

**CITY OF RAPID CITY**

**PLANNING DEPARTMENT**

300 Sixth Street, Rapid City, SD 57701-2724  
Phone: (605) 394-4120 Fax: (605) 394-6636  
http://www.ci.rapid-city.sd.us

**APPLICATION FOR  
DEVELOPMENT  
REVIEW**

**REQUEST** (please check all that apply)

- |  |   |   |
|--|---|---|
| <input type="checkbox"/> Annexation  | <input type="checkbox"/> Plat - Layout      | <input type="checkbox"/> Subdivision Variances  |
| <input type="checkbox"/> Comprehensive Plan Amendment                                | <input type="checkbox"/> Plat - Preliminary | <input type="checkbox"/> Use on Review          |
| <input type="checkbox"/> Planned Development   | <input type="checkbox"/> Plat - Final       | <input type="checkbox"/> U.O.R. Major Amendment |
| <input type="checkbox"/> Initial-Final Plan <input type="checkbox"/> Major Amendment | <input type="checkbox"/> Plat - Lot Split   | <input type="checkbox"/> Vacation of Easement   |
| <input type="checkbox"/> Planned Development Designation                             | <input type="checkbox"/> Rezoning           | <input type="checkbox"/> Vacation of R.O.W.     |
| <input checked="" type="checkbox"/> OTHER (specify) TID #08T1011                     | <input type="checkbox"/> Road Name Change   | <input type="checkbox"/> 11-6-9 SDCL Review     |

**PROJECT LOCATION** North of U.S. Interstate 90, west of Elk Vale Road and east of Dyess Avenue

**LEGAL DESCRIPTION** (See attached)

Lot (s) \_\_\_\_\_ Section 21,22,28  
 Block (s) \_\_\_\_\_ Township 2N  
 Subdivision \_\_\_\_\_ Range 8E  
 Size of Site-Acres \_\_\_\_\_ SF \_\_\_\_\_ Proposed Zoning \_\_\_\_\_

**DESCRIPTION OF REQUEST** Creation of Tax Increment District for Elk Vale Road Soccer Complex

**APPLICANT**

Name Soccer Rapid City, Dr. William Cross - President Phone 394-2485  
 Address PO Box 956  
 City, State, Zip Rapid City, SD 57701

**Applicant's Signature** William M. Cross **Date** 9-8-08

**PROJECT PLANNER - AGENT**

Name Brian Pitts, Ex. Director of RC Soccer Phone 209-4384  
 Address PO Box 956 Fax \_\_\_\_\_  
 City, State, Zip Rapid City, SD 57709

**OWNER OF RECORD** (If different from applicant)

Name City of Rapid City/DTH LLC Phone 394-4120  
 Address 300 6<sup>th</sup> Street/PO Box 330 Fax 394-6636  
 City, State, Zip Rapid City, S.D. 57701/Rapid City, SD 57709

**FOR STAFF USE ONLY**

Current Zoning \_\_\_\_\_  
 North \_\_\_\_\_  
 South \_\_\_\_\_  
 East \_\_\_\_\_  
 West \_\_\_\_\_  
 Planner \_\_\_\_\_ File No. \_\_\_\_\_  
 Pin No. \_\_\_\_\_

- |   |   |
|---|---|
| <input type="checkbox"/> Engineering    | <input type="checkbox"/> County Highway       |
| <input type="checkbox"/> Fire Dept      | <input type="checkbox"/> Rv Sanitary District |
| <input type="checkbox"/> Traffic Eng    | <input type="checkbox"/> Auditor (annex)      |
| <input type="checkbox"/> Transportation | <input type="checkbox"/> SDDOT                |
| <input type="checkbox"/> Buiding Insp   | <input type="checkbox"/> Police               |
| <input type="checkbox"/> Air Quality    | <input type="checkbox"/> City Attorney        |
| <input type="checkbox"/> Drainage       | <input type="checkbox"/> Code Enf. City       |
| <input type="checkbox"/> ESCC           | <input type="checkbox"/> Code Enf. County     |
| <input type="checkbox"/> Rural Planning | <input type="checkbox"/> Register Of Deeds    |
| <input type="checkbox"/> County Fire    | <input type="checkbox"/> Future Land Use      |

**SPECIAL ROUTING  
INSTRUCTIONS:**

## Legal for Elk Vale Soccer Project

All of Section 21 less Beaird Sub, to include I-90 Heartland Business Park and Reardon Court, Elk Vale Road, and Dyess Avenue right-of-way, Section 21, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

W1/2SW1/4; SE1/4SW1/4; all located in Section 22, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

Lot 1 – 5, Block 2, I-90 Heartland Business Park, Reardon Court and Seger Drive, all located in Section 28, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

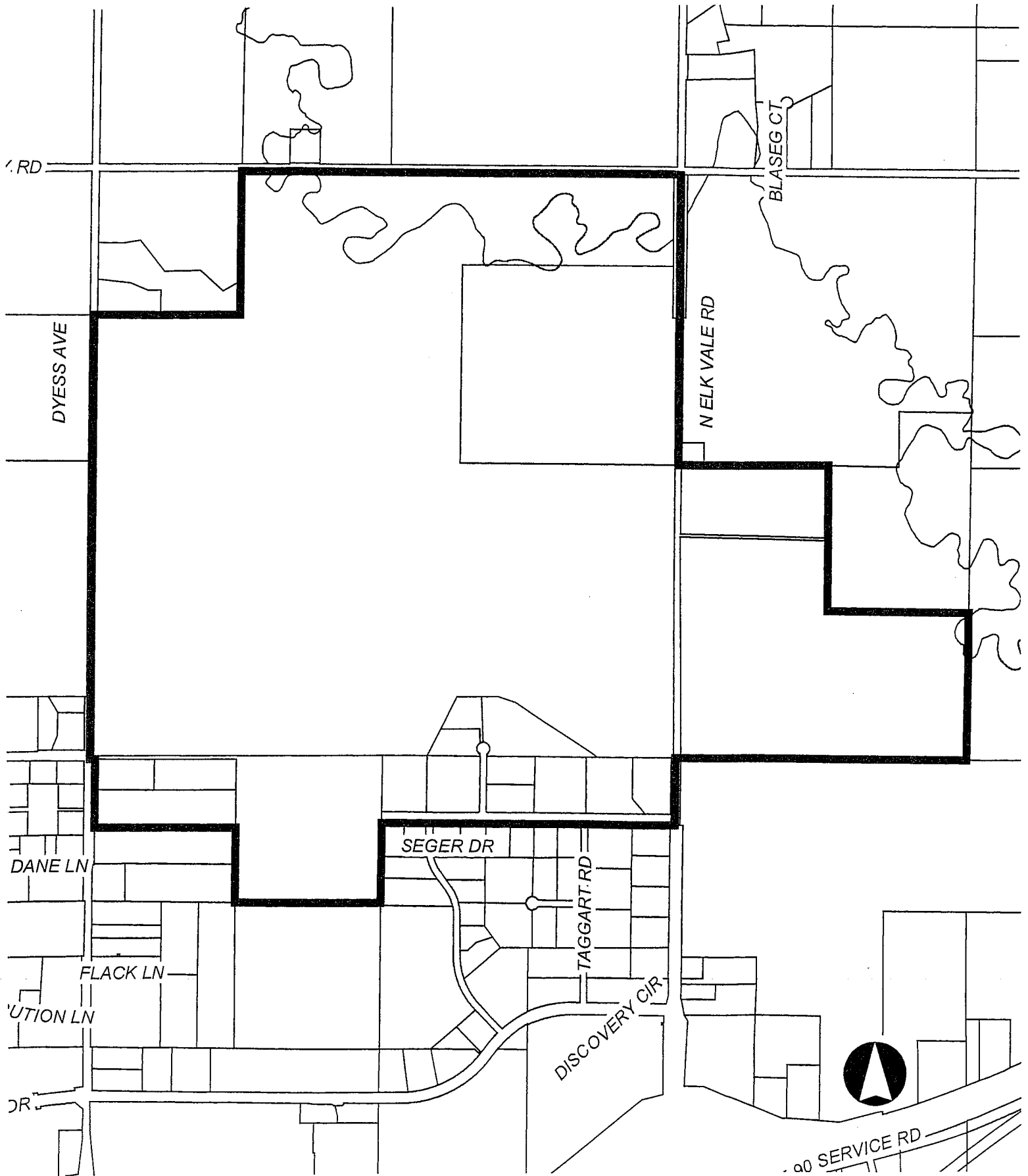
Lots 1 and 2, Block 7, I-90 Heartland Business Park, Section 28, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

