

STAFF REPORT
January 26, 2006

No. 05TI021 - Tax Increment District No. 59 Project Plan

ITEM 58

GENERAL INFORMATION:

PETITIONER	Tom and Chuck Farrar
REQUEST	No. 05TI021 - Tax Increment District No. 59 Project Plan
EXISTING LEGAL DESCRIPTION	A portion of land located in the NE1/4 of the SE1/4 of Section 16, including Lots 1 and 2 of Block 1, Lot 1 of Block 4 and Lot 1 of Block 5, and all rights-of-way all located in Farrar Business Park; and that portion of the NW1/4 of the SE1/4 of Section 16 lying north and east of the right-of-way of Interstate 90; all located in the N1/2 of the SE1/4 of Section 16, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota
PARCEL ACREAGE	Approximately 50.44 Acres
LOCATION	Between Interstate 90 and Deadwood Avenue
EXISTING ZONING	Light Industrial District
SURROUNDING ZONING	
North:	General Agriculture District (Pennington County)
South:	Light Industrial District
East:	General Agriculture District (Pennington County)
West:	Limited Agriculture District (Pennington County)
PUBLIC UTILITIES	Private
DATE OF APPLICATION	12/19/2005
REVIEWED BY	Karen Bulman / Bob Dominicak

RECOMMENDATION: The Tax Increment Financing Committee recommends that the Tax Increment District No. 59 Project Plan be approved.

GENERAL COMMENTS: The applicant has requested the creation of a Tax Increment District to assist in the development of the Deadwood Avenue water supply. The Project Plan includes \$995,000 in costs associated with the proposed construction of a well and oversizing costs for water transmission mains. The final location of the well has not been identified. The applicant has proposed that the developer fund 47% of the costs at \$470,000 and the City fund 53% of the costs at \$525,000. These improvements 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 north and east of U.S.

STAFF REPORT
January 26, 2006

No. 05TI021 - Tax Increment District No. 59 Project Plan

ITEM 58

Interstate 90 and west of Deadwood Avenue.

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 will 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 September 15, 2005 and requested additional funding information. On November 21, 2005, the City Council discussed a cost sharing proposal for the water system expansion to provide service to the Farrar Business Park contingent upon the approval of the Tax Increment District No. 59 and contingent upon the approval of a Project Memorandum of Understanding between the developer and the City. The Memorandum of Understanding will be an agreement between the City and the Developer describing the shared project costs associated with the Tax Increment District. On December 15, 2005, the Tax Increment Financing Committee reviewed this proposal and recommended approval of the financing request.

The applicant has indicated 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 applicant indicated that the proposal met the following two optional criteria:

Criteria #2: The project will eliminate actual or potential hazard to the public. Hazards may include condemned or unsafe buildings, sites, or structures.

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 applicant states that the following discretionary criteria will be met:

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

The Tax Increment District Financing Committee also included in their motion of approval that the well construction project be managed and constructed under the direction of the Public Works Department.

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

The Tax Increment Financing Project Review Committee recommends the attached resolution approving the Project Plan for Tax Increment District #59 be approved