

# PROJECT PLAN

TAX INCREMENT DISTRICT #47  
*REVISED*  
TOWER ROAD  
CITY OF RAPID CITY

Prepared by the

Rapid City Growth Management Department  
April 2006

Revised November 2007

## INTRODUCTION

Tax Increment Financing is a method of financing improvements and development in an area which has been determined to be blighted according to the criteria set forth in SDCL 11-9. All this is done without incurring a general obligation for the taxpayers of the entire City.

The assessed value of a district is determined by the South Dakota Department of Revenue at the time the district is created by the City Council. This valuation is termed the Tax Increment Base Valuation for the district, or simply the "base valuation." As the property taxes for the property are paid, that portion of the taxes paid on the Base Valuation continue to go to those entities, (City, County, School, etc.), which levy property taxes.

When in succeeding years, the assessed valuation of the district increases, the total property taxes paid by the owners of property in the district will increase accordingly. That increase in taxable valuation is the "increment." When the tax bills are paid, only that portion of the tax bill which results from the Base Valuation, is paid to the taxing entities. The remainder of the tax bill, known as the tax increment, is deposited in a special fund. It is this plan which determines how these accumulated funds will be used. It is anticipated that one or more of the properties in this proposed Tax Increment District will be used for commercial purposes. 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.

This financing method is invaluable for encouraging growth and development of blighted properties with special re-development problems, since the amount of funds available for use by the project plan is directly related to the increase in valuation which a given project or development will create.

## OVERVIEW

This plan proposes that a Tax Increment District be created to assist in the development of a 122 acre development located adjacent to Tower Road to fund the reconstruction of Tower Road and public infrastructure improvements. The proposed boundaries are located near Tower Road and Fairmont Boulevard and west of U.S. Highway 16. The estimated cost of the improvements is \$2,679,657.

The Tax Increment District for Tower Road was approved by the City Council on October 4, 2004. The project plan was tabled at the September 28, 2004 Legal and Finance Committee meeting as there was not an identified funding source available for the improvements. The Tax Increment Financing Committee met on March 27, 2006 to discuss this proposed Project Plan for Tax Increment District #47 and recommended approval of the Project Plan. The Tax Increment District will be financed by the developer.

The development of the public improvements will enhance the ability for new development to occur in this area increasing the community's economic vitality and expanding the City's property tax base.

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The applicant will finance the improvements at an estimated 9% interest rate. All project expenditures must be completed within five years of the creation of the district. Should the tax increment revenues exceed the anticipated loan payments, the district debt would be retired early resulting in the full value of the property being returned to the tax rolls more quickly.

PROJECT PLAN SUMMARY

This plan establishes the total project costs, as well as the Tax Increment District funded costs.

Elements of the Project Plan

This Project Plan, as required by SDCL 11-9-13, will address the following elements:

- 1) Public Works and Other Improvements;
- 2) Economic Feasibility Study;
- 3) Project Costs;
- 4) Fiscal Impact Statement; and,
- 5) Financing Method Description.

Additionally, the following exhibits are offered:

- I. General Vicinity map;
- II. Tax Increment District Boundary Map;
- III. Map of Existing Zoning;
- IV. Map of Existing Land Use; and,
- V. Map of Public and Other Improvements.

The Statement of Method for Relocating Displaced Persons, as well as the Statement of Changes Needed in Master Plan, Building Codes and Ordinances do not apply to this Project Plan and have not been included in this document.

ELEMENTS OF THE PROJECT PLAN

1. PUBLIC WORKS AND OTHER IMPROVEMENTS

The project plan includes \$2,614,749 in capital costs associated with funding the reconstruction and public improvements of Tower Road.

2. ECONOMIC FEASIBILITY STUDY

Current Valuation – Tax Increment District Number Forty Seven has been created in accordance with SDCL 11-9-2 to 11-9-11. A vicinity map as well as a boundary map is attached. As of this date, the assessed valuation for the proposed district is projected as \$1,395,000. In accordance with SDCL 11-9-20, the certification of the base value has been received from the South Dakota Department of Revenue following creation and approval of the district by the City Council.

ANTICIPATED CERTIFIED BASE VALUATION OF PROPERTY IN TID #47

\$ 1,395,000

Expected Increase in Valuation –

ESTIMATED FUTURE VALUATION OF PROPOSED DISTRICT

Estimated Assessed Value of District	\$ 1,395,000
Estimated Assessed Value of project (year 20)	\$ 84,500,000
Other Anticipated Increases in Assessed Value	\$ 0
Estimated Increase in Assessed Value of Land*	\$ 0
Estimated Total Valuation (year 20)	\$ 85,895,000

\*For purposes of this Tax Increment District, the increase in land value is not included in these estimates. Any additional value will pay off the loan earlier than anticipated.

