

MINUTES
TAX INCREMENT FINANCE COMMITTEE
September 12, 2008

MEMBERS PRESENT: Ron Kroeger, Ron Weifenbach, David Janak, Bob DeMersseman, Marcia Elkins, Jim Preston, and Joel Landeen

OTHERS PRESENT: Hani Shafai, Brian Pitts, Joan Martin, Cassandra Messmer, Kelly Hearn, Dan Davis, Malcom Chapman, Sam Kooiker, Mike Schad, Rod Johnson, Robert Ellis, Jerry Cole, Dale Tech, Karen Bulman, and Risë Ficken

Call to Order

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

Approve Minutes

DeMersseman moved, Weifenbach seconded and carried unanimously to approve the minutes of the June 25, 2008 meeting.

Soccer Complex District (08TIF004)

Elkins advised that the request is limited to the creation of the district boundaries noting that State statute requires that the approval of a project plan occur within five years from the date of the creation of the district. Elkins noted that the value of the property within the proposed district boundaries is anticipated to increase on November 1, 2008. Elkins stated that approval of the creation of the district boundaries at this time would establish the district's base value prior to any increase in the valuation of property. Elkins indicated that the project costs are not a part of the request to establish the district boundaries.

Bulman reviewed the proposed district boundaries and identified the property where the proposed soccer complex will be located. Bulman identified the floodplain boundary on the property noting that information for a project plan has not yet been submitted.

Elkins added that if the City does not approve a project plan within five years from the date of the creation of the district, all incremental taxes collected will be returned to the original taxing entities.

David Janak entered the meeting at this time.

Weifenbach requested clarification concerning the date that the City Council accepted the donation of the 80 acre property for the soccer complex. Elkins stated that staff would review the Council records to determine if the property had been accepted by the City Council noting that the assessment records indicate that the City is currently the owner of the 80 acre parcel. Discussion followed.

Brian Pitts of Rapid City Soccer/Sport Complex suggested several possible public infrastructure improvements that could be extended to the proposed soccer complex using Tax Increment District funds allowing all of the 2012 funds identified for the soccer complex to be used for on-site improvements.

Elkins clarified that project costs have not been submitted for review noting that the only request that has been submitted at this time is for the creation of the district.

Pitts stated that the creation of a Tax Increment District would allow the Soccer Association to continue with the development of the soccer complex noting that he feels Tax Increment Financing is a good economic development tool and can provide many benefits to the Soccer Association.

Hani Shafai stated that the flat topography on the property is well suited for the development of soccer fields noting that the floodplain boundaries on a portion of the property located within the proposed district have been revised. Shafai indicated that the proposed 25 field soccer complex will be suitable for hosting regional and national tournaments noting that the location is readily accessible from the interstate and is located close to area shopping and lodging. Shafai indicated that the public infrastructure constructed using funding from the proposed Tax Increment District will not only benefit the soccer complex, but will also facilitate further development in the area. Shafai stated that information for the project plan will be submitted at a later date noting that the purpose of the request to create the district at this time is to capture the anticipated increase in taxes from the recent sale of property.

Jerry Cole entered the meeting at this time.

Shafai noted that the district can be dissolved in the event that the soccer complex is not developed on the property as anticipated.

In response to a question from DeMersseman, Elkins indicated that property taxes will not be collected on the proposed soccer complex as the property is owned by the City and has a zero taxable valuation.

Weifenbach requested clarification concerning how the property is blighted and what other efforts have been made to address needed water, sewer and road improvements.

Pitts indicated that initial contacts have been made concerning the potential to locate a well near the subject property for the purposes of irrigating the soccer fields.

Kooiker entered the meeting at this time.

Elkins noted that the discussion associated with blight on the property relates to the location of the property within the floodplain.

Weifenbach stated his opinion that Tax Increment Financing should be used for specific public purposes as identified in the community such as infill development in Downtown areas noting that consideration should be given to the creation of good jobs and affordable housing. Weifenbach stated that he was not aware that the City Council had accepted the property. Weifenbach indicated that if the City accepts the property and determines that a soccer complex should be developed at this location, a source of funding for the project should be provided that does not include the use of a Tax Increment District.

Landeen indicated that it was his understanding that the City Attorney's Office had drafted agreements and the property was accepted by the City. Discussion followed.

Landeem questioned whether the presence of floodplain on the property constitutes blight. Landeem noted that the district can be dissolved if the Council does not approve of the information contained in the project plan at the time it is submitted.