NE1/4NW1/4, Section 28, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

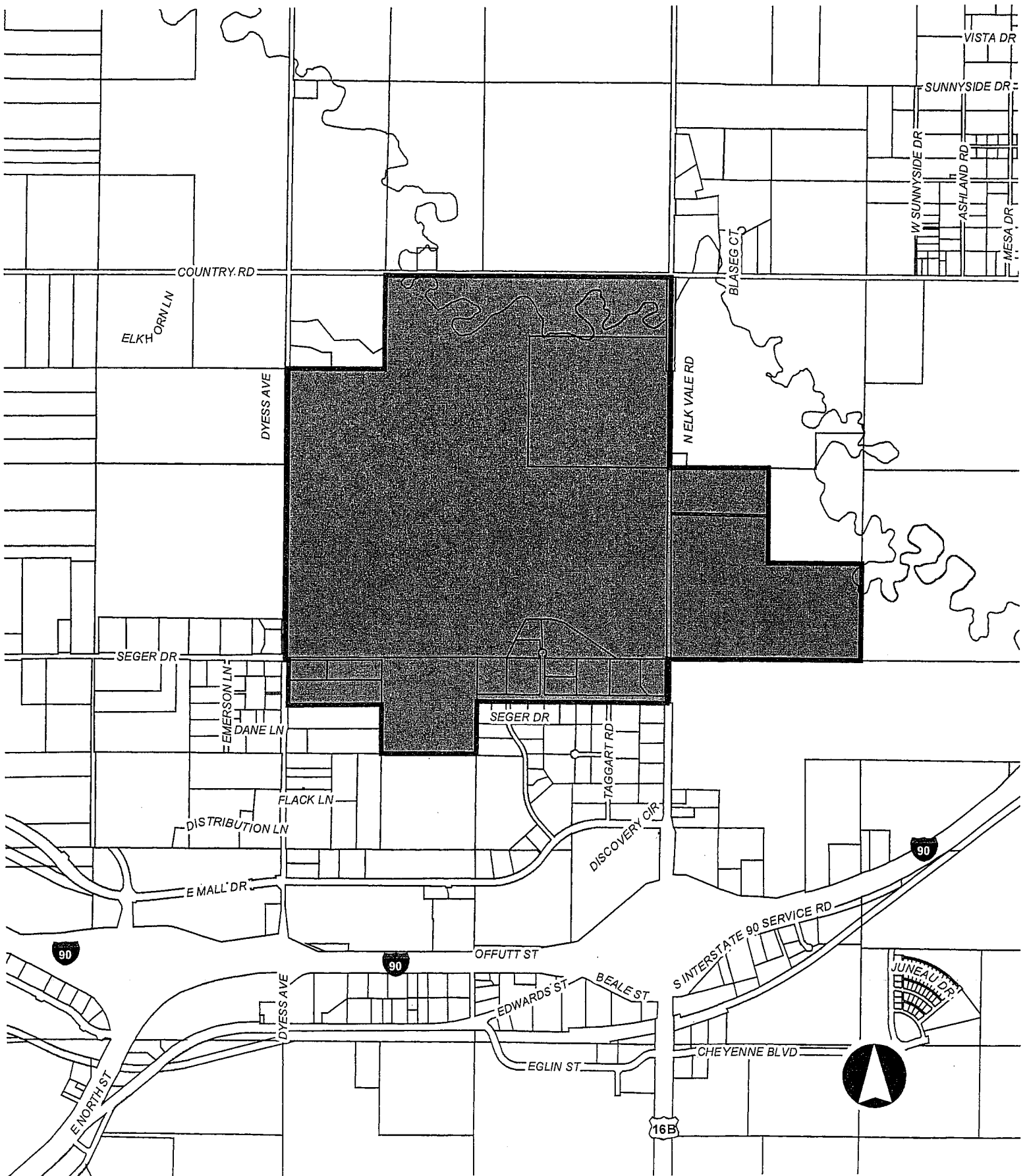
Lot 1 to include the W530' and Lot 2, RCI Addition, Section 28, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and,

The west 33 feet of North Elk Vale Road right-of-way lying east of Lot 1, Block 2, I-90 Heartland Business Park, Section 28, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota.

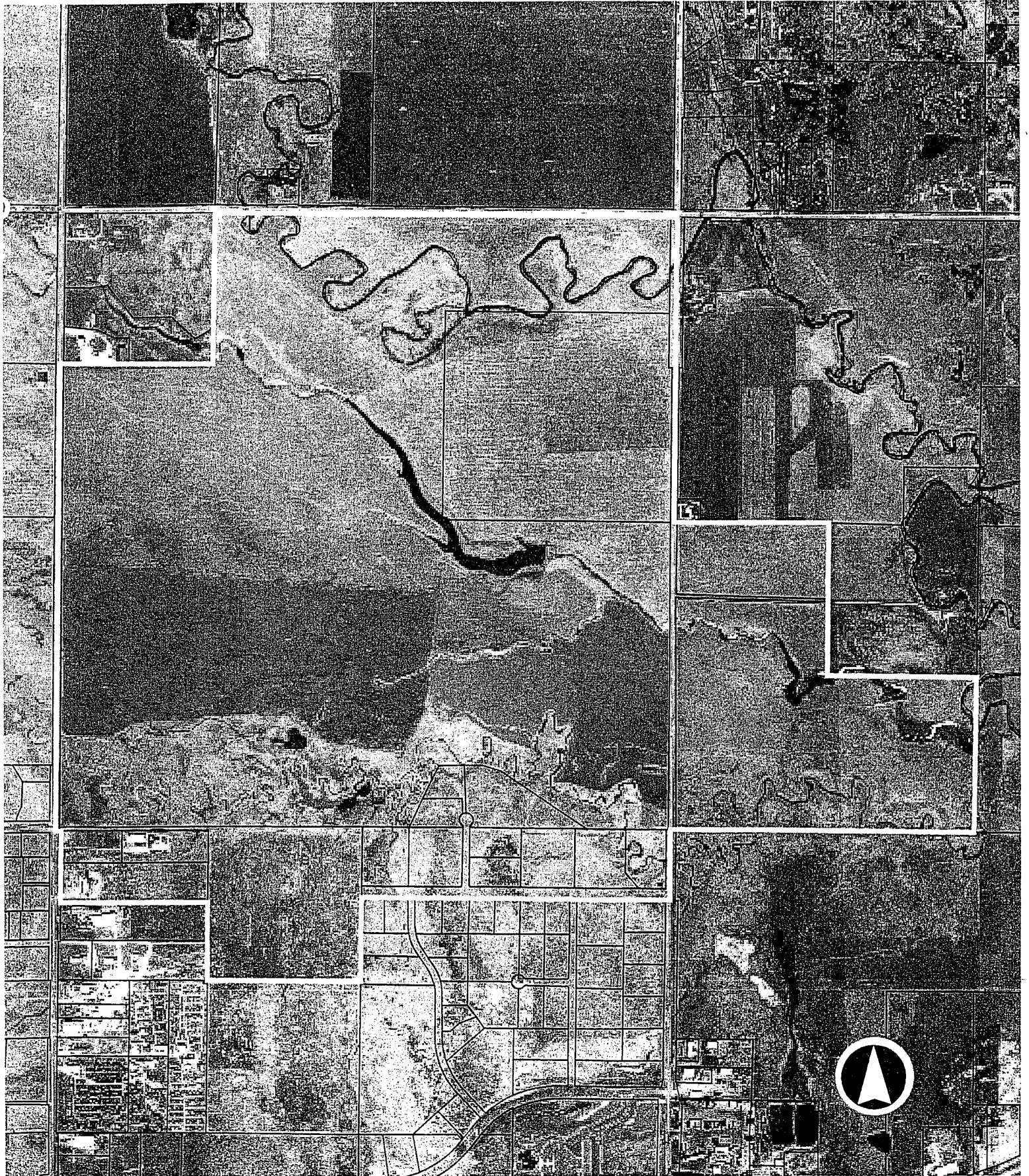
# TIF District Creation - Soccer field Project Boundary Map