Revenue Estimates from Tax Increments

The Plan anticipates 16 semi-annual payments over 8 years; however, because of the uncertainty associated with the development, the plan identifies a 20 year payback schedule. The potential negative short-term impact on the various taxing entities will be offset by the increase in the tax base in future years.

2005 Tax Levies and Percentage of Total Levy

<u>Taxing Entity</u>	<u>Tax Levy</u>	<u>Percentage of Total Levy</u>
Rapid City Area School District	16.0081	67.4%
Pennington County	4.6746	19.7%
City of Rapid City	3.0322	12.8%
West Dakota Water District	.0297	.1%
Total Mill Levy	23.7446	100%

Anticipated 2005 Non-Agriculture Tax Rate: 0.0237446

2005 Tax Levies and Percentage of Total Levy

<u>Taxing Entity</u>	<u>Tax Levy</u>	<u>Percentage of Total Levy</u>
Rapid City Area School District	9.9925	56.4%
Pennington County	4.6746	26.4%
City of Rapid City	3.0322	17.1%
West Dakota Water District	.0297	.1%
Total Mill Levy	17.7290	100%

Anticipated 2005 Owner Occupied Tax Rate: 0.0177290

The estimated tax increment available to pay for project costs in the Plan can be calculated by multiplying the anticipated tax rate by the increment in valuation. This calculation results in the following tax increments, which become available as taxes are paid for the applicable periods. Two schedules are listed projecting two possibilities in this Tax Increment District. The first schedule anticipates a Health Care Center that will be a non-profit entity and therefore, not contributing taxes to the district. The second schedule anticipates a Health Care Center that is a for-profit entity and will contribute taxes to the District.

PROJECTED TAX INCREMENT INCOME  
Based on a non-profit Health Care Center

<u>ASSESSMT DATE</u>	<u>YEAR TAXES PAID</u>	<u>PROJECTED INCREMENT IN VALUATION</u>	<u>TAX INCREMENT PAYMENTS</u>	<u>TOTALS</u>
Nov 2006	2008	\$ 1,000,000(NA)	\$ 23,744	\$ 23,744
Nov. 2007	2009	\$ 1,550,000(OO) \$ 19,000,000(NA)	\$ 27,480 \$ 451,147	\$ 478,627
Nov. 2008	2010	\$ 2,200,000(OO) \$ 19,000,000(NA)	\$ 39,004 \$ 451,147	\$ 490,151
Nov. 2009	2011	\$ 2,850,000(OO) \$ 34,000,000(NA)	\$ 50,527 \$ 807,316	\$ 857,843
Nov. 2010	2012	\$ 4,850,000(OO) \$ 46,000,000(NA)	\$ 85,985 \$1,092,251	\$1,178,236
Nov. 2011	2013	\$ 5,500,000(OO) \$ 49,000,000(NA)	\$ 97,510 \$1,163,485	\$1,260,995
Nov. 2012	2014	\$ 5,500,000(OO) \$ 49,000,000(NA)	\$ 97,510 \$ 1,163,485	\$1,260,995
Nov 2013	2015	\$ 5,500,000(OO) \$ 61,000,000(NA)	\$ 97,510 \$ 1,448,420	\$1,545,930
Nov 2014	2016	\$ 5,500,000(OO) \$ 61,000,000(NA)	\$ 97,510 \$ 1,448,420	\$1,545,930
Nov 2015	2017	\$ 5,500,000(OO) \$ 61,000,000(NA)	\$ 97,510 \$ 1,448,420	\$1,545,930
Nov 2016	2018	\$ 5,500,000(OO) \$ 61,000,000(NA)	\$ 97,510 \$ 1,448,420	\$1,545,930