In response to a question from DeMersseman, Elkins stated the 2012 funds designated for the Soccer Association would not be returned to the City as those funds are for the improvements on the soccer fields. Elkins clarified that preliminary discussions indicate that if a Tax Increment District is created, that funding would be used to extend public infrastructure improvements to the area to support the soccer fields.

Discussion followed concerning previous discussions before the 2012 Committee and the Council relating to the donation of the property to the City for use as a soccer complex.

Kroeger expressed concern that once the district is created the taxes from the increase in base value are diverted to the City prior to the approval or rejection of a project plan. Kroeger noted that if a project plan is not approved, the taxes will be returned to the other entities. Kroeger expressed concern that a project plan for the project is not available.

Shafai discussed the popularity of the sport of soccer in the community and stated his opinion that the sport of soccer should be allocated the same share of public funding as other recreational activities in Rapid City. Shafai noted that 2012 funding and Tax Increment Financing are both sources of public funding. Shafai indicated that the proposed Tax Increment District will be an economic development district noting that the proposed soccer complex has the potential to generate the same economic impact as other major sporting activities in the City.

Weifenbach stated his support for soccer noting that a significant amount of funding has already been allocated to the Soccer Association from 2012 funding. Weifenbach expressed concern that preliminary information for the project costs has not been provided.

Janak commented that the Sioux Park complex was also a joint public soccer venture noting that public funds have been put into soccer projects. Janak expressed concern that a project plan was not presented for review.

Weifenbach moved and Janak seconded to recommend that the creation of the Soccer Complex Tax Increment District be denied.

Preston noted that if the Committee decides to wait to create the district until such time as a project plan has been submitted, an opportunity to collect the increased taxes will be missed.

In response to a question from Preston, Bulman advised that approval of the proposed project is anticipated to change the percentage of base valuation for all active Tax Increment Districts from 7.82% to approximately 7.92%.

In response to a question from Kroeger, Elkins indicated that the Council has the ability to approve the district with the direction that the district be dissolved if a project plan has not been approved within six months of the creation of the district.

Shafai stated that other property owners, including Doyle Estes, will also benefit from the extension of the infrastructure to the soccer complex. Shafai clarified that improvements made

to property owned by Doyle Estes will initially be paid by .16 Utility Funds and will be repaid through water and sewer connection fees. Shafai noted that it is anticipated that the majority of the improvements to be contained in the project plan will be oversizing costs associated with bringing sewer and water to the soccer complex and the project plan will not contain any costs associated with water and sewer for the Estes project.

Weifenbach expressed concern that a project plan is not available for review at this time.

Elkins stated that no project plan has been submitted for consideration noting that only the creation of the district boundaries has been submitted for consideration at this time.

DeMersseman left the meeting at this time.

Kroeger made a substitute motion to recommend that the creation of the Soccer Complex Tax Increment District be approved with the stipulation that the District be dissolved if a project plan is not approved by the City Council within six months of the creation of the District. Preston seconded the substitute motion.

In response to a question from Janak, Elkins indicated that the project plan will be submitted to the Tax Increment Financing Committee for review and approval.

Landeen clarified that the district will not automatically be dissolved in six months if a project plan is not approved noting that staff will need to bring forward a resolution dissolving the district at that time.

In response to a question from Kooiker, Elkins stated that the new Tax Increment District guidelines will apply to the project plan if they are adopted and become effective prior to the submission of the project plan.

Discussion followed concerning the date that the Council accepted the donation of property for the soccer complex.

Weifenbach suggested that a discussion at the City Council level be held to talk about how best to get the soccer fields constructed.

In response to a question from Kroeger, Elkins indicated that taxes assessed on valuations established on November 1st will be collected approximately 18 months later.

Kroeger noted that no taxes will be collected if the project plan is not approved and the district is dissolved in six months.

Discussion followed concerning the sale price of the agricultural property within the proposed district boundary, the existing base valuation and the anticipated increase in valuation.

Weifenbach spoke in opposition to the creation of the district boundaries without having an opportunity to review the costs and project plan.

Elkins explained the process for the Department of Revenue to establish the base valuation for a Tax Increment District.

Landeen noted that creation of the district at this time will allow the Council to lock in the base valuation of the district and allows the City to keep other financing options open.

Weifenbach spoke in opposition to creating the district prior to considering the project plan.

The motion carried to recommend that the creation of the Soccer Complex Tax Increment District be approved with the stipulation that the District be dissolved if a project plan is not approved by the City Council within six months of the creation of the District. (4 to 1 with Kroeger, Janak, Preston and Landeen voting yes and with Weifenbach voting no)

Adjourn

There being no further business Weifenbach moved, Preston seconded and carried unanimously to adjourn the meeting at 12:19 p.m.