

STAFF REPORT
May 24, 2007

No. 07TI008 - Tax Increment District No. 63 Project Plan

ITEM 46

GENERAL INFORMATION:

PETITIONER	Dream Design International, Inc.
REQUEST	No. 07TI008 - Tax Increment District No. 63 Project Plan
EXISTING LEGAL DESCRIPTION	Government Lot 3 and the SE1/4NW1/4 less Lot A and the unplatted portion of the NE1/4SW1/4 less the south 270 feet and less part of Copperfield Subdivision all located in Section 4, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Government Lot 2 less Rushmore Business Park and the West 660 feet of Government Lot 1 less Rushmore Business Park and the north 1081.18 feet of the SW1/4NE1/4 less Rushmore Business Park and the west 660 feet of the north 1081.18 feet of the SE1/4NE1/4 less Rushmore Business Park, and E. Anamosa Street right-of-way, Concourse Drive right-of-way, and Turbine Drive right-of-way all located within the area as described above and Homestead Street right-of-way located west of Concourse Drive, all located in Section 4, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota
PARCEL ACREAGE	Approximately 175.55 acres
LOCATION	West of Elk Vale Road and north of Copperfield Subdivision
EXISTING ZONING	Light Industrial District - Medium Density Residential District (Planned Residential Development) - Low Density Residential District (Planned Residential Development) - Low Density Residential District
SURROUNDING ZONING	
North:	Low Density Residential District - General Agriculture District (Pennington County)
South:	Low Density Residential District - Light Industrial District
East:	General Commercial District
West:	Limited Agriculture District (Pennington County)
DATE OF APPLICATION	4/26/2007
REVIEWED BY	Karen Bulman / Todd Peckosh

RECOMMENDATION: The Tax Increment Financing Committee recommends that the Tax Increment District No. 63 Project Plan be approved.

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GENERAL COMMENTS: The applicant has requested the creation of a Tax Increment District to assist in the development of infrastructure adjacent to Copperfield Vistas and property owned by the Rapid City Economic Development Foundation. The Tax Increment funds are to be utilized for a drainage crossing and the extension of Homestead Street through the Rushmore Business Park as Phase I of the Project Plan and the extension of East Anamosa Street through the Rushmore Business Park as Phase II of the Project Plan. The applicant will fund the project costs of the Tax Increment District. The anticipated interest rate is 9%. The applicant has proposed that the developer fund \$1,200,000 of the project costs for Phase I and \$2,200,000 of the project costs for Phase II. It is estimated that Phase I would be paid off in ten years and Phase II would be paid off in eighteen years.

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 175.55 acres located west of Elk Vale Road and north of Copperfield Subdivision.

STAFF REVIEW: The Tax Increment Financing Review Committee reviewed this proposal on January 19, 2007 and on January 23, 2007 and recommended approval of the creation of Tax Increment District #63.

The applicant has indicated that the proposed project complies with all applicable statutory requirements as well as the City's adopted Tax Increment Policy. The drainage crossing will eliminate the condition of blight caused by an area that substantially impairs the sound growth of the community and allow future redevelopment of the property. In addition to the mandatory criteria the applicant indicated that 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.
- 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

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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 Project Plan for Tax Increment District #63 Copperfield Vistas.