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Nov 2017	2019	\$ 5,500,000(OO) \$ 61,000,000(NA)	\$ 97,510 \$ 1,448,420	\$1,545,930
Nov 2018	2020	\$ 5,500,000(OO) \$ 61,000,000(NA)	\$ 97,510 \$ 1,448,420	\$1,545,930
Nov 2019	2021	\$ 5,500,000(OO) \$ 61,000,000(NA)	\$ 97,510 \$ 1,448,420	\$1,545,930
Nov 2020	2022	\$ 5,500,000(OO) \$ 61,000,000(NA)	\$ 97,510 \$ 1,448,420	\$1,545,930
Nov 2021	2023	\$ 5,500,000(OO) \$ 61,000,000(NA)	\$ 97,510 \$ 1,448,420	\$1,545,930
Nov 2022	2024	\$ 5,500,000(OO) \$ 61,000,000(NA)	\$ 97,510 \$ 1,448,420	\$1,545,930
Nov 2023	2025	\$ 5,500,000(OO) \$ 61,000,000(NA)	\$ 97,510 \$ 1,448,420	\$1,545,930
Nov 2024	2026	\$ 5,500,000(OO) \$ 61,000,000(NA)	\$ 97,510 \$ 1,448,420	\$1,545,930
Nov 2025	2027	\$ 5,500,000(OO) \$ 61,000,000(NA)	\$ 97,510 \$ 1,448,420	\$1,545,930

TOTAL TAX INCREMENT EXPECTED TO ACCRUE BY 12/31/27:  
\$ 25,647,681

PROJECTED TAX INCREMENT INCOME  
Based on a for-profit Health Care Center

<u>ASSESMT DATE</u>	<u>YEAR TAXES PAID</u>	<u>PROJECTED INCREMENT IN VALUATION</u>	<u>TAX INCREMENT PAYMENTS</u>	<u>TOTALS</u>
Nov 2006	2008	\$ 1,000,000(NA)	\$ 23,744	\$ 23,744
Nov. 2007	2009	\$ 1,550,000(OO) \$ 19,000,000(NA)	\$ 27,480 \$ 451,147	\$ 478,627
Nov. 2008	2010	\$ 2,200,000(OO) \$ 28,000,000(NA)	\$ 39,004 \$ 664,848	\$ 703,852
Nov. 2009	2011	\$ 2,850,000(OO) \$ 43,000,000(NA)	\$ 50,527 \$1,021,017	\$1,071,544
Nov. 2010	2012	\$ 4,850,000(OO) \$ 55,000,000(NA)	\$ 85,985 \$1,305,953	\$1,391,938

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Nov. 2011	2013	\$ 5,500,000(OO) \$ 67,000,000(NA)	\$ 97,510 \$ 1,590,888	\$1,688,398
Nov. 2012	2014	\$ 5,500,000(OO) \$ 67,000,000(NA)	\$ 97,510 \$ 1,590,888	\$1,688,398
Nov 2013	2015	\$ 5,500,000(OO) \$ 79,000,000(NA)	\$ 97,510 \$ 1,875,823	\$1,973,333
Nov 2014	2016	\$ 5,500,000(OO) \$ 79,000,000(NA)	\$ 97,510 \$ 1,875,823	\$1,973,333
Nov 2015	2017	\$ 5,500,000(OO) \$ 79,000,000(NA)	\$ 97,510 \$ 1,875,823	\$1,973,333
Nov 2016	2018	\$ 5,500,000(OO) \$ 79,000,000(NA)	\$ 97,510 \$ 1,875,823	\$1,973,333
Nov 2017	2019	\$ 5,500,000(OO) \$ 79,000,000(NA)	\$ 97,510 \$ 1,875,823	\$1,973,333
Nov 2018	2020	\$ 5,500,000(OO) \$ 79,000,000(NA)	\$ 97,510 \$ 1,875,823	\$1,973,333
Nov 2019	2021	\$ 5,500,000(OO) \$ 79,000,000(NA)	\$ 97,510 \$ 1,875,823	\$1,973,333
Nov 2020	2022	\$ 5,500,000(OO) \$ 79,000,000(NA)	\$ 97,510 \$ 1,875,823	\$1,973,333
Nov 2021	2023	\$ 5,500,000(OO) \$ 79,000,000(NA)	\$ 97,510 \$ 1,875,823	\$1,973,333
Nov 2022	2024	\$ 5,500,000(OO) \$ 79,000,000(NA)	\$ 97,510 \$ 1,875,823	\$1,973,333
Nov 2023	2025	\$ 5,500,000(OO) \$ 79,000,000(NA)	\$ 97,510 \$ 1,875,823	\$1,973,333
Nov 2024	2026	\$ 5,500,000(OO) \$ 79,000,000(NA)	\$ 97,510 \$ 1,875,823	\$1,973,333
Nov 2025	2027	\$ 5,500,000(OO) \$ 79,000,000(NA)	\$ 97,510 \$ 1,875,823	\$1,973,333

TOTAL TAX INCREMENT EXPECTED TO ACCRUE BY 12/31/27:  
\$ 32,699,830

NOTE: Tax increment payments are calculated using 100% of estimated future property valuation and 100% of expected 2005 mill levy.

