

MINUTES
TAX INCREMENT FINANCE PROJECT REVIEW COMMITTEE
March 2, 2016

MEMBERS PRESENT: Steve Rolinger, David Hillard, Deb Hadcock for Ron Buskerud, David Janak, Amanda Scott and Lyndell Petersen

MEMBERS ABSENT: Steve Laurenti and Alternate Andy Scull

OTHERS PRESENT: Patsy Horton, Jeanne Nicholson, Kent Hagg, Pauline Sumption, Sarah Hanzel, Carla Cushman and Ted Johnson

Call to Order

Rolinger called the meeting to order at 8:00 a.m.

Approve Minutes

Motion by Scott, seconded by Hadcock and carried unanimously to approve the minutes of the January 14, 2016 meeting.

South Highway 16 Sanitary Sewer Project Plan Amendment (16TIF001)

Horton explained that the proposed amendment is to reallocate costs and to add a line item to fund the construction of two regional detention ponds. She noted that the tax increment financing district was created to construct a sewer main, a water main, turn lanes and Moon Meadows Drive and to install a traffic signal.

Horton briefly reviewed the State Statute as it relates to adding line items to an existing district. She advised that the new line item would be for the creation of two regional detention ponds. She noted that the City has approved amendments to other tax increment financing districts but this would be the first time the City would approve the addition of a line item to an existing district. She identified the anticipated revenues for the district and noted that dollars may need to be shifted to cover the costs of the regional detention ponds. She added that the bottom dollar line of the district will not change because of the proposed amendment.

Horton reviewed the new construction along Moon Meadows Drive and the proposed creation of the Black Hills Corporation and the Buffalo Crossing tax increment financing districts. She explained the payoff process for tax increment financing districts and reviewed the tax valuation information.

Horton reviewed the options available to the Committee for approval or the denial of the proposed amendment.

Kent Hagg, president of Alta Terra Development, LLC, advised that Tax Increment Financing District 70 has been a work in progress and in 2011 a new owner took over the project and a new project plan was developed. He explained that the initial plan was to build an onsite drainage pond on each parcel but after working with the City and the engineers, it became obvious that it would be beneficial and cost effective to construct regional detention ponds. He added that the regional detention ponds would be more consistent with the City Comprehensive Drainage Plan, would reduce the long term maintenance in the future for the City and would be a solution for drainage in the area. He stated that the current design would accommodate the regional detention ponds and the cost would be approximately \$175,000 because a majority of

the dirt work has been completed and the culvert system is already in place. He noted that the only thing that would need to be added is to widen the area and to place a metering system with the ponds. He added that the drainage in this area has been identified as a project that the City needed to address for about a decade.

Hagg addressed the line item readjustments and the projected revenue from the Black Hills Corporation and the Buffalo Crossing tax increment financing districts. He added that the payoff for this district should be in approximately 5 1/2 years.

Scott moved to recommend denial of the reallocation and the addition of costs to the Project Plan for Tax Increment Financing District #70. The motion was seconded by Hadcock.

Scott expressed concern about the oversight of not including the regional detention ponds in the original project plan and about setting a precedent for existing tax increment financing districts to request amendments for additional costs for their districts.

In response to a question from Janak, Horton advised that if the amendment for the regional detention ponds is denied, the developer of each parcel would be responsible for their own detention pond.

In response to a question from Hadcock, Horton briefly reviewed the approved and contingency costs.

Hadcock expressed her opinion that overrun costs for tax increment financing districts are extremely high and that the regional detention ponds should have been identified at the start of the development design.

Hagg explained that as the project progressed it was determined that regional detention ponds would be more beneficial to the area and more cost effective than individual ponds on each parcel. He added that the current site would be fine with onsite ponds; however, it would be best in the long run for the City and future land owners to have regional detention ponds.

In response to a question from Hadcock regarding the \$300,000 contingency funds that were used, Hagg explained that the significant overrun costs were for the stop light that has been installed. He added that the developers worked closely with the Department of Transportation regarding the installation of the stop light.

Hadcock expressed her opinion that it does not look good for tax increment financing districts when large amounts of money are moved from one line item to another and when large amounts of money are added to the costs of the district.

Hagg briefly reviewed the reallocation costs and noted that the bottom line cost for the district will not change. He expressed his opinion that it makes sense to add the regional detention ponds at this time.

Cushman briefly reviewed the State Statute as it relates to reallocating tax increment financing district costs.

Hadcock expressed additional concern with the changes to the costs.

Horton reviewed the performance history of other tax increment financing districts and noted that some of the districts have reallocated costs to meet the actual costs.

In response to a question from Janak, Hagg explained that both the regional detention ponds and the individual ponds are acceptable. He noted that the regional detention ponds would be great for the infrastructure for the area and that other proposed districts in the area support the regional detention ponds. He added that if the regional detention ponds are denied, the project would move forward with individual drainage ponds being constructed on each parcel.

In response to a question from Rolinger, Hagg stated that half way through the project, a decision was made to have the infrastructure accommodate the regional drainage ponds because of cost savings. He added that the savings would come from the dirt moving that has already been done and the culvert system that is already in place.

Hillard stated that he is comfortable with reallocating costs and that it appears that this tax increment financing district is healthy. He added that the amendment would not increase the bottom line costs and that he supports the amendment.

Scott stated that she can support the reallocation of costs but she has concerns with the additional costs for the district.

Hagg stated that the developers took a very conservative approach in projecting costs when creating this tax increment financing district. He added that the tax increment financing district process is a great tool for increasing tax revenues on property that is paying very little tax. He noted that this development would not have happened without a tax increment financing district.

Hagg requested that this item be continued to another meeting to allow for the engineer to attend the meeting.

Horton briefly reviewed the costs for Tax Increment Financing District #41.

Hadcock moved to continue the reallocation and the addition of costs to the Project Plan for Tax Increment Financing District #70 for two weeks. The motion was seconded by Scott.

Scott requested that staff include the information for Tax Increment Financing District #41 at the next meeting.

The motion to continue the reallocation and the addition of costs to the Project Plan for Tax Increment Financing District #70 for two weeks carried unanimously.

There being no further business to come before the committee, Scott moved, Hillard seconded and motion carried unanimously to adjourn the meeting at 8:52 a.m.