



Agenda
City Council Work Session
City of Mora, Minnesota

Mora City Hall
101 Lake St. S
Mora, MN 55051

Tuesday, August 31, 2021

5:00 PM

Mora City Hall

- 1. Call to Order**
- 2. Roll Call**
- 3. Adopt Agenda**
- 4. Financial Options for the Mora HRA**
- 5. Adjournment**



MEMORANDUM

Date: August 31, 2021
 To: Mayor and City Council
 From: Lindy Crawford, City Administrator
 RE: Housing & Redevelopment Authority of Mora – Financial Options

SUMMARY

The city council will continue their discussion regarding financial options for the Mora HRA in preparation for their regular meeting on September 7th.

BACKGROUND INFORMATION

At the August 19th meeting the city council discussed potential funding options for the HRA. See below excerpt from the staff report:

An operating levy for the HRA has been discussed, which would produce approximately \$42,900 annually. Considering the PUC contribution to assist with staffing, an operating levy could be used for HRA daily operations. Given the above information, when considering the PUC contribution and a potential operating levy, the City's general fund budget and tax levy should not see a significant impact if merging HRA staff with the City, if at all.

On July 28th, the city council and HRA Board received a HRA financial management plan presentation from Ehlers. Several recommendations were given regarding all HRA programs and future funding. The city council must consider these options when weighing the benefits of a merger. While the majority of the recommendations were for the HRA, a major recommendation for the city council was to implement a HRA debt levy to cover concerns at Eastwood Senior Living – the debt levy needed for 2022 is \$195,743.

Despite a city council decision in 2009 pledging the city's full faith in credit, there are concerns from current city council members about implementing this debt levy. There may be alternative options for the city council to consider for 2022 in lieu of a debt levy. However, staff believes that implementing a debt levy is inevitable unless the census at Eastwood improves significantly. Additional options include:

- *Use unrestricted cash from the general fund surplus to cover the full amount. There is enough funding available to cover the 2022 debt funds, but not beyond 2022.*
- *Request additional funding from the PUC (electric, water, wastewater funds). This may not be favorable to the PUC considering their previous contributions.*

Since the August 19th meeting staff reviewed the bond documents and found specific requirements for the Eastwood bond payments. The document specifically states that the bonds will be paid from "certain amounts of the City's annual tax levy pledged if needed". Furthermore, the document states, "In addition, the full faith and credit of the City are irrevocably pledged for payment of this Bond pursuant to Minnesota Statutes, Section 469.034, Subdivision 2, and the City has obligated itself to levy ad valorem taxes on all taxable property in the City in the event of any deficiency in net revenues pledged, which taxes may be levied without limitation as to rate or amount." Therefore, staff's suggestion of using unrestricted cash from various city funds is not an

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option. The only option the city council has in order to remain in compliance with the bond agreements is to implement a debt levy.

The city council must make a decision at the September 7th meeting whether or not to implement the HRA operating tax levy and the HRA (Eastwood) debt levy. When weighing all options, the city council should consider what is in the best interest of the city as an organization, city finances, and city taxpayers now and into the future.

HRA Operating Tax Levy: approximately \$42,900 generated in 2022.

Impact to a \$150,000 residential homestead: \$21 per year

Impact to a \$200,000 commercial property: \$54 per year

HRA (Eastwood) Debt Levy: \$195,743 is needed in 2022 for the bond payment.

Impact to a \$150,000 residential homestead: \$95 per year

Impact to a \$200,000 commercial property: \$234 per year

RECOMMENDATIONS

Direct staff to prepare the necessary documents for the September 7th city council meeting in order to implement both tax levies for taxes payable 2022.

Attachments

None