special service district is the maintenance of public improvements. Some of the improvements described in the plan require a level of maintenance above the typical public improvement. Items such as banners and planted materials must be maintained and replaced. Higher levels of cleaning and snow removal may be needed. Without a special service district, these costs are typically borne through the General Fund of the city.

### Limitations

The use of a special service district is subject to some important constraints:

- » The process to create a special service district and to levy taxes must be initiated by petition of property owners and is subject to owner veto. The use of a special service district requires a collaboration of property owners and the city. There are two separate steps in the process: (1) adoption of an ordinance establishing the service district and (2) adoption of a resolution imposing the service charges. Neither step can be initiated by the city; the city must be petitioned to undertake the processes to create a special service district and to impose service charges. At a minimum, the petitions must be signed by owners representing 25% of the area that would be included in the district, and 25% of the tax capacity subject to the service charge.
- » The actions of the City Council to adopt the ordinance and the resolution are subject to veto of the property owners. To veto the ordinance or the resolution, objections must be filed with the City Clerk within 45 days of initial City Council action to approve. The objections must exceed 35% of area, tax capacity, or individual/business organizations in the proposed district.
- » The service charge applies solely to non-residential property. State Law limits the application of a service charge to only property that is classified for property

taxation and used for commercial, industrial, or public utility purposes, or is vacant land zoned or designated on a land use plan for commercial or industrial use. Other types of property may be part of the service district, but may not be subject to the service charge.

## Street Reconstruction

Richfield has the ability to issue bonds to finance street reconstruction projects (Minnesota Statutes, Section 475.58). To use this authority, the streets to be reconstructed must be part of a “street reconstruction plan” that describes the streets to be reconstructed, the estimated costs, and any planned reconstruction of other city streets over the next five years. The issuance of the bonds must be approved by a vote of the City Council following a public hearing. The issuance is subject to a reverse referendum provision. The city must hold an election prior to issuance if petitioned by voters within 30 days of the public hearing. Unlike most municipal debt, these bonds are subject to the debt limit.

## Street State Aid

Richfield receives state aid for the construction and maintenance of the local streets. This aid can only be used for streets designated for inclusion in the local state aid street system. These revenues can also be pledged to pay debt service on bonds issued for the construction and maintenance of state aid streets (Minnesota Statutes, Section 162.12).

### Storm Sewer Improvement District

Cities have the authority to establish storm sewer improvement districts to acquire, construct, reconstruct, extend, maintain, and otherwise improve storm sewer systems and related facilities within the district (Minnesota Statutes, Sections 444.16 to 444.21). The boundaries of the district are defined by ordinance. The city may levy a tax on property in the district to pay for these activities. The city

may also issue general obligation bonds supported by this tax. The bonds are not subject to a referendum or to the debt limit.

## Tax Abatement

Tax abatement acts like a simpler and less powerful version of tax increment financing. With TIF, the city controls the entire property tax revenue from new development. Under the abatement statute (Minnesota Statutes, Sections 469.1812 through 469.1815), the city, county and school district have independent authority to grant an abatement.

### Uses

Abatement in Minnesota works more like a rebate than an abatement. The city (and other units abating taxes) adds a tax levy equal to the amount of taxes to be abated. The revenue from the abatement levy can be returned to the property owner or retained and used to finance development activities. Tax abatement can be used to finance the key redevelopment actions in the downtown: land acquisition, site preparation and public improvements.

### Limitations

Tax abatement is perhaps best suited as an incentive for reinvestment in existing property. While TIF deals with only the value from new development, abatement can apply to both new and existing value. This power provides the means to encourage rehabilitation of commercial buildings and housing. The City could agree to abate all or part of the municipal share of taxes to encourage reinvestment tied to the plan.

The statute grants the authority to issue general obligation bonds supported by the collection of abated taxes. The proceeds of the bonds may be used to pay for (1) public improvements that benefit the property, (2) land acquisition, (3) reimbursement to the property owner for improvements to the property, and (4) the costs of issuing the bonds.