# TIF District Creation - Soccer Field Project Vicinity Map

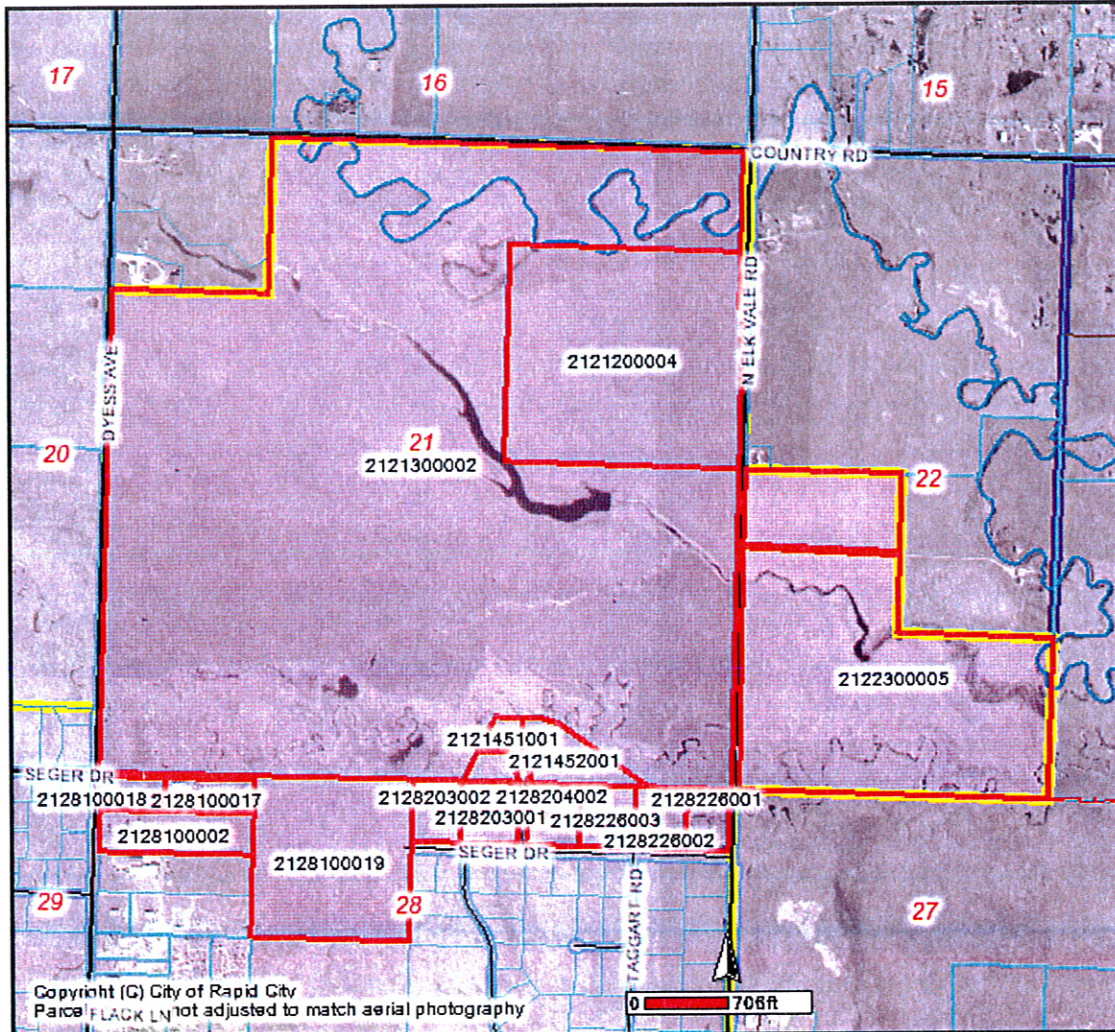


# TIF District Creation - Soccer Field Project Aerial Map



Pennington County - Rapid City Geographic Information System

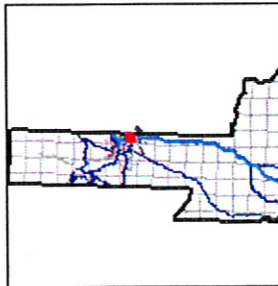
Print Close



Copyright (C) City of Rapid City  
Parcel FLACK LN not adjusted to match aerial photography

