

STAFF REPORT
October 6, 2005

No. 05TI012 - Tax Increment District No. 55 Project Plan

ITEM 22

GENERAL INFORMATION:

PETITIONER	Dream Design International
REQUEST	No. 05TI012 - Tax Increment District No. 55 Project Plan
EXISTING LEGAL DESCRIPTION	Lot 1, Mailloux Subdivision; Government Lot 4; the unplatted balance of the SE1/4 SW1/4 and the unplatted balance of the S1/2 SE1/4 all located in Section 18, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; NE1/4 NW1/4 Section 19, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot 7R, Madisons Subdivision; Outlots A, B and C and all of Block 6 of Auburn Hills Subdivision and the Auburn Drive right of way lying adjacent to said lots; NE1/4 SE1/4; S1/2 SE1/4; SE1/4 SW1/4 less Lot 7R, Madisons Subdivision; N1/2 SW1/4 SW1/4; NW1/4 SW1/4; SW1/4 NW1/4; all located in Section 13, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota
LOCATION	Extending from the western boundary of Auburn Hills Subdivision, along Country Road to 143rd Avenue
PUBLIC UTILITIES	To be extended
DATE OF APPLICATION	9/21/2005
REVIEWED BY	Karen Bulman

RECOMMENDATION: The Tax Increment Financing Committee recommends that the Project Plan for Tax Increment District #55 be approved.

GENERAL COMMENTS: The applicant has requested the creation of a Tax Increment District to assist in the development of public improvements for a lift station to serve Freeland Meadows Subdivision and other adjacent areas of development. The cost of the lift station will be \$2,200,000. The applicant will finance their estimated \$760,000 cost of the lift station in this Tax Increment District. The City will finance their estimated \$1,440,000 cost of the lift station. This improvement will enhance the ability of new development to occur in this area and increase the community's economic vitality and expand the City's property tax base.

The proposed Tax Increment District boundaries are located in an area extending from the western boundary of Auburn Hills Subdivision and along Country Road to 143rd Avenue. At the request of the applicant, forty acres north of Northbrook Village Subdivision have been included in the boundaries of the District since the Tax Increment Committee met on March 7, 2005.

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The creation of a Tax Increment District with commercial properties is an Economic Development Tax Increment District and does not require an additional levy to make up for the School District's share of the property taxes included in the Tax Increment District. At the Tax Increment Financing Committee, the applicant indicated that one or more of the properties in this proposed Tax Increment District will be used for commercial purposes. At this time, proposed locations for commercial areas have not been submitted. The properties are zoned residential and the comprehensive plans indicate residential land uses. Staff has projected the anticipated tax increment conservatively by using owner occupied values. Any future commercial tax increments will only help pay off the Tax Increment District sooner.

STAFF REVIEW: The Tax Increment Financing Review Committee reviewed this proposal on March 7, 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 proposal met the following three 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 that the Planning Commission recommend approval of the creation of Tax Increment District No. 55 Project Plan and the attached resolution.