

MINUTES
TAX INCREMENT FINANCE COMMITTEE
November 29, 2007

MEMBERS PRESENT: Tom Johnson, Bill Okrepkie, Gary Brown, Peter Anderson, David Janak, Bob DeMersseman, Marcia Elkins, Jim Preston, Jason Green

OTHERS PRESENT: Jim Scull, Phillip Olsen, Dwight Sobczak, Ted Schultz, Rich Marsh, Mike Sliper, Bryan Gonzalez, Pat Tlustos, Dirk Jablonski, Robert Ellis Stacey Titus, Karen Bulman, Sharlene Mitchell

Call to Order

Elkins called the meeting to order at 11:31 a.m.

Approval of Minutes

Brown moved, DeMersseman seconded and carried unanimously to approve the minutes of the October 24, 2007 meeting.

Dakota Canyon (07TIF011)

In response to a request from Scull, Brown moved and Johnson seconded to continue the Dakota Canyon Tax Increment Financing request to a future date to be determined.

Discussion followed regarding the documentation required by the Committee to fully review the request.

Anderson offered a friendly amendment to the motion to re-schedule the Tax Increment Finance Committee meeting for the Dakota Canyon request eleven (11) days following submission of the complete application including the following documentation: an updated project pro forma, a breakdown of on-site and off-site oversizing costs and a letter of financial capability. Brown and Johnson accepted the friendly amendment.

The motion as amended to re-schedule the Tax Increment Finance Committee meeting for the Dakota Canyon request eleven (11) days following submission of the complete application including the following documentation: an updated project pro forma, a breakdown of on-site and off-site oversizing costs and a letter of financial capability carried unanimously.

Morningstar Water and Sewer (07TIF013)

In response to a question from Elkins, Olsen voiced his consent to allow the discussion on the Morningstar Tax Increment request to be open to the public.

Bulman presented the revised request for tax increment financing for a water reservoir, booster station, engineering, water mains and oversizing costs for the water mains. Bulman indicated that the anticipated term for the proposed economic development district is nine years.

In response to a question from Jablonski, Elkins indicated that the Bradeen property was outside of City limits and can not be included in the district boundaries at this time. Schultz stated that the improvements crossing the Bradeen property would be developer funded.

In response to a question from Anderson, Bulman reviewed the changes to the original request. Discussion followed regarding the location and design of the project improvements.

In response to a question, Schultz identified the location of the neighborhood commercial development located within the district boundaries. In response to a question, Elkins indicated that the commercial site meets State statutes to be identified as an economic development Tax Increment District.

Schultz indicated that the original funding request has been revised eliminating the additional request for .16 Utility funding. Schultz indicated that the scope of the project has been reduced to address only the Morningstar Subdivision. Schultz stated that Morningstar is an infill project that will bring residential and neighborhood commercial development to the area.

Schultz indicated that the area soils cannot support septic tanks noting that providing central sewer and water service to the area will optimize land development at normal densities. Schultz indicated that the development will provide for open space and bike paths noting the designated floodplain property that could be donated to the City for parkland development.

Schultz indicated that the tax increment financing will be utilized for the water main development. Schultz addressed the developer and tax increment funded project costs and the water service improvements to be realized from the water main extension.

In response to a question from Okrepkie, Janak addressed the economic impact of the Tax Increment District on the State Aid to Education formula and the physical impact the residential development would have on school facilities. Janak indicated that local funds such as the Building and Capital Outlay fund would not be equalized by the tax increment district.

In response to a question from Jablonski, Elkins indicated that the proposed district will be developer funded.

In response to a question from Elkins, Schultz indicated that the proposed reservoir will be sized to service only the Morningstar Subdivision. In response to a question from DeMersseman, Schultz indicated that there would be available land on the reservoir site to expand the reservoir facility.

In response to a question from Anderson, Schultz indicated that the central sewer will be constructed to meet the needs of the Morningstar Subdivision based on the discussion at the .16 Utility Fund Oversight Committee.

In response to a question from Elkins, Schultz indicated that the eight (8) inch water main has been included in the funding request as it is a community transmission line.

In response to a question from Janak, Jablonski addressed the requests for central water services from the Airport, Morningstar Subdivision and Green Valley Estates Subdivision. Jablonski indicated that the Morningstar reservoir will assist with fire flow issues noting the need for the Airport Task Force recommendation to move forward with additional area improvements.

Schultz indicated that the booster station funding could be directed to another reservoir but recommended that the station be retained in the project pending resolution of the Airport water issue. Schultz indicated that the Morningstar developers are community minded noting that the project cannot be delayed until the Airport issues are resolved.

