

STAFF REPORT
April 26, 2007

No. 07TI005 - Resolution Creating Tax Increment District No. 62

ITEM 51

GENERAL INFORMATION:

PETITIONER	Dream Design International, Inc.
REQUEST	No. 07TI005 - Resolution Creating Tax Increment District No. 62
EXISTING LEGAL DESCRIPTION	Tract NW 66; balance of Lots 12 through 16 and the north 10 feet of vacated alley adjacent to Lots 12 through 16 Block 66, Original Town of Rapid City, Pennington County, South Dakota, less Lots H1, Section 36, T2N, R7E, BHM; Lot 1 of Dan's Supermarket Tract Revised Located in Block 66 of the Original Townsite of Rapid City, Pennington County, South Dakota, Section 36, T2N, R7E, BHM, and Section 1, T1N, R7E, BHM; Dan's Supermarket Tract Revised in Blocks 66 and 67 of the Original Townsite of Rapid City, Pennington County, South Dakota, as shown on the plat filed in Plat Book 24, Page 177, EXCEPTING therefrom Lot 1 of Dan's Supermarket Tract Revised, as shown on the plat filed in Plat Book 29, Page 110, also EXCEPTING therefrom Lot H1, as shown on the plat filed in Highway Plat Book 10, Page 84, Section 36, T2N, R7E, BHM, and Section 1, T1N, R7E, BHM; Lots 6 through 16, in Block 76 of the Original Townsite of the City of Rapid City, Pennington County, South Dakota, Lots 8 through 16 in Block 96 of the Original Townsite of the City of Rapid City, Pennington County, South Dakota, Lots 1 through 7, inclusive, in Block 96 of the Original Townsite of the City of Rapid City, Pennington County, South Dakota, Lots 17 through 24, both inclusive, of the Original Townsite, Block 96 of Rapid City, Pennington County, South Dakota, Lots 25 through 32 in Block 96 of the original townsite of Rapid City, Pennington County, South Dakota, Lots One through Sixteen, Block 95, original town, Rapid City, Pennington County, South Dakota, Original Town of Rapid City Block 95 North 90' of Lot 22 & Lots 23-28 Inclusive & W1/2 of Lot 29, The E1/2 of Lot 29 and All of Lot 30 in Block 95 of the Original Townsite of Rapid City, Pennington County, South Dakota, Lots 31 and 32 in Block 95 of the Original Townsite of the City of Rapid City, Pennington County, South Dakota, Lots 8 and 9 in Block 105 of the Original Townsite of the City of Rapid City, Pennington County, South Dakota, Lots 3 through 7 inclusive in Block 105 of the Original Town, Section 1, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota. The North 90 Feet of Lot 1 and 2

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in Block 105 of the Original Town of Rapid City, Pennington County, South Dakota, The South 50 Feet of Lots 1 and 2 in Block 105 of the Original Town of Rapid City, Pennington County, South Dakota, Lots 25 and 26 in Block 105, in the Original Town of Rapid City, Pennington County, South Dakota, Lot 27 and the west half of Lot W28 in Block 105 of the Original Townsite to the City of Rapid City, Pennington County, South Dakota, The E1/2 of Lot 28 and all of Lot 29 in Block 105 of the Original Townsite of The City of Rapid City, Pennington County, South Dakota, Lots 30, 31, and 32 of Block 105 of the Original Townsite of Rapid City, Pennington County, South Dakota, together with all improvements thereon, Lot A of Knights of Columbus Subdivision, City of Rapid City, as shown by the plat recorded in Book 34 of Plats on Page 66 in the Office of the Register of Deeds, Pennington County, South Dakota, Lot B of Knights of Columbus Subdivision, City of Rapid City, as shown by the plat recorded in Book 34 of Plats on Page 66 in the Office of the Register of Deeds, Pennington County, South Dakota, The South 70 Feet of Lots 17-24, less a portion of Lot H1 in Lot 17, of Block 126 of the Original Townsite of Rapid City, Pennington County, South Dakota, Fifth (5th) Street Public Right-of-Way, from Omaha Street, southerly to South Street, of the Original Townsite of Rapid City, Pennington County, South Dakota, Rapid Street Public Right-of-Way, from Fifth (5th) Street, easterly to Third (3rd) Street, of the Original Townsite of Rapid City, Pennington County, South Dakota, Entire Public Alley Right-of-Way, adjacent to Lots 6 through 16, in Block 76 of the Original Townsite of Rapid City, Pennington County, South Dakota, Saint Joseph Street Public Right-of-Way, from Sixth (6th) Street, easterly to Fourth (4th) Street, of the Original Townsite of Rapid City, Pennington County, South Dakota, Entire Public Alley Right-of-Way located in Block 95, of the Original Townsite of Rapid City, Pennington County, South Dakota, Entire Public Alley Right-of-Way located in Block 96, of the Original Townsite of Rapid City, Pennington County, South Dakota, Entire Kansas City Street Public Right-of-Way, adjacent to Lots 1 through 9, in Block 105, of the Original Townsite of Rapid City, South Dakota, Entire Public Alley Right-of-Way, adjacent to Lots 25 through 32, in Block 105, of the Original Townsite of Rapid City, South Dakota, All located in Section 1, T1N, R7E, BHM.

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PARCEL ACREAGE	Approximately 23.8 Acres
LOCATION	Between Omaha Street and South Street between 3rd Street and 6th Street
EXISTING ZONING	General Commercial District - Central Business District - High Density Residential District - Office Commercial District (Planned Commercial Development)
SURROUNDING ZONING	
North:	Light Industrial District - Flood Hazard District
South:	Medium Density Residential District - Office Commercial District (Planned Commercial Development) - General Commercial District - Central Business District
East:	Central Business District - General Commercial District - High Density Residential District
West:	Central Business District - General Commercial District - Public District
PUBLIC UTILITIES	City sewer and water
DATE OF APPLICATION	3/6/2007
REVIEWED BY	Karen Bulman / Emily Fisher

RECOMMENDATION: The Tax Increment Financing Committee recommends that the Resolution Creating Tax Increment District No. 62 Downtown Revitalization be approved.

GENERAL COMMENTS: The applicant has requested the creation of a Tax Increment District to assist in the revitalization of Downtown Rapid City. The Tax Increment funds are to be utilized for public parking in a parking structure, removal of contaminated soils and the relocation of power lines in the alley. The applicant will fund the project costs of the Tax Increment District. The anticipated interest rate is 6.5%.

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 for economic development purposes will not require an additional levy to make up for the School District's share of the 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 incorporate approximately 23.8 acres located between Omaha Street and South Street and Third Street and Sixth Street.

STAFF REVIEW: The Tax Increment Financing Review Committee reviewed this proposal on April 3, 2007 and recommended approval of the creation of Tax Increment District #62.

The applicant has indicated that the proposed project complies with all applicable statutory

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requirements as well as the City's adopted Tax Increment Policy. The applicant has requested inclusion of the removal of contaminated soils in the proposed project costs. This improvement will eliminate the contamination creating a blighted condition and allow future redevelopment of the property. In addition to the mandatory criteria the applicant indicated 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 #2: The project will result in additional redevelopment in the following Tax Increment Financing Target Areas:

- A. Downtown District

Additionally, the following discretionary criteria are met:

- Criteria #2: All Tax Increment Fund proceeds are used for the construction of public improvements.
- Criteria #6: The project involves the startup of an entirely new business or business operation within the City of Rapid City.
- Criteria #7: The project involves the expansion of an existing business located within Rapid City.
- 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 Tax Increment District #62 Downtown Revitalization.