MINUTES
TAX INCREMENT FINANCE PROJECT REVIEW COMMITTEE
July 12, 2016

MEMBERS PRESENT: Steve Laurenti, Ron Buskerud, Lyndell Petersen and Jerry Wright

MEMBERS ABSENT: Steve Rolinger, David Janak and David Hillard

OTHERS PRESENT: Patsy Horton, Jeanne Nicholson, Hani Shafai, Kyle Treloar, Ted Johnson, Pauline Sumption, Carla Cushman, Deb Hadcock, Sarah Hanzel, Mary Bosworth and Laverle Kepler

Called to Order
Wright called the meeting to order at 7:04 a.m.

Approve Agenda
Motion by Laurenti, seconded by Buskerud and carried unanimously to approve the agenda.

Approve Minutes
Motion by Laurenti, seconded by Buskerud and carried unanimously to approve the minutes of the March 29, 2016 meeting.

Unnamed Tributary Channel Improvements (16TIF002)
Horton explained that the request is to create a tax increment district to reconstruct the Unnamed Tributary Channel and to install a traffic signal at the intersection of Elderberry Boulevard and East Highway 44. She reviewed the base tax evaluations, the proposed funding for the tax increment district, the checklist, the blight criteria, the proposed public improvements and the master plan. She noted that because some of the property is not located in the City, the applicant will need to submit an annex application for the highway and railroad right-of-way. The annexation would need to be finalized prior to the TIF resolution. Horton also addressed the location of the floodplain and floodway properties and the necessary permits that will need to be submitted by the applicant. She added that after FEMA approves the new maps for relocating the floodplain, the applicant will need to deed land back to the City based on the Property Transfer Agreement. Horton further reviewed the Property Transfer Agreement, the Oversize Agreement, the preliminary review, the projected construction costs, the cash flow projections and the site photos.

Horton reviewed the options available for the continuation, approval or denial of the proposed creation of a tax increment district.

In response to a question from Laurenti regarding the projected infrastructure costs, Horton advised that the total developer TIF costs for the drainage channel is $856,000.

In response to Laurenti’s question, Horton advised that the applicant will need to go through the annexation process for the property that is currently not located in the City limits.

Shafai expressed his opinion that the existing channel was not constructed correctly and provided pictures of flooding in the area from heavy rains a year ago. He reviewed the
construction of the existing drainage and the associated easements, the location of an existing sewer line, the design of the drainage ditch and the undersized culverts. He added that the drainage channel cannot be moved to the west because of the location of an existing gas line. Shafai stated that one of the components of the tax increment district is to install a traffic signal at the intersection of Elderberry Boulevard and East Highway 44. He added a traffic signal at this location would provide a safer access to the proposed development, to the Pioneer Drive neighborhood and to East Highway 44. He commented that the second component for the tax increment district is for improvements to the regional infrastructure. He added that the developer has covered the costs for the local drainage improvements which would include conveying drainage to Rapid Creek, detention ponds and culverts. Shafai briefly identified the commercial uses and medical facilities that will be coming to the area and the increase in new jobs that will be generated by the increased development. He added that the proposed tax increment district complies with all City and County master plans for the area.

Shafai stated that other tax increment districts have been used for drainage improvements. He added that the City and the County are both responsible for the flooding issues in this area. He also noted that they are still waiting on the letter from FEMA advising them that they have approved relocating the floodplain in this area.

In response to a question from Laurenti, Hani explained that moving the existing channel will assist in providing access to the Lytle and other properties in the area and will provide approximately three extra acres for development.

In response to Laurenti’s question regarding the 9% interest rate, Shafai advised that he has visited with the bank and realistically the interest rate is 4.5% for a variable rate and 6% for a fixed rate.

In response to a question from Wright, Horton briefly explained the drainage improvement and traffic signal policies. She noted that tax increment district funding has been used for the installation of traffic signals.

In response to questions regarding the original agreement, Bosworth responded that the City agreed to pay half of the original estimated construction costs. She added that internal road crossings are part of the local development and that the developer is responsible for those costs.

Shafai advised that when the Oversize Agreement with the City was created, it was decided to reconstruct the channel but that the City did not have adequate funds to cover the costs. He added that the City agreed to put approximately $400,000 in the fund over a two year period. He added that the final costs or design of the property were not available at the time the property was platted.

In response to a question from Laurenti, Horton advised that the Oversize Agreement was approved in August, 2014 and that the source of funding would be from the new storm water drainage fees.

Bosworth explained the disbursement schedule for the Oversize Agreement.

Shafai commented that the City could revise the TIF procedures to change the payout for tax increment districts from 20 years to a number of years that would be more realistic for each
particular district. He added that the twenty years does not push the developer to complete the development in a timelier manner. A brief discussion followed.

Horton advised that the committee can add stipulations for time constraints in the recommendation.

Laverle Kepler informed the committee that a road district was formed for the property on the north side of East Highway 44 from Twilight Drive to the feed store. She noted that there are two major issues in this area and they are drainage and access on to East Highway 44. She added that she could support the tax increment district if these issues could be resolved.

In response to a question from Wright, Horton advised that if the subject property is located within the TIF boundary, the issues could be considered. She added that the property is located outside the City limits and that the property would need to be annexed prior to the approval of the tax increment district.

In response to Wright’s question, Shafai advised that the drainage from the south side of East Highway 44 in this area has nowhere to go because of the railroad bed in this area. He added that he would be willing to address this drainage issue with minimal grading in the proposed development. He further explained that the traffic signal will be installed when it is warranted by increased traffic flow. He noted that it is anticipated that the bid for the traffic signal will be advertised in late September and the contract should be awarded contingent upon State approval and the tax increment district being approved.

In response to a question from Laurenti regarding the verification of public infrastructure items and professional fees, Horton advised that there usually is a 10 percent contingency for unforeseen costs. She advised that the costs are verified during the certification process after construction is complete.

Shafai requested the committee to move forward with making a recommendation on the request. He added that the committee could add a stipulation that the life of the tax increment district be limited to 10 years instead of 20 years. He advised that he would not have a problem with a committee representative attending the meeting with him and the bank.

Laurenti moved to recommend approval of the creation of the tax increment district to reconstruct the Unnamed Tributary Channel and to install a traffic signal at the intersection of Elderberry Boulevard and East Highway 44 with the stipulation that the term of the district be 10 years. The motion was seconded by Buskerud and carried with Laurenti, Wright and Buskerud voting yes and Petersen voting no. (3 to 1)

There being no further business to come before the committee, Laurenti moved, Buskerud seconded and motion carried unanimously to adjourn the meeting at 8:30 a.m.