

STAFF REPORT

June 26, 2003

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**No. 03TI008 - Tax Increment Financing District - Project Plan**

**ITEM 48**

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GENERAL INFORMATION:

PETITIONER	Dream Design International, Inc.
REQUEST	<b>No. 03TI008 - Tax Increment Financing District #41 - 5<sup>th</sup> Street Improvements- Project Plan</b>
EXISTING LEGAL DESCRIPTION	Government Lot 1 & 2 less Lot H1 in the SW1/4NW1/4, Section 19, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, NW1/4NW1/4, SE1/4NW1/4 less the West 460 feet of the South 990 feet less Lot H1, SW1/4NW1/4 less the South 990 feet, SE1/4NE1/4, SW1/4NE1/4, NE1/4NW1/4, N1/2NE1/4 less NE1/4NW1/4NE1/4 and Less NW1/4NE1/4NE1/4, all located in Section 24, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota; and, SW1/4SW1/4SE1/4, N1/2SW1/4SE1/4, the unplatted balance of the E1/2NW1/4SE1/4, the unplatted balance of the SW1/4NW1/4SE1/4, the 100 foot dedicated 5 <sup>th</sup> Street Right-of-way lying adjacent to Lot 19 of Block 6, Robbinsdale Addition No. 10 located in the NW1/4SE1/4, the platted 60 foot Minnesota Street Right-of-way adjacent to Lot 1 of Block 1, Terracita Park Subdivision as shown on Plat 30 Page 109, the platted 80 foot Minnesota Street Right-of-way as shown on Plat 29 Page 117 adjacent to Lot 19 of Block 6, Robbinsdale Addition No. 10 located in the NW1/4SE1/4 and adjacent to the Unplatted balance of the E1/2NW1/4SE1/4 and adjacent to Tract B, all located in Section 13, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota; and, Lot 2 and dedicated ROW, Block 11, Robbinsdale Addition No. 10, Section 13, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota
PARCEL ACREAGE	Approximately 282.7 acres
LOCATION	North of Catron Boulevard, west of SD Highway 79 and east of US Highway 16
EXISTING ZONING	General Agriculture District/General Commercial District w/Planned Development Designation/Office Commercial District
SURROUNDING ZONING	
North:	Pubic District/Medium Density Residential
South:	General Commercial District (County)/Highway Service

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	(County)
East:	General Agriculture District
West:	General Agriculture District
PUBLIC UTILITIES	To be extended
DATE OF APPLICATION	05/30/2003
REPORT BY	Karen Bulman

**RECOMMENDATION:** The Tax Increment Financing Committee recommends that the Project Plan for the 5<sup>th</sup> Street Tax Increment District be approved.

**GENERAL COMMENTS:** The applicant has requested the creation of a Tax Increment District to facilitate the extension of 5<sup>th</sup> Street in an area west of S.D. Highway 79, east of U.S. Highway 16 and north of Catron Boulevard. The proposed project costs will include a portion of the City's project costs for 5<sup>th</sup> Street and extraordinary grading costs on private property. The City's share of the costs includes a portion of the oversizing costs and the proportionate share of the street costs associated with the Rapid City Area School District property. The City will finance the estimated \$1,418,860 cost of the improvements to be included in this Tax Increment District. This Tax Increment Plan will allow the extended 5<sup>th</sup> Street area to develop by assisting with infrastructure costs. This additional development will increase the community's economic vitality while expanding the City's property tax base.

The proposed district boundaries incorporate 282.7 acres located west of S.D. Highway 79, east of U.S. Highway 16 and north of Catron Boulevard.

The proposed district may run for twenty years; however, it is anticipated that the project costs will be paid off in 9 years. The anticipated increment at build out associated with the project is \$31,113,800.

**COMMITTEE REVIEW:** Pursuant to the adopted Tax Increment Policy, the Tax Increment Financing Review Committee found that the proposed project complied with all applicable statutory requirements as well as the City's adopted Tax Increment Policy. In addition, to the mandatory criteria, the proposal met 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 #3: The project will not provide direct or indirect assistance to retail or service businesses competing with existing businesses in the Rapid City trade area.

Additionally, the following discretionary criteria are met:

- Criteria #2: All Tax Increment Fund proceeds are used for the construction of public improvements.
- Criteria #6: The project involves the start-up of an entirely new business or business operation within the City of Rapid City.

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Criteria #9: The project costs are limited to those specific costs associated with a site that exceed the typical or average construction costs, specifically a portion of the City's costs of the 5<sup>th</sup> Street extension and the extraordinary grading costs.

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 the 5<sup>th</sup> Street Tax Increment District.

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