

Questions regarding Frankfort Downtown Development Authority
In preparation for meeting at City Hall Monday Jan 9, 2013
Submitted by Dale Evans, Bob Korten, Steve Christian

Why is this meeting being held?

- Is this simply a notification meeting? That is, has the decision already been made to create a DDA?
- Why does Frankfort need a DDA? The City of Frankfort has been considering the creation of a DDA for many years. With the new Master Plan and Zoning Ordinance completed along with other goals; it is now time to discuss this opportunity with the community. The Public Hearing is a requirement of the process; however the City wants to hear feedback from the community to determine if this economic development tool would be in the best interest of all parties. The DDA financing mechanism allows for the capture of the incremental growth of local property taxes over a period of time to fund public infrastructure improvements. The City could capture the increased revenue from the difference in taxable value associated with an enhancement to real property that would otherwise be paid to entities such as the Council on Aging, library and County and instead use them for public improvements in targeted areas. By borrowing against the future tax increments or utilizing cash on hand, the DDA would be able to fund projects, which can lead to new development opportunities within the downtown. In addition to the financing mechanism, the DDA structure results in the creation of a public board dedicated solely to the improvement of the downtown. Also, with the creation of a DDA the City can rely on funding being available solely for improvements in the downtown corridor, thus creating a more sustainable environment for business growth and prosperity.
- Exactly what are we being asked for? Will the meeting allow and exchange of questions and answers? The City is seeking input from the business community regarding this opportunity. Will a DDA benefit the City of Frankfort? Should language be added, amended or eliminated from the proposed ordinance governing the DDA? Essentially, we want to establish mature dialogue associated with the creation of a DDA. The City Attorney will be in attendance at the hearing to help with questions and/or ideas. The hearing is scheduled to last for an hour due to other business from the Planning Commission at 7:00 pm. If additional time is needed to discuss then I would assume the City Council would reconvene the hearing at another date and time to ensure that adequate time is available to discuss this opportunity. The City of Frankfort can not adopt an ordinance creating a DDA less than 60 days after the hearing, so there will be ample time for further clarity.
- Why wasn't this meeting held during a time when most merchants are still in town, giving them the opportunity to attend also? Will all affected property owners be given the opportunity to review detailed minutes of this meeting and also have an opportunity to register their comments before any action is taken by the City to create the DDA? The City of Frankfort is full of activity year round dealing with matters associated with the efficient operation of the City so it is difficult to plan everything during a specific time within the year. The City of Frankfort welcomes all input whether from a seasonal business, year round business, resident or non-resident but city business must be conducted in a manner that utilizes resources efficiently. This is a catch 22 situation as many business owners are too busy during the summer to dedicate enough time. Yes, as stated above, there will be a minimum of 60 days to review establishment of a DDA. We will make sure that minutes are available at City Hall and on the website. It is not a desire to rush into the creation of a DDA but please realize the City Council has a timeline associated with whether or not a DDA will be in the best interest of the City.
- The Resolution passed by the City Council, attached to the cover letter, requires that the City hold a public meeting "...to provide an opportunity ... to appear and be heard regarding the creation of the DDA...". Will representatives of the City not only hear our comments, but provide responses to our questions? The City of Frankfort will respond to each question; however responses may be inclusive of all questions as many people may have the same question and/or concern.

The cover letter says "DDA provides for a variety of funding options including tax increment financing..."

- What are the other options? Special Assessments, Revenue Bonds, Donations and grants made to the authority, contributions from the general fund or enterprise fund of the city, Millage (up to 2 mills for municipalities with a population less than a million). It is not a goal of the City Council to assess a millage for a DDA but the statute does allow for it. Language can be established in the ordinance associated with a millage.

- How will start-up financing be obtained? It is likely that the start up operational and improvement expense will be absorbed by the City of Frankfort until enough revenue is captured by the DDA.
- If bonds are sold will future tax revenues be dedicated to service those bonds? Yes, future revenue from the TIF.

The cover letter also says financing can be "...used to fund public improvements in the downtown district."

