

MINUTES  
TAX INCREMENT FINANCE COMMITTEE  
October 15, 2001

Members Present: Mel Dreyer, Marcia Elkins, Alan Hanks, Tamara Pier, Jim Preston, Bob Wall, Stuart Wevik

Others Present: Karen Bulman, Pat Burchill, Doyle Estes, Peter Hendricksen, Terri Haverly, Jerry Múnson, Sharlene Mitchell, Ted Vore

Elkins called the meeting to order at 12:04 p.m.

Elkins outlined the existing boundaries of Tax Increment District #31 (attached) (Jolly Lane Drainage Improvements) and the infrastructure improvements to be completed under the district. Elkins briefly reviewed the concerns of the Economic Development Foundation and Hendricksen regarding the inclusion of specific properties in the district boundaries. Elkins presented the information provided by Hendricksen and Dream Design regarding amendment of the district boundaries.

Hendricksen addressed his concerns regarding the inclusion of the Hendricksen/Flack acreage in the district boundaries including the location of the property with relationship to the drainage basin and exclusion of the detention cell from the district improvements. Hendricksen indicated that a personal investment would be required in order to develop the remaining property within the ten-year district timeframe. In response to Elkins, Hendricksen indicated that they were requesting that the district be revised to exclude all Hendricksen/Flack property not located within the drainage basin and to include the construction costs of the detention cell. Hendricksen indicated that removal of the identified parcels from the existing district would allow the use of tax increment financing to promote future development of the area.

Elkins presented options "A" and "B" (attached) for revision of the district boundaries to include the initial drainage improvements and address the concerns of the Economic Development Foundation and Hendricksen.

Elkins presented revised district boundary option "A" and identified the concerns with the flagpole design of the district with regard to the state statute requirement that tax increment districts be a "contiguous geographic area". Discussion followed regarding the development of the Hendricksen/Flack property and the resulting impact on the district.

Elkins presented revised district boundary option "B" noting that the West River Electric Cooperative property has been incorporated into the district and should provide sufficient increment to support the district. Elkins indicated that West River Electric Cooperative is a utility and may be subject to different tax assessment requirements. Elkins indicated that she has contacted the County Director of Equalization and Auditor to clarify the assessment issue. Discussion followed regarding other properties in the immediate area that could be incorporated into the district and their development status at this time and the properties included in the Pennington County Tax Increment District for the Children's Home site. Elkins clarified that all improvements must be constructed within the first five years of the creation of the tax increment district noting the lack of area development to support the expenditures.

Elkins reviewed the proposed cost increases to the district should the Hendricksen/Flack detention cell be included in the district. In response to Dreyer's question regarding area

infrastructure needs, Elkins identified the upper water pressure boundary and indicated that the area Master Plan requires that sufficient water pressure be provided to those properties north of that boundary at the time of development and places responsibility for that improvement on the developer. Discussion followed regarding the impact of water improvements on development of properties lying north of the upper water pressure boundary and the infrastructure improvements required to provide water/sewer service to the area.

Discussion followed regarding the definition of contiguous and flagpole development. Elkins clarified that the entire recorded parcel must be included in the tax increment district noting that a district cannot split a parcel.

Elkins suggested that the best solution would be option "B" subject to the clarification of the tax status of utility properties. Elkins briefly addressed the development issues being addressed by the School District and the impact those issues would have on the development of the West River Electric property. Discussion followed regarding the Master Plan requirement for developer installation of the elevated water tanks versus city funding of the required infrastructure.

Estes recommended that only those properties benefiting from the district be included in the district. Elkins clarified that there is no requirement that a property benefit from the district in order to be included in the district. Discussion followed.

Discussion followed regarding retaining the original district boundaries and expanding the district costs to include the Hendricksen detention cell and the Fenske project. Burchill indicated that Tax Increment Financing is one of the tools the City has to offer when attracting new businesses to the area. Discussion followed regarding other businesses that are considering using tax increment financing to build in the Industrial Park. Elkins clarified that project costs cannot be added at a future date, they must all be included in the initial project plan.

Elkins stated that information received from the Director of Equalization indicates that the West River Electric Cooperative tax base would provide increment to the district. Discussion followed regarding the impact of infrastructure development on the West River Electric and School District projects and the development timetable for the Fenske project.

**Wall moved to recommend approval of the revised Tax Increment District #31 boundaries as presented in option "B" with the inclusion of the West River Electric Cooperative property subject to the ability to capture the development increment and to recommend the dissolution of the existing boundaries of Tax Increment District #31. Dreyer seconded the motion.**

Wevik voiced support for the motion noting the development opportunities that will be made available by leaving the Industrial Park open and available for future tax increment projects.

Elkins briefly reviewed the financial structure used in the development of tax increment districts to allow for repayment flexibility. Elkins indicated that the revised district boundaries would be forwarded to the Planning Commission and City Council for formal action noting that the project would only be returned to the Committee if there were issues with the new boundaries or increment based on the West River Electric property.

**The motion to recommend approval of the revised Tax Increment District #31 boundaries as presented in option "B" with the inclusion of the West River Electric Cooperative property subject to the ability to capture the development increment and to recommend the dissolution of the existing boundaries of Tax Increment District #31 carried unanimously.**

Elkins indicated that subject to the direction provided at the Council meeting, the Committee might need to review development of a tax increment district for the construction of Fifth Street.

Adjourn

There being no further business the meeting was adjourned at 12:55 a.m.