

MINUTES
TAX INCREMENT FINANCE COMMITTEE
February 27, 2006

MEMBERS PRESENT: Malcom Chapman, Ron Kroeger, Dan Dryden, Bob DeMersseman, Marcia Elkins, Coleen Schmidt, Joel Landeen

OTHERS PRESENT: Hani Shafai, Erica Shipman, Patricia Pummel, Richard Cooper, Jerauldine Walenta, Jim Shaw, Dirk Jablonski, Karie Price, Kevin Lewis, Karen Bulman, Sharlene Mitchell

Elkins called the meeting to order at 11:38 a.m.

LaCrosse Street Enhancement (06TIF001)

Shafai presented the LaCrosse Street Enhancement request noting that the intent of the request is to help enhance the North Rapid neighborhood. Shafai indicated that the project will work with the North Rapid Weed & Seed program to provide landscaping enhancements along the LaCrosse Street right-of-way south of the interstate to the railroad crossing. Shafai briefly reviewed the landscaping enhancements and drainage improvements that would be developed in conjunction with the project.

Shafai addressed the landscaping elements to be installed for the purpose of addressing noise reduction and safety issues associated with the apartment complex property.

Shafai indicated that the proposed landscaping adjacent to the railroad right-of-way would provide a screening buffer to the Sam's Club loading dock.

Shafai indicated that the project costs are estimated at \$520,000 noting that the proposed boundaries will incorporate the Walgreen's site. Shafai indicated that the Sam's Club property has not been included in the project boundaries due to the impact on the total valuation.

In response to a question, Shafai indicated that he was unfamiliar with the differences between this proposal and the September 2005 proposal.

Walenta suggested that the district boundaries be extended south to East North Street in order to include the Weed & Seed project boundaries. Shafai addressed the approach and sight triangle issues associated with those properties located south of the railroad crossing to East North Street noting the adverse impact on the ability to install landscaping enhancements.

In response to a question from Shaw, Shafai indicated that the fencing would be installed around the apartment buildings only. In response to a question from Landeen, Shafai indicated that the property owner would up-front all project costs.

Bulman provided a brief review of the request noting that the proposed district would meet the criteria for an economic development district. Bulman addressed the base valuation noting that the projected increment and revenues are based on the Walgreen property only. Bulman indicated that based on the projected increment payout of the proposed District would be twenty years.

[Kroeger entered the meeting at this time 11:48 a.m.]

Bulman indicated that the railroad landscaping site has been vacated and is now part of the Sam's Club property noting that inclusion of this site would require including the full Sam's Club property into the District. Elkins addressed the impact the inclusion of the Sam's Club property in the District boundaries would have on the overall valuation of tax increment districts.

In response to a question, Shafai indicated that the railroad site is not critical to the project noting that the applicant would prefer to provide screening of the dock area to help improve the area's visual appearance. Shafai indicated that the applicant did not want to include the Sam's Club property in the District boundaries in order to insure future projects could be funded under the Tax Increment program.

In response to a question, Elkins indicated that it has been the practice of the State Department of Revenue to use the November valuations when setting the base valuation for a tax increment district.

In response to a question, Shafai indicated that the increment to be realized from the apartment property improvements would be minimal.

In response to a question from Chapman, Elkins indicated that the Tax Increment Financing application form has not been adopted at this time.

In response to a question, Shafai indicated that the intent of the project is to provide enhancements to both the apartment property and the neighborhood noting that the project would not move forward without the tax increment financing.

Landeen 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" noting that the Walgreens site is an improvement to the area.

Shafai addressed the goals of the Weed & Seed Program noting that enhancing an area reduces crime, improves living conditions and encourages the area residents to respect and take pride in their neighborhood.

Pummel commented on the Eisenbraun program "Crime Prevention through Environmental Enhancement" noting that the proposed improvements benefit not only the area residents but individuals that travel through the area.

In response to a question, Landeen indicated that items such as junk, trash or abandoned vehicles on the Sam's Club dock could be classified as a nuisance and would be addressed through Code Enforcement.

In response to a question, Shafai provided design plans for the proposed landscaping adjacent to the Sam's Club dock area.

In response to a question, Elkins addressed the traffic improvement projects that have been approved for the area noting their timetable for development and anticipated impact on the current traffic congestion.

In response to a question, Bulman briefly reviewed the differences between the initial and current project requests. Shafai indicated that the covered parking facilities proposed in the

initial request has been removed from the current request. In response to a question, Shafai stated that the noise berm is included in the current request.

Landeem expressed concern that the proposed landscaping nodes will be placed in public right-of-way and will become a City maintenance responsibility.

In response to a question, Shafai indicated that landscaping installed on private property would be maintained by the property owner noting that approximately thirty percent of the proposed landscaping is on private property. In response to a question, Shafai indicated that forty percent of the landscaping costs are related to improvements on private property.

Discussion followed regarding utilization of the term "neighborhood" to designate the North Rapid area.

[The applicant left the meeting at this time 12:11 p.m.]

Landeem voiced concern that the applicant has included the off-site improvements as an incentive to secure project approval. Landeem indicated that this area of North Rapid does not meet the "blight" requirement and does not need tax increment financing to facilitate improvements. Landeem indicated that the current market is providing the improvement momentum for the area. Schmidt concurred.

Chapman stressed the need to finalize the Tax Increment Financing Application process in order to require the applicant to identify the purpose and need for the project within the program guidelines.

DeMersseman expressed concern that approval of this project would establish a precedent encouraging all rental properties in need of upgrade to seek assistance via the tax increment financing program.

Elkins indicated that historically the Committee has placed the impetus for project approval on the value of the "public" improvements provided in the project proposal.

Landeem moved to deny the LaCrosse Street Enhancement Tax Increment Financing request. Schmidt seconded the motion.

In response to a question, Elkins indicated that the applicant would have the right to appeal the denial to the Planning Commission.

Chapman again stressed the need to complete the application form in order to require the applicant to identify the program criteria supporting the application request.

In response to a question from Dryden, Elkins indicated that the District could be structured to do only the proposed public improvements noting that the applicant would most likely decline to fund a project that would not benefit his property.

The motion to deny the LaCrosse Street Enhancement Tax Increment Financing request carried unanimously.

Approval of Minutes

Landeem moved, Dryden seconded and carried unanimously to approve the minutes of the December 16, 2005 meeting

Other Business

Elkins advised the Committee that the proposed changes to the Tax Increment Financing Policy would be addressed at the Special Planning Commission meeting scheduled for Thursday, March 2, 2006.

Adjourn

There being no further business, Chapman moved, Landeem seconded and carried unanimously to adjourn the meeting at 12:21 p.m.