- What improvements are being considered? Describe the "development plan". Short term improvements will include striping and signage of Main Street and side streets to maximize parking opportunity. Other improvements could include but are not limited to banners on the street lights, wayfinding signage, sidewalk construction and repair, curb construction and repair, asphalt repair/replacement, LED street light conversion, Wi-Fi operation and enhancement, public restroom maintenance and development, marketing, façade improvement opportunities and essentially any and all issues that will enable maintenance and improvement to the core infrastructure of the downtown area. The "Development Plan" will serve as the Master Plan and Capital Improvement Plan for this corridor. Priorities will be based on funding and need through a collaborative effort between the business community, City of Frankfort and DDA Board.
- How will decisions be made on what improvements are approved? Will a Board of Directors be appointed to oversee the DDA, or will the Planning Commission be the governing body? Will those owning property (not leasing or renting) within the downtown district be appointed to that governing body? It is a goal to have a board that is made up of business owners within the corridor. Members shall be appointed by the Mayor, subject to the approval of City Council. The Board shall be not less than 8 members nor more than 12 members. I visualize a Board of those willing to serve that is made up of business owners and residents of the corridor that may also include a chamber board member and Planning Commission member. Membership shall conform to Act 197 of 1975. I would assume that the City Superintendent will serve as the acting Director.
- What is the budget process for these improvements? The budget process will proceed accordingly based on revenue available. The process will resemble that of the City.
- What is the timing of budgeted expenditures? This will depend on funding availability and needs established by the DDA.
- Will the DDA become some sort of "architectural review committee" with control over architectural styles, colors, signage, etc.? Possibly, however it is a goal of the Planning Commission to amend the Zoning Ordinance that will establish criteria to provide an architectural standard that the community desires.

The cover letter says my taxes will NOT increase.

- Then, why are we doing this? The primary goal with the creation of a DDA is to establish a means to generate revenue specific toward the enhancement of the DDA corridor. There is a tremendous amount of development opportunity within the corridor that can generate revenue that would otherwise go directly to the General Fund and other taxing entities that can be captured specifically for enhancements within the corridor.
- Enabling legislation provides for the ability of the DDA to levy a millage, but the cover letter says there is no intention to do so. If that is true, then will this power provided by the enabling legislation be struck from the DDA's powers? This an issue that we need to discuss openly as a community because it is not the intent of the City Council to levy up to 2 mills for projects within the DDA, however the statute allows this capture. The City is investigating safeguard language that can protect the business community from a DDA assessing up to 2 mills for a designated improvement without consent of the business community..
- Describe the "Tax Increment Financing" and tell me how that does not increase my taxes. TIF is complex but it is essentially the capturing of revenue associated with the difference in taxable value on any improvement to Real Property. As an example, if Dinghy's Restaurant decided to add a second floor for dwelling or office purposes the value of the property increases. The difference in taxable value based on these improvements will be captured by the DDA for a specific period of time. That revenue can be utilized for improvements within the corridor. Without the creation of the DDA, the City and other taxing entities will realize the revenue increase. The General Fund of the City will not be negatively impacted through the creation of the TIF because revenue will still be generated from the baseline assessment before improvements. A TIF district

provides an opportunity for revenue to be captured within the DDA to be utilized for improvements with the DDA corridor.

The cover letter says: "A TIF captures the difference in property tax between the baseline assessment before improvements and the new assessment after a property improvement occurs within the TIF district."

- Using the examples cited in the cover letter, how would new assessed value increase as a result of "...infrastructure, signage, street lighting, striping, trash receptacles, benches,collective business marketing, landscaping, maintenance and even parking facilities."?? The TIF capture is associated with specific improvements to real property within the corridor. (See above)
- If the DDA captures all future increases in tax revenue, how does the City finance it's constantly increasing cost of running the City government? The TIF only captures the increased value. The General Fund of the City and other specific assessments. The City will eventually procure the increased revenue plus providing a revenue stream for corridor improvements may alleviate funding obligations associated with the corridor district, thus freeing up revenue for other areas of the City.
- Will the DDA's ability to capture future increases in tax revenue have a negative effect on financing for the school system? Library? Schools are exempt. Libraries can be impacted if they do not opt out. However, the library will continue to receive revenue as it always has and upon the designated completion of the tax capture, will experience the increase in taxable value.