In response to a question from Anderson, Jablonski indicated that based on the design infrastructure provided, the Morningstar development will have no impact on the Airport's current water flows.

In response to a question from Johnson, Elkins indicated that the Committee can recommend that the Project funding be expanded to include City oversizing costs that are incurred within the District boundaries.

Johnson moved to recommend approval of the Morningstar Water Tax Increment District request with the City Oversizing costs as identified by the Public Works Department being added to the Project Plan. Okrepkie seconded the motion.

Discussion followed regarding the inclusion of the booster station costs. In response to a question, Elkins clarified that water storage is usually a City funded cost noting that the developer will be repaid from the tax increment district under this proposal.

In response to a question from Green, Schultz stated that Morningstar owns all the land with in the proposed district boundaries and it is unplatted pasture land.

In response to a question from Preston, Jablonski indicated that the City will own the reservoir once completed noting that its full capacity will not be utilized until Morningstar reaches full build out. Schultz indicated that the reservoir will address the commercial development fire flow requirements. Okrepkie voiced support for the project.

Anderson moved a substitute motion to recommend approval of the Morningstar Water Tax Increment District request with the removal of the north and south water transmission mains and with the City oversizing costs as identified by the Public Works Department being added to the Project Plan. Motion dies for lack of a second.

Green indicated that the City Attorney's Office would be unable to support the request as the project does not meet the State statute definition of "blighted" as the staff finds that there is no diversity of ownership, no deterioration of structures and no obsolete platting.

Discussion followed regarding the manner in which blight was addressed in the original application request. Elkins clarified that the original request included improvements to the Green Valley Estates Subdivision water system. Discussion followed regarding the utilization of Green Valley Estates Subdivision to satisfy the blight criteria. Green stated that State statute requires blight to be located with in the district boundaries.

Preston offered a friendly amendment to the motion to establish the interest rate at prime plus one-half percent with a maximum interest rate of nine (9) percent. Johnson and Okrepkie accepted the friendly amendment.

In response to a question from Elkins, Bulman confirmed that the applicant has provided all the required documentation including the project pro forma, letter of financial capability and detailed list of project costs.

The motion to recommend approval of the Morningstar Water Tax Increment District request with the following stipulations:

1. That the Project Plan be amended to include the City Oversizing costs as identified by the Public Works Department, and
2. That the interest rate be established at prime plus one-half percent with a maximum interest rate of nine (9) percent.

Carried with Green and Anderson voting No.

Federal Beef TID #50 – Project Plan Revision (07TIF021)

In response to a question from Elkins, Gonzalez voiced his consent to allow the discussion on the Federal Beef TID #50-Project Plan Revision request to be open to the public.

Anderson indicated that he would abstain from discussion and vote on the Federal Beef request due to his partial ownership in the site.

Bulman provided a review of the proposed revisions to the Project Plan to reallocate project costs for Philadelphia Street, demolition of an existing street and construction of a bike path.

In response to a question from Elkins, Gonzalez confirmed that the bike path and street demolition were on City property.

In response to a question, Bulman stated that there is no increase in the overall project costs noting that the City is in agreement with the reallocation. Gonzalez addressed the adverse impact of increased fuel costs to the development noting that the reallocation will assist in meeting the increased costs.

Johnson moved, Okrepkie seconded and carried with Anderson abstaining to recommend approval of the Federal Beef TID #50 – Project Plan Revision as presented.

Villaggio TID #61 – Project Plan Revision (07TIF022)

Bulman presented the request by the City to reallocate project costs for sewer main improvements adjacent to Vineyard Lane. Bulman stated that there is no increase in the overall project costs or changes to the District boundaries.

Discussion followed regarding the properties located within the District boundaries. In response to a question from Johnson, Titus addressed the sewer main improvements and the location of lift stations to handle the current and future area needs.

In response to a question from Johnson, Elkins indicated that the Olsen project located within the District boundaries is not moving forward at this time.

In response to a question from Anderson, Elkins indicated that the Project Costs are developer funded with the developer being repaid by the Tax Increment District.

Discussion followed regarding the Master Sewer Plan for the Sheridan Lake Road/Catron Boulevard area.

Brown moved, Okrepkie seconded and carried unanimously to recommend approval of the Villaggio TID #61-Project Plan Revision as presented.

Other Business

Elkins indicated that based on the Committee's motion the next meeting would be scheduled based on the submission of the Dakota Canyon application.

Adjourn

There being no further business, Green moved, Preston seconded and carried unanimously to adjourn the meeting at 12:40 p.m.