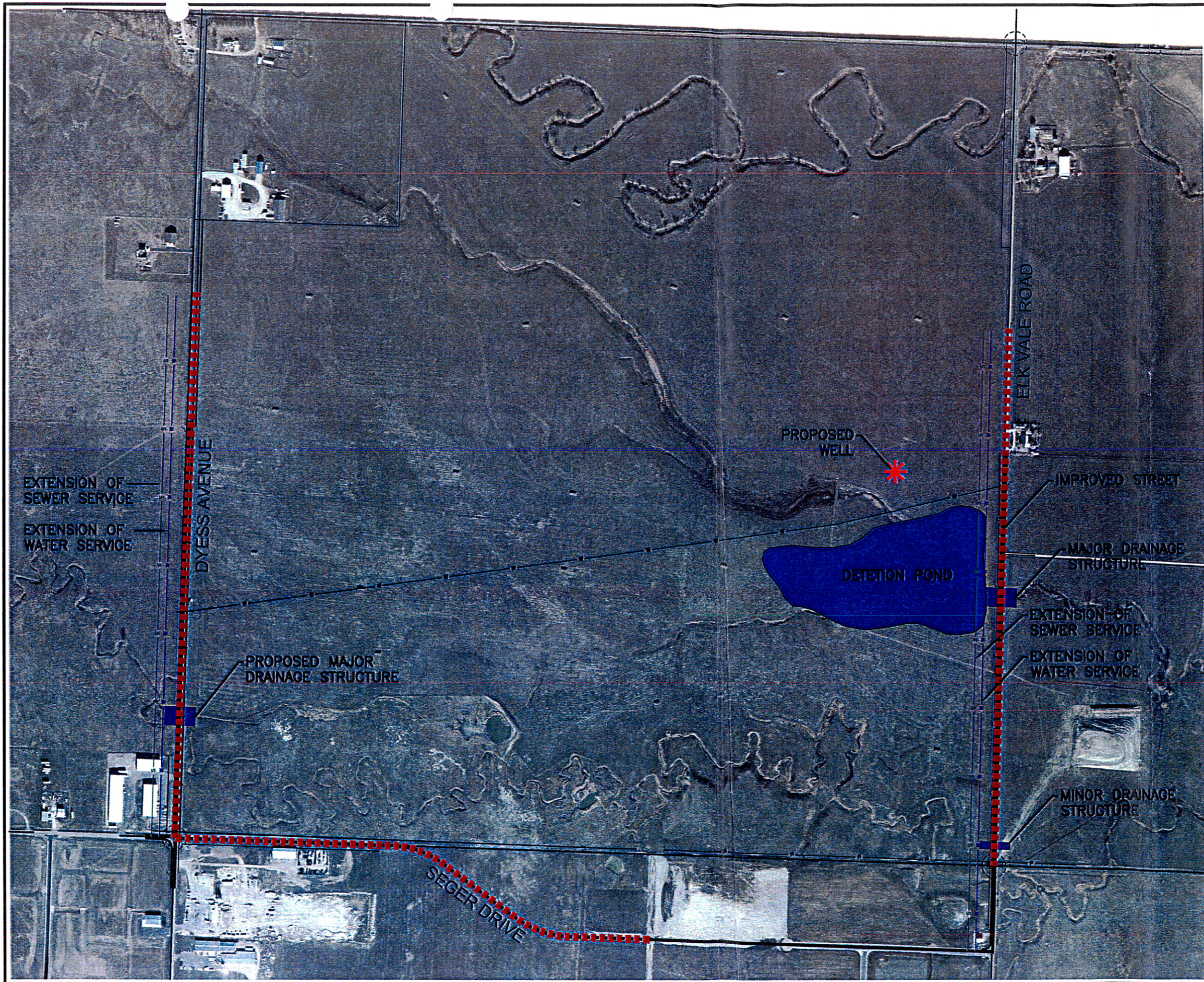


SELECTION	US Highway	Main Road
Roads	SD Highway	Minor Arterial
Not classified	County Highway	Collector
Interstate (cont)	(cont)	Ramp
		Paved Road
		(cont)



**RapidMap**

**DISCLAIMER**  
 DISCLAIMER: This GIS data is provided 'as is' without warranty or any representation of accuracy, timeliness or completeness. The burden for determining accuracy, completeness, timeliness, merchantability and fitness for or the appropriateness for use rests solely on the requester. Rapid City and Pennington County make no warranties, express or implied, as to the use of the data. The implied warranties of merchantability or fitness for a particular purpose are specifically disclaimed. The requester acknowledges and accepts the limitations of the data, including the fact that the data is dynamic and is in a constant state of maintenance, correction and update. This document does not represent a legal survey of the land. There are no restrictions on distribution of printed Rapid City/Pennington County maps, other than the City of Rapid City copyright/credit notice be legible on the print. The User agrees to recognize and honor in perpetuity the copyrights, and other proprietary claims for the GIS Product File(s) established or produced by the City of Rapid City or the vendors furnishing said items to the City of Rapid City.



**PRELIMINARY  
 FOR REVIEW ONLY**

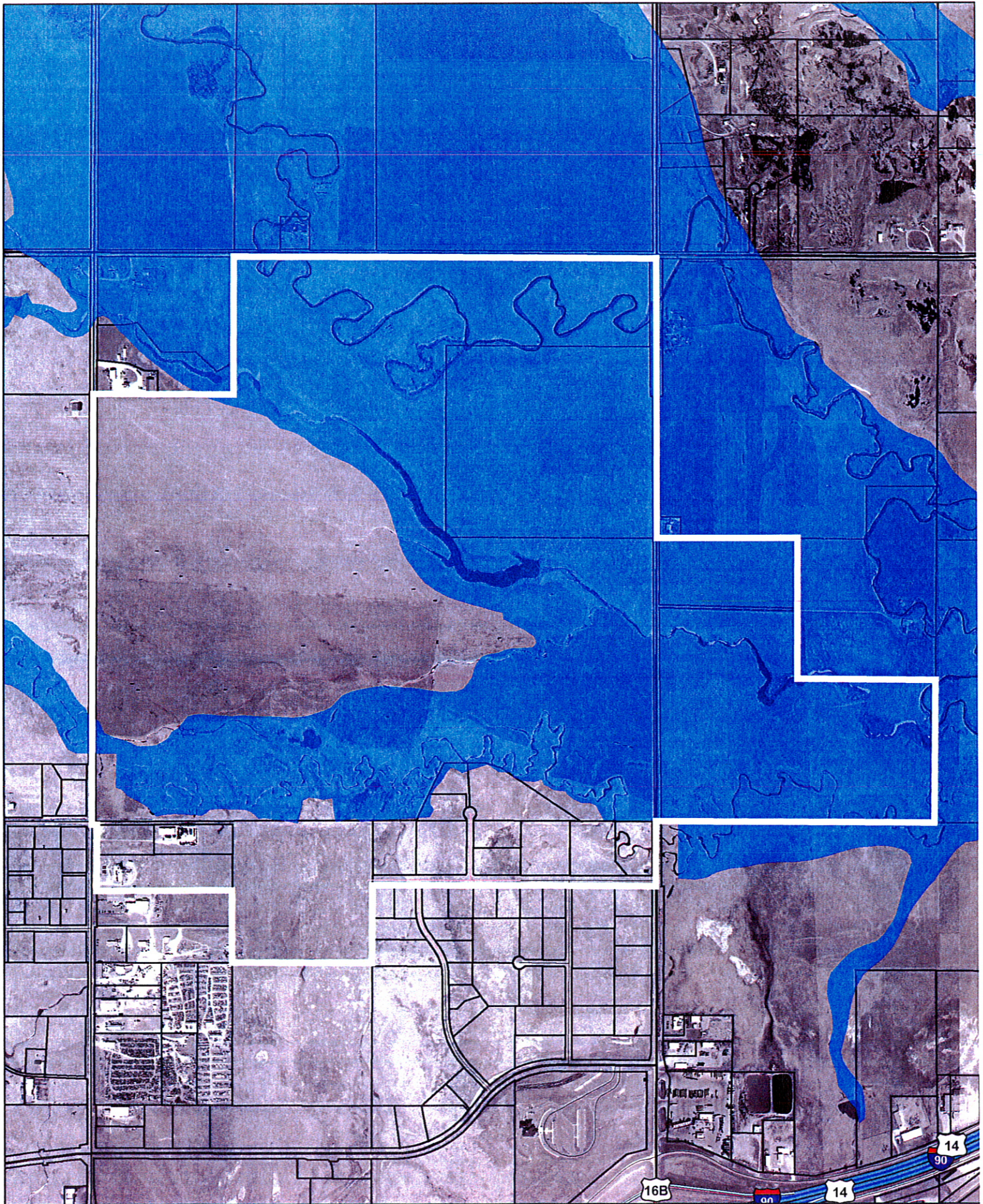
Scale:	1"=300'
Designed By:	MAB
Drawn By:	MAB
Design Date:	4/1/2008
Print Date:	4/1/2008
Internal Job No:	07-0465
Surveyed By:	JUSTON ENG
Survey Date:	3/28/2007
Revisions:	

**ELK VALE TO DYESS  
 MASTER PLAN**

**PRELIMINARY  
 FOR REVIEW ONLY**

300 150 0 300  
 SCALE: 1" = 300'

# TIF District Creation - Soccer Field Project Floodplain







# CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-2724

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## GROWTH MANAGEMENT DEPARTMENT

300 Sixth Street

### AGENDA

#### TAX INCREMENT FINANCE COMMITTEE

Friday, September 12, 2008

11:30 a.m.

