

Note: Minutes are draft until approved at the next meeting.

MINUTES	Tuesday, September 3, 2013	
Fiscal Committee	* 4:30 PM	
	Carnegie Town Hall	
	235 West 10th Street	

Members Present: Council Member Dean Karsky, Council Member James Entenman, Council Member Greg Jamison, Council Member Sue Aguilar
Members Absent: None
Staff Present: Lorie Hogstad, CMC, City Clerk; Jim David, Legislative/Operations Manager; Dave Bixler, Budget Analyst
Guests: Rex Rolwing

1. Call To Order

Committee Chair Sue Aguilar called the meeting to order at 5:30 p.m.

2. Approval of Minutes

A Meeting held on Tuesday, July 2, 2013

A motion was made by Greg Jamison and seconded by James Entenman to approve the Minutes of the meeting held on Tuesday, July 2, 2013.

Vote to approve: Roll Call: Yeses, Sue Aguilar, Dean Karsky, James Entenman, Greg Jamison, 4. Noes, 0.
Motion Passed.

3. Reports and Updates

A TIF 17 Presentation by Brent O Neil, Community Development Manager

Brent O'Neil, provided background information regarding TIF 17 stating it was originally approved by the City Council in October, 2012. This TIF was for roughly 30 acres of underdeveloped property formerly known as Williams Pipeline. At that time the taxable value on the property was less than \$1 million with minimal total annual property taxes. O'Neil stated that the projected taxable value is \$30+ million with \$550,000 in new annual property taxes.

O'Neil stated that the development plan encompassed commercial and residential development. This TIF project has been delayed due to initial concerns regarding potential environmental concerns on the site. The commercial section was for Costco and the residential section is for an apartment building. O'Neil reviewed the cost share scenario used in the development of this TIF area. He stated that the TIF participation would result in a payback in 10-15 years.

O'Neil provided the following update on where the project is now: Costco is completing their project with a projection of October 3 as their opening date; an apartment project will be starting soon; the environmental conditions were better than expected (resulting mitigation costs will likely come in lower than expected); and Community Development will work with each developer to certify the TIF expenses within a few months of each project. Discussion followed.

Council Member Greg Jamison discussed the TIF process and one of the outcomes of this particular item. He noted the differences between the initial purchase price, the amount of the TIF requested, and the subsequent sale of part of the land by one of the developers. Jamison asked if a TIF would have been necessary, given the dollar amount obtained in the sale. Jamison also mentioned the process in which the City Council learned about this information. O Neil responded that this deal was unique and the City wanted to use a TIF only as a last resort. O Neil stated it was structured so that there would be a cost share and a cap; there would be specifics on what the TIF could be used for; there would be a listing of items for reimbursement qualification, which would be limited to environmental items only.

Jamison recommended revisions to the TIF process with the suggestion of using a mathematical worksheet designed to disclose the following information: who owns the land; the purchase price of the land; an equation to determine if a TIF is needed and, if so, how much. Jamison requested this information be included in the presentation(s) to the City Council. He stated this would be a useful tool to the City Council in determining if TIFs are needed in the future. O Neil stated future TIF s will be presented to the City Council twice and also to the Planning Commission. The goal is to give the Council and the Commission more time to review the information before making any decisions.

Council Member Sue Aguilar asked if there has been any environmental work done for the apartment complex and if there were underground garages. O'Neil responded that there has been some minimal work completed. Of the \$5 million in mitigation for environmental work, \$3 million was for the apartment and \$2 million was for Costco. O Neil stated that EPA standards are higher for residential uses. O Neil stated there are two separate developer agreements: one for Costco and one for the apartment complex.

Darrin Smith, Director of Community Development and Public Parking, added that there will be a new ordinance coming forward this month to the City Council. He advised the Council that one of the changes to proposing TIFs in the future is that they will be using an outside firm to review TIFs. He stated they have been in talks with a firm that has specific expertise in this area. This firm will be able to provide an independent, objective, comprehensive review of the TIF application.

Smith reiterated that this TIF is unique because it was the first one where a cost share process was implemented with the developer and a private entity. The 85%-15% cost share is an accountability tool requiring the developer/private entity to have 15% environmental only expenses up front and then they can request reimbursement. Smith noted that the requests for reimbursement will be thoroughly reviewed by environmental experts from both within and outside City Hall prior to approval or denial. Smith stated this information will be brought to the City Council in a few months.

Jamison asked if a firm has been selected and asked who they are. Smith stated it is the TEGRA Group, the same private firm is currently being used for the Event Center. Smith provided background information on partner Dick

Strassburg, stating he has a background in architecture and experience with scrutinizing structure and design expenses. The TEGRA Group is based out of Minneapolis, Minnesota. Smith stated that all TIF related costs (processing paperwork) would be passed on to the developer.

4. Open Discussion

At the Informational Meeting today, Council Member Kermit L. Stagers gave a presentation on the tornado damage in Moore, Oklahoma. Jamison stated this would be a good time to discuss the information presented. Jamison stated that Stagers was requesting that part of the FEMA money that Sioux Falls will receive from the April ice storm should be sent to Moore. Jamison noted that the topic of the FEMA funds was discussed at the last Fiscal Committee Meeting. He stated that, while placing these funds in the reserves is one option, he recommends paying back debt service used to build the levee systems. The initial plan was for the Federal Government to pay back some of these funds but they did not. Jamison stated that this would enable citizens to stop paying higher flood insurance premiums and to be able to develop land because it will no longer be listed in the flood plain. Jamison stated the money would be a wonderful gift to Oklahoma but would not be an appropriate use of these funds.

Council Member Jim Entenman stated that he has compassion and empathy for the people of Moore; however he agrees that the money received from FEMA should be used locally. He noted it was a local emergency that used a portion of the reserve funds and the FEMA money should be put back into that account. Entenman stated the City will have future needs such as fire stations and staffing and that we need to be able to meet those needs. He Entenman stated that there have been people in the Sioux Falls community that have made contributions to the community of Moore.

Council Member Rex Roling spoke at the podium with the following points: he agrees with the Council Members comments regarding not sending money to Moore; reminded the members that the Mayor s budget, as presented, does not include any additional room to drawn down more than what we have now; and using \$9-\$11 million would draw the funds down to the 25% level or below.

Karsky stated he would like to know, before spending any money out of the reserves, what is going to happen in the next three, four, five years in the reserve. He noted that FEMA can take two years to draw up the flood plain maps and that we are working on their timetable. Karsky recommended spending money for development in flood plain areas which would reduce the amount of money citizens are spending on flood insurance. Jamison asked Karsky if had received any information from Public Works regarding his inquiry on funding. Karsky replied that he has not yet spoken with Public Works on this subject. Jamison stated this was a great conversation and agrees with Councilor Karsky's suggestions. He noted that it may take the Federal Government two years to update the flood plain maps and he also noted that the Federal Government is generating monthly revenue from the flood insurance premiums.

Aguilar asked if this topic needs further consideration from the Fiscal Committee or to bring this to an Informational Meeting. Karsky stated he would bring the additional information forward. Jamison reminded the Council that previous communications have indicated the

reserves used for the ice storm will be replenished. He stated that the funds taken from the reserve will be replenished and that this will not delay or affect other city services i.e. building services in the city of Sioux falls or delaying any community projects, parks, etc. Jamison stated that removing some of the debt without putting items off would be a win-win scenario.

5. Adjournment

A motion was made by James Entenman and seconded by Dean Karsky to adjourn the meeting at 6:08 p.m.

Aguilar called for a voice vote on that motion and all members voted yes.
Motion Passed.

Tamara Jorgensen, CMC

Assistant City Clerk