These bonds can be issued without an election and are not subject to the debt limit.

## Tax Increment Financing

Tax increment financing (TIF) is the primary development finance tool available to Minnesota cities (Minnesota Statutes, Sections 469.174 through 469.179) and it has been used by Richfield on a number of occasions over the past ten years. TIF is simple in concept, but complex in its application. Through tax increment financing, the property taxes created by new development (or redevelopment) are captured and used to finance activities needed to encourage the development. The challenge in using TIF lies with the complex and ever-changing statutory limitations. These complexities make it impractical to provide a thorough explanation of tax increment financing as part of this plan. Instead, this section highlights the use of TIF as it relates to the implementation of the plan.

### Uses

Tax increment financing can be used to finance all of the important implementation actions that may face the city: land acquisition, site preparation, parking, and public improvements. In addition, TIF creates a means to borrow money needed to pay for redevelopment costs. The city can issue general obligation bonds without an election if 20% or more of the debt is supported by tax increment revenues. These bonds are not subject to any debt limit.

### Limitations

State Law imposes a variety of restrictions on the use of TIF. Several of these restrictions are particularly relevant to implementation of the Plan. Others items of note include:

Use of Tax Increments: The use of tax increment revenues is controlled by both State Law and by local plan. State Law sets forth specific limitations based on the type of TIF district. These limitations generally tie back to the



original criteria used for establishing the district. For example, at least 90% of the revenues derived from tax increments from a redevelopment district or renewal and renovation district must be used to finance the cost of correcting conditions that allowed for the designation of the district. This limitation requires careful consideration of the links between individual projects and the community development initiatives. The use of tax increment must also be authorized by a tax increment financing plan adopted by the city.

- » Pooling: The term pooling refers to the ability to spend money outside of the boundaries of the TIF district. For redevelopment districts, not more than 25% of revenues can be spent on activities outside of the TIF district. The limit is 20% for all other districts. Monies spent on administrative expense count against this limit. This limit reduces the ability of TIF to pay for area-wide improvements and to use excess revenues to support other development sites.
- » Timing Constraints: Timing factors must be considered in creating a TIF district. Establishing a district too far in advance of actual development may limit future use. Within 3 years from the date of certification, the city

must undertake activity within the district. The statutory criteria of activity includes issuance of bonds in aid of a project, acquisition of property or the construction of public improvements. Without qualifying activity, no tax increment can be collected from the district. Within 4 years from the date of certification, the city or property owners must take qualifying actions to improve parcels within the district. All parcels not meeting these statutory criteria must be removed (knocked down) from the district. Upon future improvement, any parcel so removed may be returned to the district. After 5 years from the date of certification, the use of tax increment is subject to new restrictions. Generally, tax increment can only be used to satisfy existing debt and contractual obligations. The geographic area of the TIF district can be reduced, but not enlarged, after 5 years from the date of certification.

### Utility Revenues

Richfield operates three municipal utilities: water, sanitary sewer and storm water. The revenues from the operation of these utilities are available to pay for capital improvements in support of community development initiatives. State Law

(Minnesota Statutes, Section 444.075) gives the authority to pledge these revenues to general obligation bonds for utility system improvements.

## NEXT STEPS

The Comprehensive Plan is the City's to-do list. Strategies and recommendations (e.g., Parks 10-year Master Plan) listed in each chapter should serve as a resource for city departments, boards, and commissions as they establish and review annual work programs. The City also uses technical studies as tools for implementing the Comprehensive Plan. Current studies that will continue to provide direction to the City include the master plans for the Penn Avenue Corridor, Cedar Avenue Corridor, and Lakes at Lyndale. Others notable plans include the City's adopted Bicycle and Pedestrian Mater Plans.

The City will continue to use these and additional studies to provide the information needed to implement the Comprehensive Plan. Future studies may ultimately lead to Comprehensive Plan amendments. Future studies may include updates to the I-494 Corridor Study.