

**MINUTES OF THE JOINT MEETING
MINNEHAHA COUNTY & SIOUX FALLS PLANNING COMMISSIONS
August 23, 2010**

A joint meeting of the County and City Planning Commissions was held on August 23, 2010 at 7:00 p.m. in the Commission Room of the Minnehaha County Administration Building.

COUNTY PLANNING COMMISSION MEMBERS PRESENT: Susie O'Hara, Mike Cypher, Don South, Becky Randall, Mark Rogen and Carol Twedt.

CITY PLANNING COMMISSION MEMBERS PRESENT: Meredith Larson, Steve Gaspar, Darla Erb, and Mike Roth.

STAFF PRESENT:

Scott Anderson, Pat Herman, and Ryan Streff - County Planning
Jeff Schmitt & Steve Randall – City Planning

The City Planning Commission chair Meredith Larson presided over the meeting. The County Planning Commission was chaired by Chair Susie O'Hara.

CONSENT AGENDA

There were no items on the consent agenda.

REGULAR AGENDA

Item 1. Minutes – June 28, 2010 & July 26, 2010

A motion was made for the City by Gaspar and seconded by Roth to **approve** the meeting minutes from June 28, 2010 & July 26, 2010. The motion passed unanimously. Same motion for the County by Rogen and seconded by Cypher. The motion passed unanimously.

ITEM 2. Tax Increment Finance District #2

Petitioner: SDN Communications

Property Owners: SDN Communications and Highway 38 Sundermann
Land LLC

Location: 5300 N. LaMesa Drive intersection of N. LaMesa Drive
and W. 60th St. North

General Information

Legal Description – W ½ SW ¼ (Ex Co Aud Tract 1 & Ex Lots H-1 & H-2) & NE ¼
SW ¼ (Ex H-1) & S ½ SE ¼ (Ex S300' E300' & Ex Tr 1 RCC
Addn) & SE ¼ SW ¼ (EX H-2) in Section 26-T102N-R50W

Existing Land Use - Agricultural

Current Zoning – Planned Development & A1 Agricultural

Parcel Size – 155.0 Acres

Staff Report Scott Anderson

Staff Analysis

SDN Communications, the petitioner, has requested the creation of a tax increment

financing (TIF) district. The proposed district consists of approximately 155 acres in Section 26 of Benton Township. The TIF district will be used for financing the improvements of a technology center and business park.

Tax Increment Financing is a method of financing improvements and development in an area which has been determined to be blighted according to the criteria set forth in SDCL 11-9. All this is done without incurring a general obligation for the taxpayers of the entire County.

The assessed value of a district is determined by the South Dakota Department of Revenue at the time the district is created by the County Commission. This valuation is termed the Tax Increment Base Valuation for the district, or simply the "Base Valuation." As the property taxes for the property are paid, that portion of the taxes paid on the Base Valuation continue to go to those entities, (City, County, School, etc), which levy property taxes.

When, in succeeding years, the assessed valuation of the district increases, then the total property taxes paid by the owners of property in the district will increase accordingly. That increase in taxable valuation is the "increment". When the tax bills are paid, only that portion of the tax bill which results from the Base Valuation is paid to the taxing entities. The remainder of the tax bill, known as the Tax Increment, is deposited in a special fund. A "project plan" will determine how these accumulated funds will be used.

This financing method is invaluable for encouraging growth and development in areas with special development problems, since the amount of funds available for use by the project plan is directly related to the increase in valuation which the given project or development will create.

SDCL 11-9-3 requires a hearing notice be published for the creation of the TIF district boundaries at least ten (10) days, but not more than thirty (30) days prior to the Planning Commission meeting. Staff published the hearing notice in the Argus Leader on August 6, 2010. Furthermore, SDCL 11-9-3 requires a copy of the hearing notice to be sent by first class mail to the chief financial officer of all local governments having the power to levy taxes in said district. Staff mailed a copy of the hearing notice on August 5, 2010 to the Benton Township, Tri-Valley School District, Minnehaha County Auditor and East Dakota Water Development District.

The Planning Commission is only considering the establishment of the TIF district boundaries. The specifics will be presented in September of 2010 in the project plan. Staff has prepared a map of the proposed TIF district boundaries for your review. There is another item to note. Should the district boundaries be created and then a project plan not approved for the location of the proposed business park and technology center, the district can be easily dissolved. The Planning Commission's recommendation will be submitted as a recommendation to the County Commission for final action.

