

MINUTES
TAX INCREMENT FINANCE PROJECT REVIEW COMMITTEE
February 14, 2017

MEMBERS PRESENT: Steve Rolinger, David Hillard, Deb Hadcock for George Ferebee, Steve Laurenti and Dave Janek

MEMBERS ABSENT: Ron Buskerud and Jerry Wright

OTHERS PRESENT: Patsy Horton, Jeanne Nicholson, Carla Cushman, Pauline Sumption, Doyle Estes and Kathy Johnson

Called to Order

Rolinger called the meeting to order at 7:03 a.m.

Approve Minutes

Motion by Hadcock, seconded by Hillard and carried unanimously to approve the minutes of the November 16, 2016 meeting.

Rainbow Ridge Amendment #2 – Cost Reallocation (17TIF001)

Horton informed the Committee that the original Tax Increment Financing District was created in 2005 and she reviewed the original boundary of the district. She briefly reviewed the improvements that were done as part of the adjacent Tax Increment Financing District #36, an underlying district, and noted that the district was paid off in 2012. Horton reviewed the development that has occurred in the Rainbow Ridge district. She noted that the Plan originally included a water well but was changed to a water tower to meet the needs of the area. She reviewed the evaluations, photographs, public improvements map and the reallocation costs. She noted that reallocating the costs does not change the bottom line of the district. She advised that the reallocating of the costs identify the real and actual costs incurred for the district and briefly reviewed the anticipated payoff dates for Phase 2 and Phase 3 of the district. Horton reminded the Committee that the State statute allows 20 years for the payoff of a Tax Increment Financing District and that the average for Rapid City districts is approximately 9.78 years. She further reviewed the tax base valuations for 2015, aerial map, proposed public improvements and the proposed reallocation of the existing costs.

In response to a question from Laurenti, Horton advised that an amendment was done in 2008 to reallocate the actual costs for the water tower instead of the water well that was originally identified in the creation of the district

In response to a question from Hadcock, Horton reviewed the payments and payment sources for the water tower, the booster station and the park.

Johnson advised that the new water main provided much needed water pressure for the area, both in and out of the district, and the fire district. She noted that the original project costs included design costs for the water well and that additional professional services costs were incurred for the water tower design.

Hadcock commented that the improvements that have been made in the district have greatly improved the area, both in and out of the district.

Sumption briefly reviewed the project costs for the park, the booster station and the water tower. She advised that approximately \$350,000 from the Katelyn Subdivision Tax Increment District was also used for the park improvements. She added that the first certification of the project costs identified that they were paid off in 2008 and noted that the developer certified all project costs for every line item. She requested clarification for this amendment.

In response to a question from Hillard, Johnson advised that the south loop was completed in 2006, the park in 2007 and the booster station and the water main were started in 2009 and completed in 2011.

Hillard requested clarification as to why there is a four year delay in the reallocation of the final project costs.

Johnson advised that the delay was because we, as the developers, did not file the amendment right of way. She noted that the actual construction costs for the water main exceeded the projected costs because of the amount of rock located in the water main project area. She added that there were no actual professional services costs projected in the original project plan and that in 2008, 10% of the construction costs were moved into the professional services line item. She added that the engineering and design costs for the water main and the booster station were higher than projected in 2008.

Horton informed the Committee that the Public Works, Finance and Community Planning departments are thoroughly reviewing all tax increment financing districts to ensure that all costs are certifiable.

Hillard expressed his concern with the length of time between the completion of the project and the submission for the amendment to reallocate the final project costs.

Johnson advised that all contractors have been paid. She noted that the developers paid the costs that exceeded the bank loan and noted that when the district is paid off, remaining proceeds will be used to pay off all expenditures prior to paying the developers. A brief discussion followed.

Horton informed the Committee that staff is working on new language restricting the length of time between the completion of the project and the applicant's submission for certifying final project costs.

Estes advised that the revenue will increase dramatically because of future residential development within the district.

Janek moved to recommend approval of the amendment to reallocate project plan costs to match actual expenditures. The motion was seconded by Hadcock and carried with Rolinger, Janek and Hadcock voting yes and Laurenti and Hillard voting no. (3 to 2)

Hadcock commented that she supported the amendment to the tax increment financing district because of the completed improvements that have been made to the infrastructure in this area.

There being no further business to come before the committee, Laurenti moved, Hadcock seconded and motion carried unanimously to adjourn the meeting at 7:35 a.m.