

MINUTES
TAX INCREMENT FINANCE COMMITTEE
October 22, 2004

Members Present: Dan Dryden, Ethan Schmidt, Marcia Elkins, Jim Preston, Jason Green

Others Present: Larry Kostaneski, Karen Bulman, Ted Vore, Sharlene Mitchell

Elkins called meeting to order at 11:50 a.m.

Kostaneski presented the request for Tax Increment Funding for the completion of East Anamosa Street from Wal-Mart eastward to Century Road. Kostaneski presented a map identifying the location of the proposed Tax District noting that the proposed district will overlap the existing Tax Increment District #39 East Rapid Plaza. Kostaneski indicated that the property owners want to proceed with the extension of Anamosa Street noting that the project will address area traffic lows and complete the area infrastructure grid. Kostaneski clarified that portion of East Anamosa Street currently funded by Tax District #39.

[Preston entered the meeting at this time allowing a quorum to be seated 11:53 a.m.]

Kostaneski indicated that a consultant has been retained for road design purposes noting that it will take approximately one year to complete the construction design and advertise for bid. He indicated that the property owner is requesting approval of the Tax Increment District at this time in order to identify allocation of project expenses and reimbursement of project expenses from the District.

Kostaneski stated that the Tax Increment District will fund construction of the roadway noting the need for a commitment from the City for 2012 funding for the project. He indicated that the East Rapid Plaza developers are seeking a reasonable timeline in which the City will commit to construct East Anamosa Street from LaCrosse Street to Century Road.

Kostaneski indicated that the property owners recognize that approval of the Tax Increment District does not insure project funding noting that project funding will be addressed through the 2012 program. He indicated that to move forward on the construction designs the property owners are seeking approval of the Tax Increment District noting that the District will:

1. Benefit the City with regard to improved traffic flows and completion of the infrastructure grid, and
2. Recognize that there is no assurance that the request for 2012 funding will be approved.

Kostaneski indicated that the intent of the property owners is to seek a commitment from the City regarding the extension of East Anamosa at this time.

Elkins reviewed the itemized project costs as provided by the property owner noting that the road construction design costs did not appear to be included in the breakdown. Kostaneski indicated that the road construction design costs were not reflected in the itemized project costs.

In response to a question, Kostaneski clarified that the improvements in the proposed District would extend from LaCrosse Street to Century Road noting that the District boundaries would overlay the existing East Rapid Plaza Tax Increment District.

Bulman provided a review of the existing base valuations noting that the increment information provided is for the proposed District and does not include the East Rapid Plaza District. She indicated that project funding has not been identified noting that the property owner will apply for funding through the 2012 program.

Bulman presented the amortization schedule reflecting payoff of the District expenses at twenty years, including both City and Developer costs. She indicated that, upon payoff, the income from the East Rapid Plaza Tax Increment District would be directed to this District. Bulman clarified that the additional funding from the East Rapid Plaza Tax Increment District was not reflected in the amortization schedule.

In response to a question from Green, Kostaneski indicated that the information he presented reflects the current East Rapid Plaza valuation noting that he was unable to project the valuation increase for the coming year. He indicated that there have been limited improvements made on the site.

Green indicated that the base valuation for the East Rapid Plaza Tax Increment District will be higher than reflected in the information provided which would impact the projected income. Discussion followed regarding the November 1 valuation changes and resulting impact on the projected income from the East Rapid Plaza Tax Increment District.

Elkins requested clarification of the projected total project costs and Tax Increment District funded costs. Discussion followed regarding the breakdown of projects costs including the un-reimbursed funding identified as a City cost.

In response to a question from Schmidt, Kostaneski indicated that the Engineering design costs should have also been included in the project costs. Discussion continued regarding the projected cost for the road construction design including construction and administration fees. Kostaneski indicated that the land owner would contribute on a prorated basis to the road construction design costs. Discussion followed regarding the projected increase in City costs with the inclusion of the design costs.

Discussion followed regarding alternative funding sources should the 2012 request be denied. Kostaneski indicated that if design work begins immediately, the project would not be ready for construction until 2006. Kostaneski indicated that both the City and property owners have established funding for the road construction design.

Green indicated that by policy the City would be responsible for all oversize costs noting that the proposal reflects the City assuming responsibility for a portion of the developer costs. Discussion followed regarding the policy that City fund oversize costs and the request for City participation in a portion of the developer costs. Kostaneski suggested including the City's portion of the developer costs in the proposed District allowing the City to recapture those funds. Discussion followed regarding the calculation of the oversize costs.

In response to a question from Schmidt, Elkins indicated that the alternative plan for development of East Anamosa Street would be developer driven.

In response to a question from Dryden, Elkins indicated that this District would be classified as an Economic Development Tax Increment District due to the anticipated commercial

development. Discussion followed regarding the criteria and tax structure for Economic Development districts.

Schmidt requested that the projects costs be revised to reflect all costs, including the design costs and the un-reimbursed developer costs identified as a City costs.

Preston voiced support for the project noting the need to have further clarification of the total project costs. Discussion followed regarding the breakdown of the total project costs.

In response to a question from Kostaneski, Bulman clarified that the amortization schedule did not reflect any anticipated funding from the East Rapid Plaza District.

Elkins recommended that the discussion on the request be continued to allow review of the revised project costs and a new amortization schedule. Preston supported continuation of the request.

Discussion followed regarding the cost issues associated with the construction of the railroad bridge.

Preston requested that Vore work with Kostaneski to review the road construction and railroad bridge construction costs projections.

Preston moved to continue the discussion on the East Anamosa Street Tax Increment District application to Friday, November 5, 2004 at 11:30 a.m. and requested that staff and the applicant review the project costs prior to the meeting. Schmidt seconded the motion.

Kostaneski indicated that the property owners feel the benefits the City will derive from the completion of this section of Anamosa are the impetus for the City participating in the additional project costs.

In response to a question from Schmidt, Elkins indicated that three project plan options will be provided at the November 5 meeting for the Committee's review and consideration.

The motion to continue the discussion on the East Anamosa Street Tax Increment District application to Friday, November 5, 2004 at 11:30 a.m. and requested that staff and the applicant review the project costs prior to the meeting carried unanimously.

Approval of Minutes

Dryden moved, Green seconded and carried unanimously to approve the minutes of the October 12, 2004 meeting.

There being no further business the meeting was adjourned at 12:35 p.m.