

MINUTES
TAX INCREMENT FINANCE COMMITTEE
May 28, 2002

Members Present: Adam Altman, Bob DeMersseman, Mel Dreyer, Dan Dryden, Marcia Elkins, Alan Hanks, Bob Wall, Stuart Wevik

Others Present: Dan Bjerke, Karen Bulman, Kevin Conway, Jerry Foster, Jason Green, Eirik Heikes, Larry Henderson, Norm McKie, Sharlene Mitchell, Jerry Munson, John Rooney, Martha Rodriguez, Klare Schroeder, Ted Vore, Pat Wyss

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

Approval of Minutes

Hanks moved, Dreyer seconded and carried unanimously to approve the minutes of the December 11, 2001 meeting.

Disk Drive Extension

Elkins presented the Tax Increment District proposal for the extension of water and sanitary sewer and Disk Drive east of Haines Avenue. Elkins indicated that the project will also relocate the Williston Basin Interstate gas transmission line to facilitate commercial development the Henderson property. Elkins indicated that the proposed District would utilize the tax increment revenues generated by the construction of the Lowe's Home Improvement Center.

Elkins then reviewed the projected project costs noting that the applicants have indicated their willingness to fund the normal roadway and associated utility improvement costs on their property. She continued that the remaining landowners are not willing to participate in the improvement costs. Elkins projected a 17 year repayment term with additional development assisting to reduce the repayment term.

Conway indicated that the Disk Drive extension will promote development of the McKie property noting the current discussions with a "big box" business. Conway indicated that the Tax Increment District is necessary for the road extension.

Nooney, McKie's attorney, identified the individual properties and owners within the proposed District noting that the Lowe's development has provided the impetus for the project. Nooney indicated that the current location of the Williston Basin pipeline adversely impacts development of the Henderson property resulting in a "blighted area". Nooney indicated that Howard Street does not provide sufficient access and capacity to support the proposed development of the McKie property. Nooney indicated that the current development proposals for the McKie property are subject to the approval of the Tax Increment District. Nooney indicated that development of the McKie property would expand retail jobs and would reduce the repayment term of the District.

In response to a question from Hanks, Nooney clarified that McKie is willing to fund their portion of the Disk Drive expansion. Nooney indicated that Lakota Homes, United Building Center and the Haines Station Mall would not be involved financially in the road development.

In response to a question from DeMersseman, Nooney outlined the relocation area for the Williston pipeline noting that Williston will not fund the relocation expense. Nooney stated that Lakota Homes has been contacted regarding the pipeline relocation and they are receptive to

the proposal. Discussion followed regarding the relocation and upgrade of the Williston Basin pipeline.

In response to a question from Wall, Elkins clarified that Lowe's would not be impacted by the District noting that the tax increment realized from the Lowe's project would be utilized to fund the District.

In response to a question from Dreyer, Conway indicated that the District, if approved, will not be in place in time to utilize the excess materials being removed from the Lowe's site. Discussion followed regarding the volume of material required for the Disk Drive extension project.

In response to a question from Dreyer, Elkins clarified the location of area road extensions identified by the Department of Transportation. Schroeder recommended retaining the alternative routes noting that the routes are not incorporated into this project. In response to a question from Hanks, Elkins indicated that the northern extension of the I-190 interchange could be included in the District noting that project costs must be identified at the time of District approval. She continued that the interchange would need to be constructed within five years of District approval.

Conway indicated that the engineering for the Disk Drive extension has been completed. Schroeder clarified that an interchange study would need to be completed for the proposed northern extension.

Elkins indicated that with the exception of the McKie funding, there is no identified funding source for the balance of the District. In response to a question from Hanks, Henderson addressed the impact of the Williston pipeline easement and existing dedicated right-of-way on the property noting there would be approximately four acres available for development. He indicated that he would prefer to sell the property undeveloped.

In response to a question from Hanks, Elkins addressed the utilization of and participation requirements for an assessment project.

In response to a question from Dreyer, Elkins recommended over-estimating the project costs for the northern interchange extension in the Project Plan in order to allow staff sufficient opportunity to review the project and finalize costs.

In response to a question from Hanks, McKie addressed the recent property tax increase prompting the Tax Increment District request. He commented on the benefit to the City and School with the development of the site and the overall improvement of the North Rapid area. He indicated that he had not addressed financing for the road extension at this time.

Hanks addressed the funding sources that could be utilized for the project noting the size of this project in relationship to other projects in process. Conway commented on the District's repayment term with Lowe's and the additional development that would occur with the construction of Disk Drive.

In response to a question from Hanks, Elkins indicated that the District boundaries could be expanded to include all of the United Building Center property.

In response to a question from Altman, Nooney indicated that the Henderson property is blighted as the Williston pipeline bisects the property creating irregular lots north and south of the pipeline. Discussion followed regarding the Committee's authority to determine the location and percentage of "blighted" area within a District. Elkins indicated that the City would discourage utilization of Howard Street as a main access due to its carrying capacity. Dreyer indicated that the Tax Increment program provides an incentive to encourage development noting that the project will be an asset to the community.

Dreyer moved to recommend approval of the proposed Disk Drive Extension Tax Increment District and to:

- 1. Direct staff to work with the Mayor, Finance Officer and applicant to identify the project funding sources;**
- 2. Expand the District boundaries to incorporate all of the United Building Center property; and**
- 3. Incorporate a second phase to the Project Plan to address the construction of the northern extension of the I-190 interchange including project funding.**

Review of the Tax Increment Financing Guidelines indicates that the Disk Drive Extension Tax Increment District meets the following evaluation criteria:

- 1. Mandatory Criteria items 1, 2, and 3;**
- 2. Additional Criteria items 1, 3, and 4; and**
- 3. Discretionary Criteria items 5, 6, and 9.**

Hanks seconded the motion.

Wyss commented on the community improvement to be realized with the development of the site. Discussion followed regarding the identified criteria for approval of the District.

Altman indicated that relocation of the Williston pipeline would permit development of the Henderson site without utilizing the Tax Increment District. Discussion followed. Nooney indicated that the potential purchasers of the McKie property are requiring an interchange access other than Howard Street.

In response to a question from Wevik regarding utilization of the Lowe's property as support for other Tax Increment projects, Elkins clarified that the properties included in a District must be wholly within the jurisdiction of the government entity creating the District.

In response to a question from Wall, Hanks addressed the "competition with existing businesses" criteria.

Hanks offered a friendly amendment to the motion to expand the District boundaries to also include the property lying between Haines Avenue and Lakota Homes. Dreyer accepted the friendly amendment.

DeMersseman called the question and there was no objection to calling the question.'

The amended motion to recommend approval of the proposed Disk Drive Extension Tax Increment District and to:

- 1. Direct staff to work with the Mayor, Finance Officer and applicant to identify the project funding sources;**
- 2. Expand the District boundaries to incorporate all of the United Building Center property and the property lying between Haines Avenue and Lakota Homes; and**

- 3. Incorporate a second phase to the Project Plan to address the construction of the northern extension of the I-190 interchange including project funding.**

Review of the Tax Increment Financing Guidelines indicates that the Disk Drive Extension Tax Increment District meets the following evaluation criteria:

- 1. Mandatory Criteria items 1, 2, and 3;**
- 2. Additional Criteria items 1, 3, and 4; and**
- 3. Discretionary Criteria items 5, 6, and 9.**

Carried with Altman voting NO.

Elkins indicated that the Tax Increment District and Project Plan would be developed and presented to the Rapid City Planning Commission and City Council for formal action.

There being no further business the meeting was adjourned at 12:30 p.m.