

STAFF REPORT
July 5, 2007

No. 07TI012 - Tax Increment District No. 65 Project Plan - Cabela's Economic Development Tax Increment Financing **ITEM 54**

GENERAL INFORMATION:

PETITIONER	City of Rapid City
REQUEST	No. 07TI012 - Tax Increment District No. 65 Project Plan - Cabela's Economic Development Tax Increment Financing
EXISTING LEGAL DESCRIPTION	All of Section 28 lying north of U.S. Interstate 90, less Lots 1 – 3 of RCI Addition and less the S1/2S1/2NW1/4NW1/4 of Section 28, all located in Section 28, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota
PARCEL ACREAGE	Approximately 435.317 acres
LOCATION	Northeast of the intersection of Interstate 90 and Dyess Avenue
EXISTING ZONING	Light Industrial District - General Agriculture District - Heavy Industrial District - General Commercial District - General Commercial District (Planned Commercial Development) - Light Industrial District (Planned Light Industrial Development)
SURROUNDING ZONING	
North:	No Use District - General Agriculture District (Pennington County)
South:	U. S. Interstate 90
East:	Box Elder
West:	Light Industrial District - General Commercial District - General Agriculture District
DATE OF APPLICATION	6/8/2007
REVIEWED BY	Karen Bulman / Todd Peckosh

RECOMMENDATION: The Tax Increment Financing Committee recommends that the Tax Increment District No. 65 Project Plan be approved.

GENERAL COMMENTS: The City has requested the creation of a Tax Increment District to assist the City in creating economic development incentives to attract Cabela's, a destination retail facility. The Tax Increment funds are to be utilized for real property assembly costs, public lift station improvements and other necessary and convenient costs. The City will fund the project costs of the Tax Increment District. The anticipated interest

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rate is 6%. It is estimated that the Project Plan would be paid off in fourteen years.

A portion of Tax Increment District #65 will overlap Tax Increment District #44 East Mall Drive. Any incremental tax income for the portion of this Tax Increment District located within Tax Increment District #44 will be allocated to Districts #44 until that district is paid off. Staff has projected that Tax Increment District #44 will be paid off in 2012. Subsequently, the incremental tax income will then be allocated to Tax Increment District #65.

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 435 acres located between Seger Drive and U.S. Interstate 90, and Dyess Avenue and Elk Vale Road.

STAFF REVIEW: The Tax Increment Financing Review Committee reviewed this proposal on June 5, 2007 and recommended approval of the creation of Tax Increment District #65 and the Project Plan.

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 #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 #6: The project involves the startup of an entirely new business or business operation within the city of 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.

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The Tax Increment Financing Project Review Committee recommends approval of the attached resolution approving the Project Plan for Tax Increment District #65 Cabela's Economic Development Project.