3<sup>rd</sup> Floor WEST Conference Room  
City/School Administration Complex  
300 Sixth Street

1. Call to Order
2. Approve Minutes: June 25, 3008
3. Soccer Complex District (08TIF004) Soccer Rapid City
4. Other Business
5. Adjourn

Draft

MINUTES  
TAX INCREMENT FINANCE COMMITTEE  
June 25, 2008

MEMBERS PRESENT: Bill Okrepkie, Gary Brown, David Janak, Bob DeMersseman, Marcia Elkins, Jim Preston, Joel Landeen

OTHERS PRESENT: Hani Shafai, Mike Stanley, Doyle Estes, Scott Sumner, Pat Tlustos, Rich Evans, Bob Drew, Dan Ferber, Charles Lien, John Nooney, Rich Huffman, Tom Rau, Alan Hanks, Robert Ellis, Dale Tech, Mark Rohlfig, Mike Schad, Karen Bulman, Sharlene Mitchell

Call to Order

Elkins called the meeting to order at 11:30 a.m.

Approve Minutes

**Brown moved, Okrepkie seconded and carried unanimously to approve the minutes of the March 14, 2008 meeting.**

Highway 16B Sanitary Sewer (08TIF005)

Bulman presented the request to facilitate the development of residential property supported by the development of public infrastructure adjacent to U.S. Highway 16. Bulman reviewed the project costs included in the proposed developer funded tax increment district noting the commercially zoned property in the proposed district boundary. Bulman indicated that the Necessary and Convenient and Contingency funding for the project complies with the proposed 10% guideline.

Shafai introduced the area property owners that are impacted by the proposed tax increment financing request. Shafai outlined the infrastructure improvements noting that the improvements will alleviate the existing burden on the Robbinsdale sanitary sewer system.

Shafai requested that the project costs be revised to include \$600,000 in developer costs noting that the district is projected to payout in 12-13 years. In response to a question, Bulman indicated that the preliminary review was prepared using only the oversizing costs; however, with the additional project costs the district would payout in 15 years.

In response to a question from Okrepkie, Elkins requested that discussion regarding the inclusion of the developer costs be addressed following the applicant's presentation.

In response to a question from Elkins, Shafai addressed the cash flow projections with and without the additional \$600,000 in developer costs. In response to a question from Landeen, Shafai indicated that the additional developer costs will be expended for the lift station and sewer force main.

In response to a question from Preston, Shafai indicated that the district is comprised of approximately 30% commercially zoned land. In response to a question from Landeen, Shafai addressed the project costs included for the Catron Boulevard gravity sewer line. Discussion followed regarding the service area boundary for the sanitary sewer lift station.

Tlustos clarified that the majority of the affected property owners have not participated in the development of the tax increment request. In response to a question from Tlustos, Shafai

addressed the issues relating to the Black Hills Orthopedic and Black Hills Corporation properties.

In response to a request from Elkins, Landeen addressed the structure of the Developers Agreement noting that the applicant must provide the breakdown percentage between the participating developers. Shafai clarified that not all property owners will participate in the development noting that the Hyland Park development will fund the lift station and force sewer main. Discussion followed regarding the level of participation anticipated by the remaining developers.

In response to a question from Ellis, Shafai indicated that he is proposing that the project will be developer funded noting that the Hyland Park developer will be reimbursed from the tax increment district for the lift station and force sewer main costs.

Discussion continued regarding the anticipated level of developer participation and the percentage of commercial property located within the proposed district boundary.

In response to a question from Ellis, Sumner indicated that agreements are in place to allow future connections to the gravity sewer line. Discussion continued regarding the capacity of the lift station.

In response to a question from Landeen, Shafai indicated that the proposed project will alleviate the health safety concerns with the inadequate carrying capacity of the Robbinsdale sanitary sewer system.

In response to a question from Elkins, Evans addressed the Hyland Park pro forma noting that the developer costs must be included in the Tax Increment Financing Project Plan to cash flow the project.

Discussion followed regarding the impact the developer costs will have on the approval of the request, project costs restructuring options and the community benefit resulting from the upgrade of the Highway 16 Sanitary Sewer.

**Okrepkie moved to recommend approval of the Highway 16 Sewer Tax Increment District in the amount of \$3,624,000, including \$600,000 in developer costs, with developer costs repaid from the Tax Increment District. Janak seconded the motion.**

Discussion continued regarding the inclusion of the developer costs in the project costs and the breakdown of percentages between the various developers.

In response to a question from Okrepkie, Brown indicated that the Planning Commission has not supported including developer costs in a tax increment district project plan.

Discussion continued regarding funding alternatives to address the developer costs issue. Janak recommended approving the motion as presented with the understanding that the applicant will review funding options for the developer costs.

**Preston moved a substitute motion to recommend approval of the Highway 16 Sewer Tax Increment District in the amount of \$2,664,000 with the following stipulations:**

1. That the project costs include 100% of the gravity sewer line;

2. That the project costs include 70% of the lift station and sewer force main; and,
3. That all other project costs be included as presented.

The substitute motion failed for lack of a second.

The motion recommend approval of the Highway 16 Sewer Tax Increment District in the amount of \$3,624,000, including \$600,000 in developer costs, with developer costs repaid from the Tax Increment District carried with Landeen and Preston voting no.

5th Street TID #41 – Project Plan Revision (08TIF006)

Bulman provided a review of the proposed reallocation of project costs. Bulman indicated that the purpose of the reallocation is to address the increased construction costs for Stumer Road. Bulman indicated that the developer is in the process of refinancing the development loan and anticipates a substantial savings from the lower interest rate.

Shafai requested creating a Project Plan Phase II and allocate the Traffic Lights and Turn Lanes projects costs into the second phase. Shafai indicated that phasing would permit the Phase I project costs to be certified allowing release of the accrued tax revenues which would assist in reducing the overall timeframe for paying off the district costs. Shafai commented on the success of the 5th Street Tax Increment District noting the development that has occurred. Discussion followed regarding the financial benefit that would be realized by phasing the project costs.

**Brown moved, Okrepkie seconded and carried unanimously to recommend approval of the 5th Street Project Plan TID #41 request to reallocate funds from the Black Hills Boulevard, Sewer and Water Oversizing and Financing Interest line items to the Stumer Road line item and to reallocate the total Traffic Light line item and \$106,139.50 of the Turn Lanes line item to Phase II.**

North Street Fire Station (08TIF007)

Bulman presented the request to develop regional public infrastructure improvements and a Fire Station on East North Street north of U.S. Interstate 90. Bulman reviewed the breakdown of project costs by developer noting that 61% of the proposed district is zoned commercial. Bulman indicated that the proposed district has a projected term of 12 years with the City being repaid last. Bulman identified the parcel boundaries that must be included in the proposed district boundary.

Elkins extended thanks to the Lien family for the donation of the Fire Station site noting the lengthy discussions that have been held on the proposed project.

Ferber outlined the proposed development projects noting the infrastructure improvements required to support those developments. Ferber outlined the developer funding for the project including funding for the widening of East Mall Drive.

In response to a question from Landeen, Elkins addressed the infrastructure improvements included in the developer funded project noting the resulting benefit to the City.

In response to a question from Ellis, Ferber outlined the drainage improvements that will be completed under the proposed project. Discussion followed regarding the need for a regional drainage facility and the donation of the Fire Station site.

In response to a question from Elkins, Ferber indicated that the salvage yard properties lying south of Seger Drive were eliminated due to their lack of development potential. Discussion followed regarding including the salvage yard properties to address the "blight" criteria.

In response to a question from Landeen, Ferber addressed the developer costs included in the project for the East North Street and Mall Drive projects.

Hanks addressed the benefit to the City with the donation of the Fire Station site. Hanks indicated that the City will recapture the Capital Improvement funding for the Fire Station through the tax increment district allowing that funding to be reused for the next Fire Station. Discussion followed regarding the financial benefits that will be realized from the North Street Fire Station tax increment district.

