

STAFF REPORT

June 9, 2005

**No. 05TI004 - Resolution Creating Revised Tax Increment District
No. 41**

ITEM 44

GENERAL INFORMATION:

PETITIONER

Joseph Lux for Lazy P6 Land Company, Inc.

REQUEST

**No. 05TI004 - Resolution Creating Revised Tax
Increment District No. 41**

EXISTING

LEGAL DESCRIPTION

Government Lot 1 & 2 less Lot H1 in the SW1/4NW1/4 and Lot 1 of North 80 Subdivision, all located in Section 19, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot A Revised of N1/2 GL 4 and adjacent Parkview Drive right-of-way, located in Section 18, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, all of Eastridge Estates Subdivision and Stumer Road and Enchantment Road rights-of-way adjacent to Eastridge Estates Subdivision, the unplatted balance of N1/2 NW1/4, the unplatted balance of SW1/4 NW1/4, the unplatted balance of the SE1/4 NW1/4, and the unplatted balance of the NE1/4, and all of Enchanted Pines Road right-of-way and 5th Street right of-way, and Lot 2, Block 1, 5th Street Office Plaza, all located in Section 24, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota; and, SW1/4 SW1/4 SE1/4, N1/2 SW1/4 SE1/4, the Unplatted Balance of the E1/2 NW1/4 SE1/4, the Unplatted balance of the W1/4 NW1/4 SE1/4, the 100 foot dedicated 5th 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, and all of 5th Street right-of-way, 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, Lot 1 and adjacent Parkview Drive right-of-way, Block 11, Robbinsdale #10, and Lots 2-6, Block 1, Terracita Park Subdivision, and Lot 20, Block 6, Robbinsdale #10, all located in Section 13, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota.

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PARCEL ACREAGE	Approximately 428.055 acres
LOCATION	At Fifth Street north of Catron Boulevard, east of US Highway 16 and west of SD Highway 79
EXISTING ZONING	General Agriculture District - General Commercial District (Planned Development Designation) - Office Commercial District - Low Density Residential District (Planned Development Designation)
SURROUNDING ZONING	
North:	Public District - Medium Density Residential District
South:	General Commercial District (Pennington County) - Highway Services District (Pennington County)
East:	General Agriculture District
West:	General Agriculture District
PUBLIC UTILITIES	To be extended
DATE OF APPLICATION	5/24/2005
REVIEWED BY	Karen Bulman / Not Assigned

RECOMMENDATION: The Tax Increment Financing Committee recommends approval of the attached resolution creating Revised Tax Increment District #41.

GENERAL COMMENTS: Tax Increment District #41 was approved by the City Council in July 2003. The Tax Increment District was created to facilitate the extension of 5th 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 included a portion of the City's project costs for the extension of 5th Street, extraordinary grading costs, and Parkview Drive improvements. The applicant has requested to revise the adopted Tax Increment District and create a Revised Tax Increment District #41. The proposed Revised Project Plan would include the costs in the adopted Tax Increment District #41 and the additional costs of a lift station and force main.

The City has financed the City's costs associated with the original adopted Tax Increment District. The developer will finance the additional costs of the lift station and force main improvements in the revised portion of the Tax Increment District. The street and public improvements will enhance the ability of new development to occur along this major north-south corridor from Interstate 90 and Catron Boulevard and will, therefore, increase the community's economic vitality and expand the City's property tax base.

The proposed district boundaries incorporate 428.055 acres located west of S.D. Highway 79, east of U.S. Highway 16 and north of Catron Boulevard.

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It is anticipated that one or more of the properties in this proposed Tax Increment District will be used for commercial purposes. As such, the creation of this Tax Increment District would be an Economic Development Tax Increment District and will not require an additional levy to make up for the School District's share of the property taxes included in the Tax Increment District.

STAFF REVIEW: The Tax Increment Financing Review Committee reviewed this proposal on May 24, 2005 and found that the proposed project complies with all applicable statutory requirements as well as the City's adopted Tax Increment Policy. In addition to the mandatory criteria, the Committee found that 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 #9: The project costs are limited to those specific costs associated with a site that exceed the typical or average construction costs (i.e. excessive fill, relocation costs, additional foundation requirements associated with unusual soil conditions, extension of sewer or water mains, on-site or off-site vehicular circulation improvements, etc.).

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 Revised Tax Increment District #41.