Recommendation

Staff recommended approval of the creation of Tax Increment District #02 to include the

following legally described parcels:

THE WEST HALF OF THE SOUTHWEST QUARTER (W1/2SW1/4) OF SECTION 26, TOWNSHIP 102 NORTH, RANGE 50 WEST OF THE 5TH PRINCIPAL MERIDIAN, MINNEHAHA COUNTY, SOUTH DAKOTA, EXCEPT LOT H-1 IN THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER (NW1/4SW1/4) CONTAINED THEREIN, AND EXCEPT LOT H-2 OF THE WEST HALF OF THE SOUTHWEST QUARTER (W1/2SW1/4) CONTAINED THEREIN; AND EXCEPT COUNTY AUDITOR'S TRACT 1 OF THE SOUTHWEST QUARTER (SW1/4) CONTAINED THEREIN; and

THE NORTHEAST QUARTER (NE1/4) OF THE SOUTHWEST QUARTER (SW1/4) EXCEPT LOT H1 THEREOF; & S1/2 SE1/4 (EX S300' E300' & EX TR1 RCC ADDN) & SE1/4 SW1/4 (EX H-2), SECTION 26, TOWNSHIP 102 NORTH, RANGE 50 WEST OF THE 5TH PRINCIPAL MERIDIAN, MINNEHAHA COUNTY, SOUTH DAKOTA.

Public Testimony

Commissioner Rogen asked what the exceptions in the legal descriptions described. Scott Anderson stated that the H-lots are state right-of ways and the other exception is the DOT property to the east.

Commission Cypher wanted to confirm with staff that SDN owns the west 80 acres. Scott Anderson stated that SDN owns the west half of this property that is approximately 65 acres in size. Commissioner Cypher wanted to know why the other parcels of land are being included in the proposed TIF District. Mr. Anderson stated that they are including these parcels in order to provide services to the SDN property. Commissioner Cypher continued to ask if this facility or TIF District would be on a sanitary sewer district. Scott Anderson informed the commissioner that this property would be on a septic system at this time and that once the city services are made available at the site they will be required to connect to these services.

Commissioner Roth asked if there is a timeline associated with the creation of this TIF District. Scott Anderson informed the commissioners that the timeline will be determined by the project plan that will be developed once the TIF District is formed. Mr. Anderson stated that the project plan will help place controls on the district and the timeline associated with the development process. Commissioner South stated that as in TIF District #1 we have mechanism to dissolve the district if nothing is developed.

Vernon Brown (2900 W 10th) gave a brief background on SDN Communications. He stated that SDN (South Dakota Network) is a very well known broadband provider throughout South Dakota with a membership of 17 independent telephone companies for which they supply services to customers in their area. He informed the commissioners that this is a 10 million dollar project that has the ability to be expanded up to 100,000 sq. ft. of usable floor space in the future. The first phase will have a 25,000 sq. ft. building with 10,000 sq. ft. for data, 10,000 sq. ft. for utilities and the remainder for administrative offices. He stated that this data center would be their second site and would provide services to banks, government offices, 911 dispatch centers, hospitals and other large organizations. Mr. Brown said this particular site in the county was strategically chosen by officials because of its proximity from their other office location, its ideal weather conditions and a redundant power source. The TIF will assist SDN monetarily in meeting their infrastructure needs. He continued to state that this facility and the overall project will help the area grow.

Tom Freiberg (SDN Attorney) informed the commission that he has worked with many other TIF Districts within South Dakota. Mr. Freiberg stated that at this time they are only looking for the boundaries to be set for the creation of the TIF District. He made it clear that once the district is created the TIF Plan will be developed. Mr. Freiberg stated that the other properties included in the district are needed in order for services to be provided to their facility. He continued to state that this particular area is an ideal location for a TIF District and that they will work with the county officials and staff to create a project plan that will be suitable for all parties involved.

Jeff Eckhoff (200 N. Philips Ave.) stated that he has been working with Mr. Brown and SDN Officials on this proposal. He informed the commissioners that he too has work with many other TIF projects. Mr. Eckhoff acknowledged that the companies that choose to locate in this area will pay for the utilities to be brought to them. He stated that once the utilities are in place development will come to this area because of its great location and access to major road systems. Mr. Eckhoff speculated that the project would only take 5 years to complete. He understood that once the city boundaries expanded to this area the development would be annexed into the city. Mr. Eckhoff finished with stating that this facility and other future development will bring in more high-end jobs to the Sioux Falls area.

Commissioner Cypher asked how long it will take before all the taxes are reinstated. Tom Freiberg stated that it depends on how long it takes to pay off the loan. Commissioner Cypher made the comment that he does not want a company to be a freeloader on the systems by avoiding taxes. Mr. Freiberg stated that there is a limit of 15 years plus the 5 years construction, for a maximum of 20 years for the project to be completed.

Commissioner Twedt stated that it is great to have joint jurisdiction with the City of Sioux Falls so that we can make the appropriate plans for the future. She then continued to question if this TIF is considered a County TIF or a City TIF. Scott Anderson stated that it is a County TIF and it will remain that way until the project is finished.

Commissioner Rogen stated that this is a great area for a TIF project. He continued to inform the commissioners that there is an existing data center already located to the SE of this location.

No one else wished to speak to the item and the floor was closed to public testimony.

Discussion

There was no other discussion on this item.

Action

A motion was made for the City by Roth and seconded by Erb to recommend **approval** Tax Increment Finance District #2. The motion passed unanimously. Same motion for the County by Rogen and seconded by South. The motion passed unanimously.

Tax Increment Finance District #2 – APPROVAL RECOMMENDED.

