

Minutes
Rapid City Infrastructure Development Partnership Review Committee

February 6, 2001

10:00 a.m.

Third Floor West Conference Room

Members Present: Mayor Jim Shaw, Mel Dreyer, Alan Hanks, Ron Kroeger, Tom Murphy, Bob Scull, Dan Bjerke, Blaise Emerson for Marcia Elkins, Jim Preston

Others Present: Sally Broucek, Hani Shafai, Randy Nelson, Klare Schroeder, Ted Vore, Sharlene Mitchell

Call to Order

Mayor Shaw called the meeting to order at 10:02 a.m.

Approval of December 19, 2000 Minutes

Hanks moved, Scull seconded and carried unanimously to approve the minutes of the December 19, 2000 meeting.

5th Street Extension Request

Shafai provided a brief review of the 5th Street Extension Proposal noting the project's positive impact on the community. Shafai presented the funding request executed by Broucek, Davis and Walgar Development. Shafai directed attention to Walgar's request that their costs be structured as a deferred assessment in a manner similar to their Minnesota Street project.

Shafai stated that in order to move the project forward Broucek has agreed to personally secure payment of the accrued interest on Walgar's portion of the project funding. Shafai then reviewed the manner in which the loan principal will be repaid as properties are platted. Shafai indicated that Walgar's signature on the loan agreement would secure the needed right-of-way for 5th Street noting that Walgar's property should develop within the first five years based on its location.

Hanks indicated that Walgar Development will be required to execute the Infrastructure Development agreement as a full participant and recommended that the agreement between Walgar and Broucek not be incorporated into the City agreement.

Dreyer commented on previously defaulted deferred assessments and strongly recommended that the City's position be secured to insure against further loss of the tax payer monies. Shafai proposed structuring the loan repayment based on the estimated value of the platted lot noting that the commercial properties have a higher estimated value and will most likely develop first providing for faster loan repayment.

Hanks briefly reviewed the deferred assessment agreements for the Parkview Drive and Minnesota Street developments. Dreyer expressed concern with extending additional financing until such time as the delinquent deferred assessments are brought current. Shaw requested clarification of the manner in which the City will be assured that all participants in the Infrastructure Development agreement will repay their financial commitments.

Shafai stated that Walgar Development will guarantee repayment of their principal and Broucek will guarantee repayment of Walgar's accrued interest in addition to her principal and accrued interest. Shafai suggested utilizing the Future Land Use Plan to establish the estimated land

value for loan repayment. Discussion followed regarding the proposal to structure loan repayment based on the estimated land value versus acreage platted.

Hanks recommended allocating the loan repayment based on the percentage of frontage along 5th Street. Preston commented on the proposed repayment structure and recommended that staff be allowed additional time to review the repayment proposal. Discussion followed regarding the repayment structure of the loan agreement. Shaw stressed the need to protect the public monies and insure that the loan will be repaid in full.

Emerson indicated that the Future Land Use Plan is a guideline for future development and should land values be utilized as a factor for repayment recommended that the values be established prior to execution of the loan agreement. Preston recommended that staff, in conjunction with legal council, prepare the repayment structure based on a frontage/linear footage percentage. Bjerke supported the frontage/linear footage percentage noting that this will provide an accurate method for tracking costs.

Bjerke indicated that based on the project proposal as presented the property owner's liability is limited to \$1,100,000 requiring the City to fund the drainage, sewer and water improvements in addition to the School land improvements. Dreyer indicated that to build 5th Street now the City will have to fund the improvements and recover the costs through connection fees as the property is developed. Dreyer voiced his support for the frontage/linear footage percentage repayment proposal noting that he will require payment of all assessments prior to City Council approving final plats for this project.

Bjerke requested clarification of the funding sources for the improvements to be funded by the City. Hanks reviewed the 5th Street funding identified in the 2012 program. Discussion followed regarding the funding sources identified for the 5th Street extension project.

Dreyer moved, Hanks seconded and carried unanimously to recommend that staff prepare the Infrastructure Development Agreement for presentation at the 1:30 p.m. Friday, February 16, 2001 Infrastructure Development meeting with the following items to be included:

- 1. Project cost identification;**
- 2. Loan repayment schedule utilizing the 5th Street frontage/linear footage percentage;**
- 3. Identification of funding sources for the City funded improvements; and,**
- 4. Dream Design to provide copy of executed agreement between Walgar Development and Broucek at the February 16 meeting.**

The next meeting of the Infrastructure Development Committee was scheduled for Friday, February 16, 2001 at 1:30 p.m.

Other Business

Kroeger requested that the Committee address utilization of Tax Increment District Financing for the Anamosa Street/Mall Drive area. Dreyer requested that Tax Increment Financing be reviewed for the Deadwood Avenue area. Hanks recommended that funding sources be addressed in conjunction with the Tax Increment Financing requests.

Shaw requested that the following items be placed on the February 16, 2001 agenda:

1. *Tax Increment Financing for Infrastructure Improvements (Anamosa Street/Mall Drive sewer);*
2. *Tax Increment Financing for Infrastructure Improvements (Deadwood Avenue extension northwest); and,*
3. *Funding resources for Tax Increment Financing projects.*

Red Rocks Development

Bjerke indicated that current geotechnical information indicates that the initial cost estimate provided by the project consultant is insufficient to fund the sewer infrastructure construction to the Red Rocks development.

Nelson reviewed the initial estimates received for the sewer line construction noting a projected funding short fall of \$600,000. Bjerke reviewed the project's construction timetable noting the need to identify a funding source for the additional costs in order to bring the project to the City Council for bid approval. *Shaw requested that the Red Rock Sewer Funding be placed on the February 16 agenda.*

Discussion followed regarding the funding resources being utilized for the Red Rock project. Dreyer encouraged retention of the larger pipe size noting the possibility that Countryside could connect to the system in the future. Shaw requested that staff provide the additional funding request in conjunction with funding resource options at the February 16 meeting.

Hanks proposed utilizing the Enterprise account to fund the project as the additional costs could be attributed to oversizing. Bjerke reviewed the annual budgeting process utilized by the Enterprise fund noting that taking funds from this account would require delaying construction on current projects.

Discussion followed regarding identification of funding resources for the 5th Street project.

Adjourn

There being no further business the meeting was adjourned at 11:00 a.m.