Elkins recommended that the proposed project be amended to include a Phase II for the development of East North Street to Seger Drive and that the district boundary be expanded to include the salvage yard properties lying south of Seger Drive. In response to a question, Elkins indicated that the developer has proposed that the City be reimbursed last in exchange for the land donation and upfronting the infrastructure costs.

In response to a question from Landeen, Bulman indicated that the projected 12 year district payout does not include the proposed Phase II.

**Landeen moved to recommend approval of the developer funded North Street Fire Station Tax Increment District request in the amount of \$6,436,644.25 with the following stipulations**

- 1. That the District boundary be expanded to include the salvage yard properties lying south of Seger Drive;**
- 2. That the District comply with the 25% blight criteria; and,**
- 3. That a Phase II in the amount of \$1,446,070.00 be added to the Project Plan for the purpose of completing development of East North Street to Seger Drive.**

**DeMersseman seconded the motion.**

In response to a question from Elkins, Bulman indicated that the Necessary and Convenient and Contingency line items exceed the proposed 10% guideline. In response to a question from Landeen, Ferber stated that the project costs are based on a preliminary design noting that the funding requested for the Necessary and Convenient and Contingency line items is due to the lack of final engineering designs and to address escalating construction costs.

**The motion to recommend approval of the developer funded North Street Fire Station Tax Increment District request in the amount of \$6,436,644.25 with the following stipulations**

- 1. That the District boundary be expanded to include the salvage yard properties lying south of Seger Drive;**
- 2. That the District comply with the 25% blight criteria; and,**
- 3. That a Phase II in the amount of \$1,446,070.00 be added to the Project Plan for the purpose of completing development of East North Street to Seger Drive.**

**Carried unanimously.**

Adjourn

There being no further business Okrepkie moved, Preston seconded and carried unanimously to adjourn the meeting at 1:07 p.m.

## TAX INCREMENT FINANCING IN RAPID CITY

### A Guide for Applicants

#### INTRODUCTION

In 1978, the South Dakota Legislature approved the use of Tax Increment Financing (TIF) by municipalities to help finance redevelopment projects. Tax Increment Financing is a method of funding public investments in an area by capturing, for a time, all of the increased tax revenue that results when public investment stimulates private investment.

TIF is one of the few economic development and community redevelopment tools currently available to municipalities in South Dakota. Rapid City has effectively used TIF since the creation of the first district in 1983. However, as with any technique, TIF should be used according to carefully specified criteria. These criteria will assure that projects help fulfill the City's objectives for economic development and redevelopment and avoid unnecessary subsidies. This guide outlines criteria and procedures for evaluating proposals for the use of TIF. These criteria should be considered guidelines only and do not guarantee approval of a request for Tax Increment Financing.

Purpose of TIF. The City of Rapid City recognizes the following purposes for the use of Tax Increment Financing:

1. To encourage the redevelopment of deteriorated, or otherwise blighted real property in Rapid City through the investment of public funds;
2. To stimulate economic development in the community by assisting projects that promote the long term economic vitality of the community;
3. To stimulate increased private investment in areas that would have otherwise remained undeveloped or under-developed and which will, in the long term, provide a significant source of additional tax revenues to all taxing entities; or
4. To stimulate the construction of safe and affordable housing units for low and moderate income residents of the community and expand the general housing stock in the community.

Uses of TIF. Tax Increment Financing may be used for the following purposes in Rapid City:

1. Capital costs, including the actual costs of construction or reconstruction of public works or improvements, buildings, structures, and permanent fixtures;
2. The clearing and grading of land;
3. The acquisition of equipment;
4. Financing costs;

5. Real property assembly costs;
6. Professional services;
7. Imputed administrative costs;
8. Organizational costs, including costs of appropriate studies and public notification; and,
9. Other payments found to be necessary or convenient to the creation of the Tax Increment District or implementation of the Project Plan.

### PROJECT SELECTION

TIF Project Review Committee. Each project seeking to use TIF must submit a complete application to the Growth Management Department which will be forwarded to the TIF Project Review Committee for evaluation. The TIF Project Review Committee will make recommendations on the use of TIF to the Planning Commission and City Council. The Project Review Committee consists of the following members: Finance Director or his/her representative; Growth Management Director or his/her representative; City Attorney or his/her representative; Economic Development Partnership President or his/her representative; two Planning Commission members appointed by the Mayor; two City Council members appointed by the Mayor; and, one representative of the Rapid City Area School District appointed by the Superintendent.

The applicant and his designees shall meet with the Project Review Committee to present the proposed Tax Increment District. No other applicants shall be present unless appropriately designated by the applicant. A majority of the Project Review Committee members present at the meeting where the TIF proposal is evaluated must concur for a project to receive a positive recommendation.

Application Requirements. An application for the use of TIF must include the following information, and the TIF Project Review Committee may waive any required information:

1. A detailed project description;
2. A development financing plan, including sources of funds and loan terms;
3. A preliminary commitment for financing and/or equity;
4. A proforma indicating projected costs and revenues;
5. If required, a statement and demonstration that the project would not proceed without the use of TIF;
6. A statement identifying the specific evaluation criteria that the applicant believes the request meets;
7. Preliminary plans for the project;

8. A development schedule;
9. If applicable, a list of public improvements which will be constructed along with the project;
10. Corporation or partnership papers if applicable;
11. An audited financial statement of the corporation, partnership, or individual for the most recent five calendar year(s) or the life of the company if appropriate;
12. A copy of the proposed wage scale, employee benefits package, and full and part time employment levels unless waived by the Tax Increment Financing Project Review Committee or, in the case of an affordable housing project, a copy of the applicable federal housing grant program; and,
13. Other information that may be required by the Project Review Committee.

All applications for TIF must be submitted to the Growth Management Department. The TIF Project Committee will schedule a meeting, at which the applicant will present his/her project within thirty (30) days of submission.

Criteria for Evaluation. Projects applying for assistance through TIF must qualify by meeting certain criteria. Some criteria are mandatory and must be met in order for the Committee to consider the project for assistance. Others are discretionary, and enable the Committee to determine the benefits of the project. The project application must demonstrate how the project meets the required criteria.

Mandatory Criteria. In order to be considered for TIF, a project must meet each of the following three criteria;

1. The project must be located within a proposed district in which a minimum of twenty-five percent (25%) of the area of the District is determined to be "blighted". For the purposes of TIF, a "blighted area" is defined as:
  - A. An area in which the structures, buildings, or improvements are conducive to ill health, the transmission of disease, infant mortality, juvenile delinquency, or crime, and which is detrimental to the public health, safety, morals, or welfare; or,
  - B. An area that substantially impairs or arrests the sound growth of the municipality, retards the provision of adequate housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, or morals, or welfare as a result of substandard, unsafe or deteriorating development; or,
  - C. An open area which because of the need for infill development and cost effective use of existing utilities and services, obsolete platting, diversity of ownership, deterioration of structures or site improvements, or otherwise is determined to be blighted, substantially impairs or arrests the sound growth of the community.



2. The project must comply with the adopted Comprehensive Plan and all other appropriate plans and regulations.
3. The use of TIF for the project will not result in the net loss of pre-existing tax revenues to the City and other taxing jurisdictions.

In addition, a project must meet two of the following six criteria:

1. The project must demonstrate that it is not economically feasible without the use of TIF. In addition, if the project has site alternatives, the proposal must demonstrate that it would not occur in Rapid City without TIF.
2. The project will eliminate actual or potential hazard to the public. Hazards may include condemned or unsafe buildings, sites, or structures.
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.
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.
5. The project will result in additional redevelopment in the following Tax Increment Financing Target Areas:
  - A. Downtown District (see Appendix A for description)
6. The project will result in the construction of affordable housing units defined as housing where the occupant is paying no more than thirty percent (30%) of gross income for housing costs including utilities and complies with the following requirements:
  - A. Affordable housing projects must target residents at or below eighty percent (80%) of median income with rents at thirty percent (30%) of the tenants income or the Fair Market Rent (FMR) for the Section 8 Program whichever is greater. A minimum of 51% of the dwelling units of the proposed development shall be occupied by households meeting this income guideline;
  - B. Affordable housing is required to remain affordable as defined above for ten (10) years. If affordability is less than ten (10) years, repayment of prorata share of increment benefit will be due and payable to the City.

