

STAFF REPORT
October 8, 2009

No. 09TI002 - Second Revised Project Plan for Tax Increment **ITEM 36**
District #47 - Tower Road

GENERAL INFORMATION:

APPLICANT/AGENT	FourFront Design, Inc.
PROPERTY OWNER	Skyline Pines East Land Company
REQUEST	No. 09TI002 - Second Revised Project Plan for Tax Increment District #47 - Tower Road
EXISTING LEGAL DESCRIPTION	Lot H1 of the SW1/4, Lot 1 of the SE1/4 SW1/4, the eastern most 402.4 feet of section line right-of-way in the SW1/4, all located in the SW1/4 of Section 11, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota; the N1/2 SE1/4 less Walpole Heights Subdivision less Lot AB of the E1/2 SE1/4 and less Fairmont Boulevard dedicated right-of-way, Lots H1 and H2 of the SE1/4, Lots B and C of the SW1/4SE1/4, Lots A and B of the SE1/4 SE1/4, Lots H3, H4, H5, H6, H7 and H8 of the E1/2 SE1/4, and all of the section line right-of-way in the SE1/4 less that portion of section line right-of-way abandoned as recorded in Miscellaneous Book 54, Page 1976, all located in the SE1/4 of Section 11, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota; and Lot H2 of the W1/2 SW1/4 less Lot X of the W1/2SW1/4, Lot H4 of the W1/2 SW1/4, and that portion of a 60 foot dedicated public right-of-way located between Tract 3R and 4R of Arches Addition in the SW1/4, all located in the SW1/4 of Section 12, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota.
PARCEL ACREAGE	Approximately 122.0 Acres
LOCATION	Tower Road west of U.S. Highway 16
EXISTING ZONING	Right-of-way - Park Forest District - Low Density Residential District II (Planned Residential Development) - Office Commercial District (Planned Commercial Development) - General Commercial District (Planned Commercial District)
SURROUNDING ZONING North:	Park Forest District - Low Density Residential District - General Commercial District (Planned Commercial District)

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South: Park Forest District
East: General Commercial District
West: Park Forest District - General Agriculture District

PUBLIC UTILITIES City water and sewer

DATE OF APPLICATION 9/22/2009

REVIEWED BY Karen Bulman

RECOMMENDATION:

The Tax Increment Financing Committee recommends that the Second Revised Project Plan for Tax Increment District #47 - Tower Road be approved.

GENERAL COMMENTS: Tax Increment District #47 was created in 2004 and the Project Plan was approved May 1, 2006. The Tax Increment Funds were to be utilized to fund construction and public improvements for Tower Road. The Revised Project Plan identified costs for Fairmont Boulevard grading and was approved December 3, 2007. The Project Plan is funded by the developer.

The Tax Increment District boundaries incorporate approximately 122 acres located near Tower Road and Fairmont Boulevard. These properties are located west of U.S. Highway 16. This is an economic development Tax Increment District.

The Developer is requesting reallocation of funds from the Financing Interest line item to fund additional costs for the Tower Road line item and Necessary and Convenient Cost line items for Drainage Improvements, Erosion Controls, and Electrical Trenching. In addition, the Imputed Administrative Fee to be paid to the City in accordance with the new Tax Increment Financing Guidelines will be reallocated from the Financing Interest line item.

TAX INCREMENT FINANCING COMMITTEE REVIEW: On September 22, 2009, the Tax Increment Financing Review Committee reviewed the Developer's request for the changes to reallocate the costs within the Project Plan. The Committee recommended that sidewalk installation be required to be completed under the Tax Increment Project Plan and recommended that the funding for the electrical trenching, erosion controls, drainage improvements and approach development expenditures incurred within the district be reallocated. The Committee recommended that the developer provide a detailed breakdown of the expenditures prior to the reallocation request to the Planning Commission. That information is linked to this report under the heading, "Additional Applicant Information 9-30-09". In addition, \$5,000 Imputed Administrative Fee to be paid to the City has been added in accordance with the new Tax Increment Financing Guidelines. The additional Imputed Administrative Fee of \$5,000 will be paid to the City from the Necessary and Convenient Cost line item and will be reallocated from the Financing Interest line item. The other Project costs for the City will remain the same. All the revised changes are outlined in the following chart:

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Proposed Project Cost Reallocation:

<u>Project Costs</u>	<u>Approved Costs</u>	<u>Changes</u>	<u>Costs As Amended</u>
Tower Road Reconstruction and improvements including: \$ 2,937,525.00 sidewalks and approach improvements		\$137,806.70	\$3,075,331.70
Professional Service Costs	\$ 465,000.00	\$ 0.00	\$ 465,000.00
Financing interest	\$ 1,257,451.47	\$(255,000.00)	\$1,002,451.47
Contingency Costs:	\$ 0.00	\$ 0.00	\$ 0.00
Relocation Costs:	\$ 0.00	\$ 0.00	\$ 0.00
Organizational Costs:	\$ 0.00	\$ 0.00	\$ 0.00
Necessary/Convenient Costs:			
Fairmont Blvd grading	\$ 234,313.00	\$ 0.00	\$ 234,313.00
Drainage Improvement	\$ 0.00	\$ 22,413.00	\$ 22,413.00
Erosion Controls	\$ 0.00	\$ 83,660.30	\$ 83,660.30
Electrical Trenching	\$ 0.00	\$ 6,120.00	\$ 6,120.00
Additional Imputed	\$ 0.00	\$ 5,000.00	\$ 5,000.00
Admin Fee			
TOTAL	\$ 4,894,289.47	\$ 0.00	\$4,894,289.47
Imputed Administrative Costs*			
City of Rapid City			\$ 2,050.00

All other costs remain the same. The total costs will not change, so the Tax Increment Base will not be re-established.

The revised amortization schedule used in the Revised Project Plan included an initial 9.00% interest rate. Beginning in December 2009, a 6.50% interest rate was used. Please note that the proposed rate for the loan is an annual variable at "New York Prime plus one percent subject to a floor interest rate of 6.50% and a ceiling interest rate of 9.00%" as stated by BankWest.

The Tax Increment Financing Project Review Committee recommends approval of the attached resolution approving the Second Revised Project Plan for Tax Increment District No. 47.