

STAFF REPORT

April 10, 2003

No. 03TI004 - Tax Increment District #39 - Project Plan

ITEM 37

GENERAL INFORMATION:

PETITIONER

Charles Barker for A/R Group

REQUEST

No. 03TI004 - Tax Increment District #39 - Project Plan

EXISTING

LEGAL DESCRIPTION

Tract 1 of Century "21" Subdivision, Section 32, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lots H2 of Lot 3 & Lot H3 of Lot 3 all of the SW1/4NW1/4, Section 32, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lots H3 and H4 of the SE1/4NW1/4, Section 32, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H1 of Lot A of the SE1/4NW1/4, Section 32, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H2 of the SE1/4NW1/4, Section 32, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H1 of the S1/2NW1/4, Section 32, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H7 of the S1/2NW1/4 located south and east of the highway excepting therefrom Lot A of the SE1/4NW1/4, Section 32, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H8 and the balance of Lot H5 all located in the SE1/4NW1/4, Section 32, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H1 of Tract A of the SE1/4NW1/4 and SW1/4NE1/4, Section 32, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H1 and Lot H2 of the NE1/4NW1/4, Section 32, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H2 of the N1/2NE1/4 as recorded on Plat of Lot H1 of the N1/2NE1/4, Section 32, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H2 in the NW1/4NE1/4, Section 32, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot "Z" showing a tract of land to be abandoned in a portion of Lot H3 in the N1/2NE1/4, Section 32, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H3 in the N1/2NE1/4 of Section 32, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota

PARCEL ACREAGE

Approximately 68.87 acres

LOCATION

East of Century Road, north and west of E. North Street and south of the railroad right-of-way and I-90 Exit 60

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EXISTING ZONING	General Commercial District
SURROUNDING ZONING	
North:	General Commercial District/General Agriculture District
South:	General Commercial District/General Agriculture District
East:	General Commercial District
West:	General Commercial District
PUBLIC UTILITIES	To be extended
DATE OF APPLICATION	03/14/2003
REPORT BY	Karen Bulman

RECOMMENDATION: The Tax Increment Financing Review Committee recommends that the Planning Commission recommend approval of the Tax Increment District No. 39 Project Plan and attached resolution.

GENERAL COMMENTS: The applicant has requested the creation of a Tax Increment District to facilitate the development of commercial property located east of Century Road, north and west of East North Street and generally south of the railroad right-of-way and I-90 Exit 60. The proposed project costs will include the following public improvements: relocation of Western Area Power Administration power lines that cross the site, extension of existing water and sewer to the site; and construction of traffic signals and turn lanes on East North Street. In addition, the plan includes the oversizing cost to the City for the construction of 1300 lineal feet of Anamosa Street, including the cost of acquiring the right-of-way in excess of 100 feet. The estimated cost of the improvements is \$1,700,000. This tax increment plan will allow this commercial area to develop by assisting with infrastructure costs and will enable the City to recover some of the costs associated with their portion of the Anamosa Street construction. This additional commercial development will increase the community's economic vitality while expanding the City's property and sales tax base.

The proposed district boundaries incorporate the applicant's property plus the East North Street right-of-way south of the railroad right-of-way and I-90 Exit 60. The proposed district also includes a portion of Eglin Street south of the railroad right-of-way to East Anamosa Street and a portion of East Anamosa Street from Eglin Street to East North Street. These rights-of-way are included in the project plan to allow the construction of the infrastructure improvements.

The proposed district may run for twenty years; however, it is anticipated that the project costs will be paid off in 16 years. The anticipated increment at build out for land values only that are associated with the project is \$16,262,000. The applicant plans to obtain private financing for this Tax Increment District with the exception of the costs associated with the oversizing costs of Anamosa Street. The oversizing costs associated with Anamosa Street, including the cost of acquiring the right-of-way, is estimated to be \$900,000, and will be initially funded by the City of Rapid City. The Tax Increment Financing Committee has recommended that the developer costs and City costs be repaid on a 50-50 basis as revenues are received.

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COMMITTEE REVIEW: The Tax Increment Financing Committee reviewed the proposal to create a Tax Increment District. The Review Committee found that the proposed project complies with all applicable statutory requirements as well as the City's adopted Tax Increment Policy. The Committee found in addition to the mandatory criteria, the proposal meets the following two optional criteria:

- Criteria #1: The project must demonstrate that it is not economically feasible without the use of Tax Increment Financing.
- Criteria #2: The project will eliminate actual or potential hazards to the public by increasing lanes for deceleration, adding traffic signals, and relocating the Western Area Power Administration power lines.

Additionally, the following discretionary criteria are met:

- Criteria #2: All Tax Increment Fund proceeds are used for the construction of public improvements.
- Criteria #5: The building or site that is to be redeveloped itself displays conditions of blight as established by the provisions of SDCL 11-9.
- Criteria #9: The project costs are limited to those specific costs associated with a site that exceed the typical or average construction costs, specifically the extension of sewer or water mains, the oversizing costs of Anamosa Street, and relocating the Western Area Power Administration power lines.
- Criteria #10: The developer agrees to waive the five-year tax abatement.

Copies of the adopted Tax Increment Financing Policy are attached for your reference.

The Tax Increment Financing Project Review Committee recommends approval of the attached resolution approving the Project Plan for Tax Increment District Number Thirty-Nine.