

Draft

MINUTES
TAX INCREMENT FINANCE COMMITTEE
March 14, 2008

MEMBERS PRESENT: Bill Okrepkie, Gary Brown, Peter Anderson, Mary Duncan, Bob DeMersseman, Marcia Elkins, Jim Preston, Mike Schad

OTHERS PRESENT: Kale McNaboe, Joe Muth, Doyle Estes, Paul Evans, Scott Aust (Rapid City Journal), Alan Hanks, Robert Ellis, Karen Bulman, Sharlene Mitchell

Call to Order

Elkins called the meeting to order at 11:30 a.m.

Approve Minutes

Brown moved, Preston seconded and carried unanimously to approve the minutes of the February 14, 2008 meeting.

Rainbow Ridge TID #54-Project Plan Revision (08TIF003)

Elkins presented the request to reallocate capital project costs to professional service costs. In response to a question from Preston, Elkins stated that the Professional Service costs are allowable costs but must be specifically identified in the Project Plan to be paid.

Estes indicated that the professional fees were included in the Capital Project costs instead of being individually identified as Professional Service costs.

Preston moved, DeMersseman seconded and carried unanimously to recommend approval of the proposed reallocation of project costs from Capital Costs to Professional Service Costs.

Brookfield (07TIF003)

Elkins indicated that the Council referred the Brookfield request to the Committee for further review of the public improvement costs, the Economic Development designation and the affordable housing commitment. Elkins called attention to the requests from McMahon Investments and Carpenter that their properties be removed from the District boundaries. Elkins clarified that removal of the commercially zoned Carpenter property would require an additional tax levy on other properties in the Rapid City School District.

In response to a question from Preston, Elkins indicated that McMahon and Carpenter have indicated that their properties will derive no benefit from the proposed District improvements and will conflict with funding sources for their future development projects.

In response to a question, McNaboe identified the drainage basin boundaries, the proposed drainage improvements and the benefits to the McMahon and Carpenter properties.

Bulman provided a brief review of the project improvements including their cost and location. Elkins indicated that the City Council was seeking clarification as to whether the costs of the box culvert crossings are normally a developer cost or are City "oversizing" costs.

In response to a question from Okrepkie, Elkins identified the commercially zoned property located within the District boundaries.

In response to a question from DeMersseman, Elkins addressed the previous request in which the developer and adjacent property owner had agreed to remove specific properties from the District boundaries prior to adoption.

In response to a question from Hanks, Bulman indicated that the McMahon and Carpenter properties were not utilized in the calculation of the District's projected increment.

In response to a question from Preston, McNaboe addressed the manner in which the proposed box culverts will contain the area drainage within the specified easements. Anderson indicated that the Planning Commission supported the box culvert project cost as a public improvement due to the increased drainage flows dictated by Federal Emergency Management Agency. McNaboe addressed the drainage basin flows completed for Federal Emergency Management Agency noting that the box culverts are required to address the additional flows.

In response to a question from Elkins, McNaboe addressed the drainage flows across the McMahon property and the benefit the property will derive from the Brookfield drainage improvements. Evans addressed the current level of drainage across the undeveloped McMahon property. Discussion followed regarding the natural drainage flows northward into the Brookfield drainage.

In response to a question, Muth indicated that six Brookfield lots and two Autumn Hills lots were sold to the Teton Coalition in Phase 1. Muth indicated that he has a letter of intent to sell an additional six to ten lots from Phases 2 and 3 each at a price of \$26,500 per lot. Discussion followed regarding the impact the Tax Increment Financing has on the financial viability of the project.

In response to a question from Okrepkie, Elkins indicated that the current Tax Increment Policy does not contain an "affordable housing" requirement noting the two existing Districts that were established as affordable housing Tax Increment Developments. Elkins clarified that "affordable housing" was not an identified criteria for the original project approval. Discussion followed regarding the professional fees identified in the project plan.

In response to a question from DeMersseman, Evans addressed the proposed development of the McMahon property noting that including the property in the Brookfield District will restrict the use of Tax Increment Financing for that development.

Preston expressed concern with the limited commercial property within the District boundaries noting his opinion that the box culverts do constitute a public improvement.

Discussion followed regarding the box culvert requirements before and after the additional Federal Emergency Management Agency drainage requirements. Noting that box culverts were required before the additional Federal Emergency Management Agency drainage requirements, Hanks recommended that the project costs include only the oversizing costs for the box culverts. Discussion followed regarding the impact of the additional Federal Emergency Management Agency drainage requirements and City criteria have on the box culvert dimensions.

Elkins indicated that the Council was seeking clarification on the issues of affordable housing, public improvements and District boundaries.

In response to a question from Okrepkie, Hanks recommended that policy changes be addressed by the Tax Increment Financing Guidelines Review Committee. Hanks encouraged the Committee to support the June 5, 2007 recommendation.

In response to a question from Preston, Muth indicated that the commitment to the Teton Coalition included six lots out of 45 lots in Phase 1, eight to ten lots out of 47 lots in Phase 2 and eight to ten lots out of 50 lots in Phase 3.

Elkins addressed the work undertaken by the developer in good faith based on the June 2007 action.

Preston moved to recommend that the June 5, 2007 approval of the Brookfield Subdivision Drainage Improvements Tax Increment District be reconfirmed with the following clarifications:

- 1. That the McMahon and Carpenter properties remain in the Brookfield District Boundary as they will derive benefit from the drainage improvements;**
- 2. That the box culverts at Three Rivers Drive and Cobalt Drive are classified as public improvements as they serve the regional drainage basin; and,**
- 3. That the developer commit to providing a minimum of eight lots from Phase 2 to the Teton Coalition.**

Okrepkie seconded the motion.

In response to a question from DeMersseman, Muth indicated that they were aware of the McMahon request noting they were unaware of the Carpenter request until it's presentation today. Hanks clarified that if the Carpenter property is removed from the District boundaries the economic development classification would no longer be applicable.

The motion to recommend that the June 5, 2007 approval of the Brookfield Subdivision Drainage Improvements Tax Increment District be reconfirmed with the following clarifications:

- 1. That the McMahon and Carpenter properties remain in the Brookfield District Boundary as they will derive benefit from the drainage improvements;**
- 2. That the box culverts at Three Rivers Drive and Cobalt Drive are classified as public improvements as they serve the regional drainage basin; and,**
- 3. That the developer commit to providing a minimum of eight lots from Phase 2 to the Teton Coalition.**

Carried with Anderson and DeMersseman voting No.

Anderson moved, Preston seconded and carried unanimously to request that the Tax Increment Financing Guidelines Review Committee address oversizing costs for drainage improvements.

Preston complemented Anderson for his fiscal responsibility with regard to requests for Tax Increment Financing.

Adjourn

There being no further business Okrepkie moved, DeMersseman seconded and carried unanimously to adjourn the meeting at 12:27 p.m.