

MINUTES  
TAX INCREMENT FINANCE COMMITTEE  
November 10, 2004

Members Present: Malcom Chapman, Dan Dryden, Marcia Elkins, Jason Green, Jim Preston

Others Present: Larry Kostaneski, Pat Tlustos, Karen Bulman, Ted Vore, Joel Landeen,  
Dave Johnson, Sharlene Mitchell

Elkins called the meeting to order at 11:45 a.m.

Elkins presented the funding breakdown for the proposed E. Anamosa Street Tax Increment District noting a projected total cost of \$7,200,000 for the five-lane facility. Elkins advised that the anticipated increment from the District is insufficient to secure repayment in the required twenty-year time frame. Elkins addressed staff's concerns regarding identification of a funding source for the proposed Tax Increment District given the magnitude of the project.

Elkins presented the alternative proposal to construct a three-lane facility. Elkins indicated that the proposal includes grading for a five-lane facility to permit future expansion as use and capacity demands dictate. Elkins reviewed the Developer and City project cost breakdown for the alternate proposal. Elkins indicated that the alternate proposal is similar in structure to the 5<sup>th</sup> Street project and suggested that Infrastructure Development Partnership Funds be considered as the funding source for the Developer portion of the project costs.

Kostaneski briefly addressed the direction provided by the Committee with regard to the original request for a five-lane facility. Kostaneski indicated that the project is reliant on funding from the 2012 program noting the impact the project's financial cost and the volume of competing projects will have on securing that funding.

[Green entered and Landeen left the meeting at this time.]

Kostaneski indicated that the proposed three-lane facility should support the current traffic flows as initially there will be limited intersections along the length of the facility. Discussion followed regarding the calculation of the project Inspection Fees.

Kostaneski indicated that his client would be agreeable to the three-lane facility noting that the client did not have a recommendation regarding the funding vehicle for the Developer project costs. Tlustos voiced support for the proposed three-lane facility.

In response to a question from Dryden, Elkins indicated that the revised cost estimates are based on the full extent of the roadway being graded for a five-lane facility and the construction of the construction of the railroad bridge would accommodate five lanes. Kostaneski clarified that with the three-lane facility curb and gutter would be installed on only one side of the road. He indicated that the project would include installation of all infrastructure with the exception of the final two lanes and curb and gutter on the opposite side of the road.

Elkins indicated that the Developer's cost for extraordinary grading as previously requested by the Developer have not been included in this estimate. Kostaneski requested that an additional \$300,000 be included in the proposed Tax Increment Finance project costs for the extraordinary grading costs.

In response to a question from Preston, Bulman addressed the semi-annual payment amortization schedule for the five-lane facility. Bulman clarified that an amortization schedule for the alternate three-lane facility will be prepared based on the direction provided by the Committee.

Discussion followed regarding the total project costs and the utilization of Tax Increment Financing and Infrastructure Development Partnership programs for funding the City and Developer project costs.

In response to a question from Tlustos, Elkins reviewed the financial structure of the Infrastructure Development Partnership Fund program, noting funding was not currently available.

Kostaneski addressed the positive impact the completion of the road segment will provide to the City including improved traffic flows, completion of the North Rapid area infrastructure grid and increased economic benefit.

Chapman indicated that while phasing the project was more financially feasible, constructing the full five-lane facility would be more practical. In response to a question from Chapman, Kostaneski indicated that through the Consultant Selection Process the City has selected a consultant to complete the design work. Kostaneski clarified that the design project is for the full five-lane facility.

Elkins concurred with Chapman regarding the value of building the full five-lane facility. She indicated that the traffic modeling for the area would assist in determining the anticipated life span of the three-lane facility.

Preston voiced support for the project noting both the public and private benefits to be derived from completion of the road network. In response to a question from Preston, Elkins noted State bridge funds are not available to assist with the railroad bridge construction costs. Kostaneski encouraged the City to investigate all State and Federal funding avenues for the bridge project.

Preston briefly outlined the various programs and financial resources available for the project. Elkins acknowledged the demands placed on the City's 2012 program noting that the project will be competing for the available funding. Discussion followed regarding the various funding programs. In response to a question from Preston, Elkins indicated that the proposed Tax Increment District will qualify as an economic development district.

Kostaneski indicated that in order for the road design to move forward the Committee needs to forward a recommendation on the Tax Increment District request to the City Council. He indicated that the City Council is aware of the project.

Green expressed his legal opinion that the project does not meet the State statute definition of "blighted" and therefore he would not support the request. In response to a question from Tlustos, Green indicated that the State statute defines "blight" as substantially impairing or arresting the growth of the community. Discussion followed regarding the traffic and infrastructure benefits to be derived as a result of the project.

Elkins recommended that the extraordinary grading costs be included in the Tax Increment Project Costs and that the Developer costs be forwarded to the Infrastructure Development Partnership Fund Committee for funding consideration.

In response to a question from Dryden, Elkins addressed the lack of available funding in the Infrastructure Development program. In response to a question from Chapman, Elkins outlined the initial funding structure of the Infrastructure Development program noting that the current loans are repaying the original funding source. Discussion followed regarding the need to establish a dedicated funding source for the Infrastructure Development program allowing it to function as a revolving loan fund in the future.

Discussion followed regarding the funding required to finance both the full five-lane project and the alternative three-lane project. In response to a question from Chapman, Kostaneski indicated that 2012 funding must be secured in order to move forward with the project in either case.

**Preston moved to recommend approval of the East Anamosa Street Tax Increment District alternative proposal for a three-lane facility for the City costs in the amount of \$3,700,000 which includes \$300,000 for Necessary and Convenient Expenses (exceptional site grading) and that alternative funding sources be sought for the Developer costs. Dryden seconded the motion.**

Chapman voiced support for the project noting the discussions that will transpire regarding the scope of the project. Preston recommended that the project be forwarded to the Infrastructure Development Partnership Fund Committee for funding consideration and that State and Federal funding assistance be sought for the railroad bridge costs. Elkins addressed the possibility of utilizing the Surface Transportation Program (STP) funds for the bridge project noting that the historical use of STP funds has been for the reconstruction of existing roads not the construction of new roads. Discussion followed regarding the impact the reallocation of STP funds would have on the current road project schedule.

**The motion to recommend approval of the East Anamosa Street Tax Increment District alternative proposal for a three-lane facility for the City costs in the amount of \$3,700,000 which includes \$300,000 for Necessary and Convenient Expenses (exceptional site grading) and that alternative funding sources be sought for the Developer costs carried with Green voting No.**

#### Approval of Minutes

**Green moved, Chapman seconded and carried unanimously to approve the minutes of the October 22, 2004 meeting.**

#### Other Business

In response to a request from Elkins, the Committee scheduled a meeting for Thursday, November 18, 2004 at 2:00 p.m.

#### Adjourn

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