

**Minutes**  
**Rapid City Infrastructure Development Partnership Review Committee**  
June 12, 2003

Members Present: Ron Kroeger, Sam Kooiker, Jeff Partridge, Martha Rodriguez, Jeff Hoffmann, Jeff Stone, Dan Bjerke, Marcia Elkins, Coleen Schmidt

Others Present: Orville Davis, Larry Kostaneski, Jason Green, Sharlene Mitchell

Elkins called the meeting to order at 12:05 p.m.

U.S. Highway 79-Catron Boulevard Sewer Extension Project

Kostaneski noted the value placed on the completion of Fifth Street as reflected by the proposed Resolutions of Necessity and Connection Boundary. Kostaneski indicated that the sewer project would be funded by a combination of connection fees and up-front user payment. He indicated that the loan request being address at this time is to fund the up-front user payment. In response to a question from Elkins, Kostaneski indicated that the loan request is for \$121,000 to be repaid by Lazy P-6 Land Company. Kostaneski clarified that the project costs were provided by City staff.

Elkins advised the Committee that the applicant has requested that the initial five (5) year interest free period not commence until such time as Fifth Street is "substantially complete".

Hoffmann addressed the location of the developments that have been approved for the area. Discussion followed regarding the developments approved in the area. Elkins clarified that it is the City's goal is to bring central sewer to the Fifth Street area in order to avoid the need for individual septic systems.

In response to a question from Rodriguez, Elkins addressed the approved sewer projects and the funding identified for those projects. Elkins clarified that \$510,000 is the total cost of the Catron Boulevard sewer project.

Kooiker requested that the terminology used to define "substantially complete" be clarified. Kostaneski indicated that City staff would determine when the Fifth Street project was "substantially complete" noting that the practice has been to identify a project as substantially complete when that project is open for its intended purpose. Bjerke concurred stating that when the infrastructure is functional the project is identified as being substantially complete. He indicated that there may be minor incomplete items but as long as they do not impact the use of the facility for its intended purpose the project is identified as substantially complete.

Kooiker requested clarification of who would be responsible for making the determination of "substantially complete". Discussion followed regarding the determination of "substantially complete". Green recommended placing the terminology "substantially complete as determined by the Public Works Director" in the contract.

In response to a question from Stone, Green indicated that the ten (10) year loan timeframe starts upon execution of the contract.

In response to a question from Stone, Kostaneski outlined the proposed timeframe for completion of the sewer project, projected to be completed by October, 2003, and Fifth Street, projected to start construction by October or November 2003 with the street being substantially

complete within one year. Kostaneski stated that the interest rate deferral is requested to protect the applicant should there be a delay in the construction of Fifth Street. Kostaneski stressed the need for the development of both the Fifth Street sewer and road projects.

In response to a question from Kooiker, Schmidt clarified that the loan interest rate is established at one percent over the prime rate. Bjerke addressed the manner in which funding is paid out during the construction phase noting that the final loan amount is determined upon completion of the project. Discussion followed regarding the initial five year interest free period and the readjustment of the final loan amount based on actual construction costs.

In response to a question from Partridge, Davis addressed the issues associated with securing an Infrastructure Development loan for Fifth Street prompting the relocation of the sewer along Catron Boulevard. Kostaneski clarified that the City would connect to the sewer with the completion of Fifth Street noting that the two projects could be under construction concurrently.

In response to a question from Rodriguez, Elkins indicated that consultant selection is based on the structure of the development agreement. Kostaneski indicated that the applicant is currently working with City staff on the consultant selection.

In response to a question from Rodriguez, Elkins indicated that the Elm Avenue landowners have not provided a signed Developers Agreement noting that the current Fifth Street documents directs the Elm Avenue funding to Fifth Street.

Elkins clarified that the City has no commitment to Elm Avenue as the landowners have not executed an Infrastructure Development agreement. Elkins indicated that the Elm Avenue landowners have been advised of the project's current funding status.

Kroeger stated that the Lazy P-6 sewer proposal is not the original design resulting in increased project costs to bring the sewer down Catron Boulevard versus Fifth Street.

Hoffmann recommended that there be a definitive timeframe to the loan agreement noting that the term "substantially completed" is vague and not in the best interest of the tax payer.

In response to a question from Rodriguez, Bjerke addressed the increase in sewer costs to both the City and landowner due to the Catron Boulevard design.

In response to a question from Stone, Elkins addressed the status of the Fifth Street project and outlined the identified funding sources and amounts. Elkins clarified that the sewer redesign was prompted by the lack of agreement by the property owners.

In response to a question from Stone, Elkins addressed the use of "substantially complete" language in past loan agreements. Kostaneski clarified that in previous loan agreements the substantially complete criteria was applied to the specific project whereas in this agreement the substantially complete criteria will be applied to the status of Fifth Street.

In response to a question from Partridge, Elkins reviewed the project repayment utilizing the Infrastructure Development program for the applicant's project costs and connection fees for the balance of the project costs.

Stone expressed concern that should Fifth Street become stalled the "substantially completed" clause could result in the applicant not having to repay the Infrastructure Development loan. Discussion followed regarding the repayment of the Infrastructure Development loan. Bjerke recommended awarding the sewer and Fifth Streets projects concurrently to insure both projects move forward together.

Rodriguez indicated that completion of Fifth Street is critical to the development of the area and voiced support for the project.

Green suggesting structuring the agreement to permit flexibility with the initiation of the five year interest free period but retain a static ten year term payoff to insure protection of the tax payer's interests. Discussion followed regarding the terminology to structure the repayment of the loan agreement. Davis indicated that the intent of his request is to assist in moving the Fifth Street project forward.

In response to a question from Rodriguez, Elkins noted the land lying south of Catron Boulevard that can also be served by the Catron Boulevard sewer line.

**Stone moved to recommend approval of an Infrastructure Development Partnership Loan for the U.S. Highway 79-Catron Boulevard sewer project in the amount of \$121,000 with repayment to occur within ten (10) years of substantial completion of the sewer project with the five (5) year interest free period to commence October 2004 or upon substantial completion of Fifth Street as determined by the Public Works Director which ever event occurs first. Rodriguez seconded the motion.**

In response to a question from Hoffmann, Kostaneski indicated that a Letter of Credit would be provided as collateral for the loan.

**The motion to recommend approval of an Infrastructure Development Partnership Loan for the U.S. Highway 79-Catron Boulevard sewer project in the amount of \$121,000 with repayment to occur within ten (10) years of substantial completion of the sewer project with the five (5) year interest free period to commence October 2004 or upon substantial completion of Fifth Street as determined by the Public Works Director which ever event occurs first carried unanimously.**

#### Approval of Minutes

**Rodriguez moved, Hoffmann seconded and carried unanimously to approve the minutes of the October 4, 2002 meeting.**

#### Other Business

In response to a question from Hoffmann, Kroeger identified the active Infrastructure Development Partnership funding commitments and the City Council's efforts to replenish the fund. Elkins briefly reviewed the status of the projects that have been reviewed under the Infrastructure Development Partnership program.

#### Adjourn

There being no further business the meeting was adjourned at 12:45 p.m.