Discretionary Criteria. In addition, the project should meet several of the following criteria. The project will be evaluated relative to the criteria outlined below. The extent to which a project meets these criteria will be used in evaluation of the project including the length of time a district may run.

1. The project will generate at least one full-time job for each \$10,000 in principal value of the TIF; or would create a minimum of 50 new jobs.

2. All TIF proceeds are used for the construction of public improvements.
3. The project involves the rehabilitation of a building listed on or eligible for listing on the National Register of Historic Places.
4. The project will directly benefit low and moderate income people, as defined by the U.S. Department of Housing and Urban Development as applied to the Community Development Block Grant Program. A project will meet this criterion if at least 51% of the jobs created will be held by or available to low and moderate income people.
5. The building or site that is to be redeveloped itself displays conditions of blight as established by the provisions of SDCL 11-9.
6. The project involves the start-up of an entirely new business or business operation within the City of Rapid City.
7. The project involves the expansion of an existing business located within Rapid City.
8. The project site has displayed a recent pattern of declining real property assessments, as measured by the Pennington County Director of Equalization.
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.)
10. The developer agrees to waive the five-year tax abatement.

#### TIF APPROVAL PROCESS

Following the review of the request by the Project Review Committee, the staff shall notify the applicant of the Committee's action within seven (7) days.

If after reviewing the application the Project Review Committee recommends approval of the TIF assistance, the following approval process shall be initiated:

1. Interest Rate. The Tax Increment Finance interest rate shall not exceed nine (9) percent during the life of the Tax Increment Finance. During the construction phase of the project and until the project is cash flowing from a tax revenue basis the developer and lender shall be free to negotiate an interest rate not to exceed nine (9) percent. Within 90 days of the date the developer is notified by the City that the tax revenue is sufficient to amortize the debt over the remaining life of the Tax Increment Finance District and confirmed by the Financial Institution, the interest rate on the remaining balance shall be reset at an interest rate of not more than three (3) percent over the published ten (10) year U.S. Treasury rate not to exceed nine (9) percent. That rate shall remain in effect for a five year period, at which time it will be reset using the same formula. The City shall also retain the right to

refinance any Tax Increment Finance through the use of Revenue Bonds or any other funding source available during the life of the Tax Increment Finance.

2. Preparation of a Project Plan. The City Staff shall prepare a project plan for the proposal. The plan must meet certain statutory requirements including information about the use of the TIF funds. It shall also include a resolution defining the proposed Tax Increment District.
3. Approval of the Project Plan. The Resolution creating the Tax Increment District and Project Plan is then submitted to the Planning Commission for its recommendation. Following Planning Commission review and recommendation, the Resolution and Project Plan is then submitted to the Common Council for its approval.
4. Approval of the Development Agreement. Following approval of the Resolution creating the Tax Increment District and the Project Plan, the City and the Developer negotiate a Development Agreement. The Agreement sets forth the mutual responsibilities of both parties. The Development Agreement is reviewed by the Common Council who must authorize the Mayor and Finance Officer to sign the agreement.

If the TIF Project Review Committee does not recommend approval of the TIF assistance the applicant may appeal that decision to the Planning Commission. Upon approval by the Planning Commission, City Staff shall prepare the resolution creating the district and the Project Plan and the proposal shall be reviewed as outlined above in Steps 2 and 3.

If the application is denied, resubmission of the request cannot occur for thirty (30) days from the date of denial.

#### Process for Revising Approved Tax Increment District Project Plans

1. Submit written request to Growth Management Staff.
2. Growth Management Staff schedules a Tax Increment Financing Committee meeting for review of the request.
3. Tax Increment Financing Committee meets, reviews the request and makes a recommendation.
4. Pursuant to the provisions of SDCL 11-9-18, the Planning Commission considers the proposed revisions and approves any changes by resolution.
5. Upon approval by the Planning Commission, the request is forwarded to the Legal and Finance Committee.
6. The recommendation of the Legal and Finance Committee is forwarded to the City County; City Council may approve the project plan by resolution "stating that the plan is feasible and in conformity with the master plan."

GENERAL RULES OF THE TIF PROGRAM

All approved projects must comply with the following general rules.

1. TIF shall not be used for the construction of residential structures.
2. Any TIF assisted rehabilitation within a National Historic District must be carried out according to the Secretary of the Interior's Standards for Rehabilitation. Plans must be complete and must receive the approval of the TIF Project Review Committee prior to the release of funds.
3. The Developer is responsible for acquiring all necessary financing. The City assumes no responsibility for the repayment of any loan or bond beyond the tax allocations outlined in the Project Plan.

COUNCIL APPROVED December 2, 1991.

COUNCIL AMENDED AND APPROVED March 21, 1994.

COUNCIL AMENDED AND APPROVED April 18, 2005.

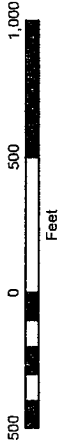
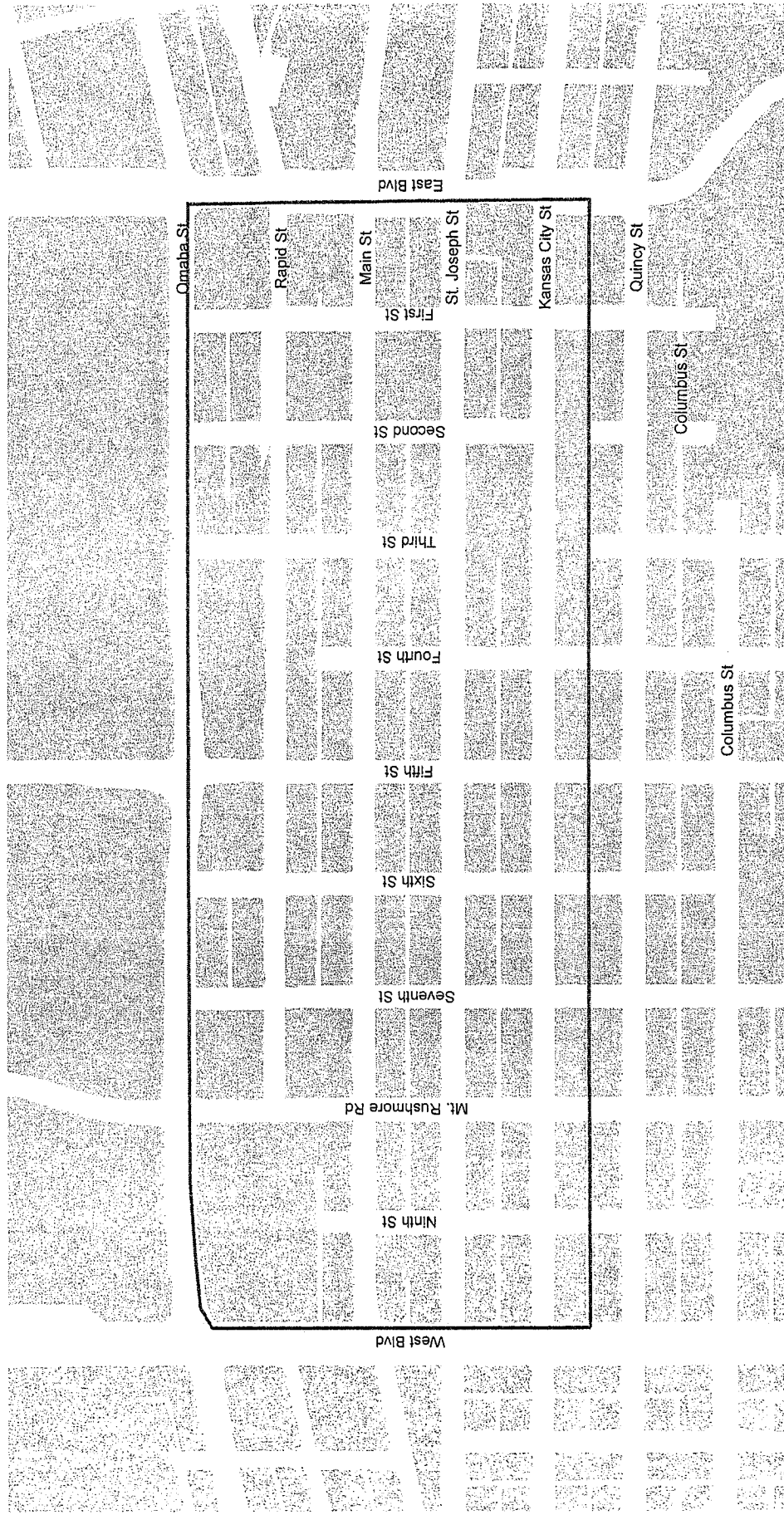
COUNCIL AMENDED AND APPROVED March 20, 2006

