

STAFF REPORT

September 25, 2003

No. 03TI011 - Resolution Creating Tax Increment District #43

ITEM 37

GENERAL INFORMATION:

PETITIONER City of Rapid City

REQUEST **No. 03TI011 - Resolution Creating Tax Increment District #43**

EXISTING
LEGAL DESCRIPTION

on property described by metes and bounds as beginning at the NW corner of Section 29, T1N, R7E, BHM, Pennington County, South Dakota; which shall be the true point of Beginning; Thence east along the Section line a distance of 2147.50 feet; thence north a distance of 233.00 feet; thence west a distance of 2180.51 feet; thence south a distance of 233.00 feet; thence east a distance of 33.01 feet, more or less, to the true point of Beginning; lying within the SW1/4 of Section 20 and the SE1/4 of Section 19, T1N, R7E, BHM, Pennington County, South Dakota; Beginning at the NW corner of Section 29, T1N, R7E, BHM, Pennington County, South Dakota; which shall be the true point of Beginning; Thence south along the Section line a distance of 4000.00 feet; thence west a distance of 250.00 feet; thence north a distance of 1090.00 feet; thence east a distance of 216.99 feet; thence north a distance of 2910.00 feet; thence east a distance of 33.01 feet; more or less, to the true point of Beginning; lying within the NE1/4 and SE1/4 of Section 30, T1N, R7E, BHM, Pennington County, South Dakota; Lots 1-11 of Block 1, Lots 1-19 of Block 2, Lots 1-3 of Block 3, Lot 1 of Block 4, Lot 1 of Block 5, Lots 7-9 of Block 7, Lots 1-6 and Outlot G-1 of Block 10, Lots 1-37 of Block 11, Lots 1-13 of Block 12, Lots 1-5 of Block 13, Lot 1A, Lot 1B and Lots 2-6 of Block 14, Outlot 1, Outlot G, Lot P (Utility Lot) and dedicated streets, all in Red Rock Estates, Section 29, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota; Lots 1A, 1B, 2A, 2B, 3A, 3B, 4A, 4B, 5A, 5B, 6, 7, 8, 9, 10A, 10B, 11A, and 11B of Block 6, Red Rock Estates Phase 1A, Section 29, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota; Lots 4-16 of Block 3, Lot 2 and Lot 3 of Block 4, Lots 1-6 of Block 7, Lots 1-3 of Block 8, all in Red Rock Estates Phase 2, Section 29, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota; Outlot A of Tract A, Countryside Sub, Section 29, T1N, R7E, BHM, Rapid City,

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Pennington County, South Dakota; Well Lot, and Balance of Picardi Ranch Road, and Balance of Tract 1 less Red Rock Estates and less ROW, all in Red Ridge Ranch, Section 29, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota; and Unplatted W1/2 NW1/4 NE1/4 less Red Ridge Ranch, Section 29, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota; Unplatted E1/2 NW1/4 NE1/4 less Red Ridge Ranch and ROW, SW1/4 NE1/4 less Red Ridge Ranch, less Red Rock Estates, less Red Rock Estate Phase 1A, and Less Row, E1/2 NW1/4 less Red Rock Estates and Less ROW, Section 29, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota; Unplatted N1/2 NW1/4 SW1/4 less Red Rock Estates and less Countryside Sub; N1/2 NE1/4 SW1/4 less Red Rock Estates & Less Countryside Sub; E1/2 NE1/4, and W1/2 NW1/4 less Red Rock Estates and less ROW, Section 29, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota, more generally described as being located north and west of Sheridan Lake Road and Muirfield Drive and north of Countryside Subdivision

PARCEL ACREAGE	Approximately 380.124 aces
LOCATION	North and west of Sheridan Lake Road and Muirfield Drive and north of Countryside Subdivision
EXISTING ZONING	General Agriculture District/Low Density Residential District/No Use District
SURROUNDING ZONING	
North:	General Agriculture District (County)
South:	Planned Unit Development District/Highway Service District (County)
East:	General Agriculture District (City)/Suburban Residential District (County)
West:	General Agriculture District (County)
PUBLIC UTILITIES	N/A
DATE OF APPLICATION	09/11/2003
REPORT BY	Karen Bulman

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RECOMMENDATION: The Tax Increment Financing Committee recommends approval of the attached resolution creating Tax Increment District #43 for the Red Rock Water Reservoir.

GENERAL COMMENTS: The City of Rapid City is requesting the creation of a Tax Increment District to facilitate the construction of a water reservoir to be located adjacent and west of Red Rock Estates. The City will finance the cost of the improvements to be included in this Tax Increment District. The proposed funding source is the Drinking Water State Revolving Fund. This Tax Increment Plan will facilitate the development of a storage facility and thereby provide an adequate water supply for Red Rock Estate and the surrounding properties. The water reservoir will also provide additional water pressure providing adequate fire flows and protecting the public safety.

Tax Increment District #32 for Red Rock Estates was approved in 2001. That Tax Increment District was created to fund the construction of a water storage facility, a water booster station and a storm water detention facility. The water booster station and the detention facility will continue to be funded through Tax Increment District #32. A new site for the water storage facility has been identified west of Red Rock Estates and is not within the Tax Increment District #32 boundaries. Therefore, an overlapping Tax Increment District is proposed in order to fund the construction of the water storage facility on the new site west of Red Rock Estates. The property for the location of the water storage reservoir was annexed into the City limits effective September 25, 2003 (03AN010).

The proposed boundaries of this new Tax Increment District include 282.7 acres. These properties are located north and west of Sheridan Lake Road and north of Countryside Subdivision. The incremental income for the district will result from the development of additional dwelling units in Red Rock Estates. The Red Rock Estates development is projected to have approximately 386 homes and an 18-hole golf course. Currently, there are 45 homes built, as well as the golf course, and another 44 building permits have been issued. Another 297 dwelling units are proposed to be constructed in future years and can be used as incremental value for an overlapping Tax Increment District. The current assessment for the area totals \$18,284,550 which includes all platted lots and undeveloped property, 45 homes, the golf course and the Selador Ranch properties. Should the Tax Increment revenues exceed the anticipated revenues, the district debt will be retired early resulting in the property being returned to the tax roles more quickly.

STAFF 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. Specifically, the Committee found that 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.

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Additionally, the committee found that the following discretionary criteria are met:

Criteria #2 – All TIF proceeds are used for the construction of public improvements.

Criteria #9 – The project costs are limited to those specific costs associated with a site that exceed the typical or average construction 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 creation of Tax Increment District Number Forty Three Red Rock Water Reservoir.