

STAFF REPORT
October 5, 2006

No. 06TI006 – Revised Tax Increment District No. 56 Project Plan

ITEM 55

GENERAL INFORMATION:

PETITIONER	Dream Design International, Inc.
REQUEST	No. 06TI006 – Revised Tax Increment District No. 56 Project Plan
EXISTING LEGAL DESCRIPTION	<p>That portion of the Interstate 90 right-of-way lying in the SE1/4 NE1/4 and in the NE1/4 SE1/4 of Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, entire Interstate 90 right-of-way located in Section 29, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, entire Interstate 90 right-of-way located in the SW1/4 of Section 28, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Tract F, Marshall Heights Subdivision No. 2 and the Interstate 90 right-of-way lying south of and adjacent to Tract F, Marshall Heights Subdivision No. 2, all located in Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, That portion of the East Disk Drive right-of-way lying east of North LaCrosse Street located in Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot K-4 less Lot H-1, Marshall Heights Tract, Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lots 1 and 2 and the south ½ of the vacated alley and Pine Street right-of-way adjacent to said lots, Block 2, Rapps Addition, Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot M of the NW1/4 SE1/4 of Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Entire Farnwood Avenue right-of-way, entire Spruce Street right-of-way, and entire Rapp Street right-of-way all located in Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, That portion of the North LaCrosse Street right-of-way lying adjacent to Lot K-4 of Marshall Heights Tract and Lot 1 of Bedco Subdivision and including the entire intersection of North LaCrosse Street and Rapp Street, all located in Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H1 and Lot H2 located in N1/2 SE1/4 of Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Unplatted portion of the N1/2 SE1/4 lying south of Interstate 90, Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lots 1 and 2, Bedco Subdivision, Section 30, T2N, R8E, BHM, Rapid City,</p>

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ITEM 55

Pennington County, South Dakota; and, SE1/4 SE1/4 lying north of the railroad right-of-way and the unplatted portion of the SW1/4 SE1/4 all located in Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, That portion of the S1/2 lying south of Interstate 90 and north of the railroad right-of-way, Section 29, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, That portion of the NE1/4 NW1/4 and N1/2 NE1/4 lying north of the railroad right-of-way, Section 32, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, That portion of the Dyess Avenue right-of-way lying in the S1/2 SW1/4 and the entire intersection of Dyess Avenue and Eglin Street all located in Section 28, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota

LOCATION	East of LaCrosse Street and south of U.S. I-90
EXISTING ZONING	General Commercial District - Light Industrial District - High Density Residential District - Medium Density Residential District
SURROUNDING ZONING	
North:	General Commercial District - Medium Density Residential District
South:	General Commercial District - Medium Density Residential District - General Agriculture District - Light Industrial District - Heavy Industrial District
East:	Light Industrial District
West:	General Commercial District
PUBLIC UTILITIES	City Water and Sewer
DATE OF APPLICATION	9/11/2006
REVIEWED BY	Karen Bulman / Todd Peckosh

RECOMMENDATION: The Tax Increment Financing Committee recommends that the Revised Tax Increment District No. 56 Project Plan be approved.

GENERAL COMMENTS: The applicant has requested the approval of the Revised Tax Increment District Project Plan to assist in the future extension of Farnwood/Eglin Street, the construction of improvements for water and sewer mains, traffic lights, detention dam, relocation of power lines, excess right-of-way costs, and a north/south street. The applicant will fund the project costs of the Tax Increment District at 9% interest.

This Tax Increment District is an Economic Development Tax Increment District and will therefore not require an additional levy to make up for the School District's share of the

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ITEM 55

property taxes included in the Tax Increment. The public improvements will enhance the ability for new development to occur and increase the community's economic vitality and expand the City's property tax base.

The proposed District boundaries are located east of LaCrosse Street and south of U.S. Interstate 90.

A portion of the proposed Tax Increment District is located within Tax Increment District No. 49. Although the Project Plan has not been approved for Tax Increment District No. 49 at this time, the incremental taxes continue to accrue. If a Project Plan is approved for Tax Increment District No. 49, the incremental taxes will go to pay off Tax Increment District No. 49 before it can be applied to the proposed Tax Increment District for Rushmore Crossing. As the applicant has not provided detailed information on the incremental values of the property with reference to the property lying within the overlapping area, staff cannot project the affect on the proposed Rushmore Crossing Tax Increment District.

STAFF REVIEW: The City Council approved the creation of Tax Increment District #56 on November 21, 2005 and approved the Project Plan on February 6, 2006. The Tax Increment Financing Review Committee reviewed this revised Project Plan on September 19, 2006 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 #4: The project will bring new or expanded employment opportunities as demonstrated by proposed wage scales, employee benefits and mixture of full and part-time employees.

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 Revised Project Plan for Tax Increment District #56.