COUNCIL AMENDED AND APPROVED May 15, 2006

COUNCIL AMENDED AND APPROVED April 7, 2008

# Tax Increment Financing Target Areas

## Downtown Development District



## CHECKLIST

### TAX INCREMENT FINANCING IN RAPID CITY A Guide for Applicants

**Purpose of TIF.** The City of Rapid City recognizes the following purposes for the use of Tax Increment Financing:

- |  | Applies                  |
|--|--------------------------|
| 1. To encourage the redevelopment of deteriorated, or otherwise blighted real property in Rapid City through the investment of public funds;   | <input type="checkbox"/> |
| 2. To stimulate economic development in the community by assisting projects that promote the long term economic vitality of the community;   | <input type="checkbox"/> |
| 3. To stimulate increased private investment in areas that would have otherwise remained undeveloped or under-developed and which will, in the long term, provide a significant source of additional tax revenues to all taxing entities; or | <input type="checkbox"/> |
| 4. To stimulate the construction of safe and affordable housing units for low and moderate income residents of the community and expand the general housing stock in the community.  | <input type="checkbox"/> |

**Uses of TIF.** Tax Increment Financing may be used for the following purposes in Rapid City:

- |  | Applies                  |
|--|--------------------------|
| 1. Capital costs, including the actual costs of construction or reconstruction of public works or improvements, buildings, structures, and permanent fixtures; | <input type="checkbox"/> |
| 2. The clearing and grading of land;   | <input type="checkbox"/> |
| 3. The acquisition of equipment;   | <input type="checkbox"/> |
| 4. Financing costs;  | <input type="checkbox"/> |
| 5. Real property assembly costs;   | <input type="checkbox"/> |
| 6. Professional services;  | <input type="checkbox"/> |
| 7. Imputed administrative costs;   | <input type="checkbox"/> |
| 8. Organizational costs, including costs of appropriate studies and public notification; and,  | <input type="checkbox"/> |
| 9. Other payments found to be necessary or convenient to the creation of the Tax Increment District or implementation of the Project Plan.                     | <input type="checkbox"/> |

**Criteria for Evaluation.** Projects applying for assistance through TIF must qualify by meeting certain criteria. Some criteria are mandatory and must be met in order for the Committee to consider the project for assistance. Others are discretionary, and enable the Committee to determine the benefits of the project. The project application must demonstrate how the project meets the required criteria.

- |   | Applies                  |
|---|--------------------------|
| 1. The project must be located within a proposed district in which a minimum of twenty-five percent (25%) of the area of the District is determined to be "blighted". For the purposes of TIF, a "blighted area" is defined as:                           | <input type="checkbox"/> |
| A. An area in which the structures, buildings, or improvements are conducive to ill health, the transmission of disease, infant mortality, juvenile delinquency, or crime, and which is detrimental to the public health, safety, morals, or welfare; or, | <input type="checkbox"/> |
| B. An area that substantially impairs or arrests the sound growth of the municipality, retards the provision of adequate housing  | <input type="checkbox"/> |

accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, or morals, or welfare as a result of substandard, unsafe or deteriorating development; or,

C. An open area which because of the need for infill development and cost effective use of existing utilities and services, obsolete platting, diversity of ownership, deterioration of structures or site improvements, or otherwise is determined to be blighted, substantially impairs or arrests the sound growth of the community.

- 2. The project must comply with the adopted Comprehensive Plan and all other appropriate plans and regulations.
- 3. The use of TIF for the project will not result in the net loss of pre-existing tax revenues to the City and other taxing jurisdictions.

**In addition, a project must meet two of the following six criteria:**

**Applies**

- 1. The project must demonstrate that it is not economically feasible without the use of TIF. In addition, if the project has site alternatives, the proposal must demonstrate that it would not occur in Rapid City without TIF.
- 2. The project will eliminate actual or potential hazard to the public. Hazards may include condemned or unsafe buildings, sites, or structures.
- 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.
- 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.
- 5. The project will result in additional redevelopment in the following Tax Increment Financing Target Areas:
  - A. Downtown District (see Appendix A for description)
- 6. The project will result in the construction of affordable housing units defined as housing where the occupant is paying no more than thirty percent (30%) of gross income for housing costs including utilities and complies with the following requirements:
  - A. Affordable housing projects must target residents at or below eighty percent (80%) of median income with rents at thirty percent (30%) of the tenants income or the Fair Market Rent (FMR) for the Section 8 Program whichever is greater. A minimum of 51% of the dwelling units of the proposed development shall be occupied by households meeting this income guideline;
  - B. Affordable housing is required to remain affordable as defined above for ten (10) years. If affordability is less than ten (10) years, repayment of prorata share of increment benefit will be due and payable to the City.

**Discretionary Criteria.** In addition, the project should meet several of the following criteria. The project will be evaluated relative to the criteria outlined below. The extent to which a project meets these criteria will be used in evaluation of the project including the length of time a district may run.

- |  | <b>Applies</b>           |
|--|--------------------------|
| 1. The project will generate at least one full-time job for each \$10,000 in principal value of the TIF; or would create a minimum of 50 new jobs.   | <input type="checkbox"/> |
| 2. All TIF proceeds are used for the construction of public improvements.  | <input type="checkbox"/> |
| 3. The project involves the rehabilitation of a building listed on or eligible for listing on the National Register of Historic Places.  | <input type="checkbox"/> |
| 4. The project will directly benefit low and moderate income people, as defined by the U.S. Department of Housing and Urban Development as applied to the Community Development Block Grant Program. A project will meet this criterion if at least 51% of the jobs created will be held by or available to low and moderate income people.                | <input type="checkbox"/> |
| 5. The building or site that is to be redeveloped itself displays conditions of blight as established by the provisions of SDCL 11-9.  | <input type="checkbox"/> |
| 6. The project involves the start-up of an entirely new business or business operation within the City of Rapid City.  | <input type="checkbox"/> |
| 7. The project involves the expansion of an existing business located within Rapid City.   | <input type="checkbox"/> |
| 8. The project site has displayed a recent pattern of declining real property assessments, as measured by the Pennington County Director of Equalization.  | <input type="checkbox"/> |
| 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.) | <input type="checkbox"/> |
| 10. The developer agrees to waive the five-year tax abatement.   | <input type="checkbox"/> |