3. PROJECT COSTS

Capital Costs – The capital costs of \$2,614,749 included in the Project Plan is the construction and public improvements for Tower Road.

Financing Costs – The financing costs for this Project Plan are dependent on the interest rate obtained. The anticipated interest rate used for this projection by the applicant is 9%. It is estimated that the financing costs will total \$1,548,014.00 based on a non-profit Health Care Center. It is estimated that the financing costs will total \$1,414,632.47 based on a for-profit Health Care Center. If a lower interest rate is obtained, the project costs will be repaid more quickly and the property will be returned to the tax rolls sooner.

Professional Service Costs – Professional service costs in the amount of \$64,908 have been included in this Project Plan.

Relocation Costs – No relocation costs are anticipated in the Project Plan.

Organizational Costs – No organizational costs are anticipated in the Project Plan.

Contingency Costs – The contingency costs of \$400,000 are anticipated in the Project Plan.

Necessary and Convenient Payments – Necessary and convenient costs of \$400,000 are anticipated in the Project Plan.

Imputed Administrative Costs – All Tax Increment District actions require municipal staff time to prepare and enact. The City shall be reimbursed on October 15, 2009, for its administrative costs in the amount of \$2,050. However, in no case shall the City be reimbursed less than \$1 on October 1, 2009.

TOTAL ESTIMATED PROJECT COSTS TO BE PAID BY THE TAX INCREMENT DISTRICT

Based on a non-profit Health Care Center:

Capital Costs:	
Tower Road Reconstruction and improvements	\$ 2,614,749.00
Professional Service Costs	\$ 64,908.00
Financing Costs:	
Financing interest	\$ 1,548,014.00
Contingency Costs:	\$ 400,000.00
Relocation Costs:	\$ 0
Organizational Costs:	\$ 0



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Necessary and Convenient Costs:	\$ 400,000.00
TOTAL	\$ 5,027,671.00
Imputed Administrative Costs*	
City of Rapid City	\$ 2,050

\*The imputed administrative costs are interest-free, are not included in the total project costs, and are to be paid from the balance remaining in the TID #47 fund available to the City Finance Officer on October 1, 2009.

TOTAL ESTIMATED PROJECT COSTS TO BE PAID BY THE TAX INCREMENT DISTRICT

Based on a for-profit Health Care Center:

Capital Costs:	
Tower Road Reconstruction and improvements	\$ 2,614,749.00
Professional Service Costs	\$ 64,908.00
Financing Costs:	
Financing interest	\$ 1,414,632.47
Contingency Costs:	\$ 400,000.00
Relocation Costs:	\$ 0
Organizational Costs:	\$ 0
Necessary and Convenient Costs:	\$ 400,000.00
TOTAL	\$ 4,894,289.47
Imputed Administrative Costs*	
City of Rapid City	\$ 2,050

\*The imputed administrative costs are interest-free, are not included in the total project costs, and are to be paid from the balance remaining in the TID #47 fund available to the City Finance Officer on October 1, 2009.

4. FISCAL IMPACT STATEMENT

The impact on taxing entities can be derived from determining the tax increment anticipated during the life of the district. The true impact on taxing entities of the Plan is the increase in valuation of the property within the Tax Increment District. The taxing entities are only foregoing that income during the life of the district and will realize that income as soon as the debt from the project costs in the Plan is retired. The purpose of this Plan is to encourage that increase in valuation.

At first glance it may appear that the negative impact on the various entities is notable. But when it is considered that without the use of the Tax Increment Finance proposed in this plan it is very likely that there would be no increase in the taxable value of the

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property within this district or, at least, any increase would be significantly delayed, the impact can be considered truly positive.

**NET IMPACT ON TAXING ENTITIES**  
Based on a non-profit Health Care Center

Year	Valuation	Schools	County	City	Water	Total
Paid	Increase					
2008	\$ 1,000,000(NA)	\$0	\$ 4,677	\$ 3,039	\$ 23	\$ 23,744
2009	\$ 1,550,000(OO)	\$0	\$ 7,254	\$ 4,699	\$ 27	\$ 27,480
	\$19,000,000(NA)	\$0	\$ 88,875	\$ 57,746	\$ 451	\$ 451,147
2010	\$ 2,200,000(OO)	\$0	\$ 10,297	\$ 6,669	\$ 39	\$ 39,004
	\$19,000,000(NA)	\$0	\$ 88,857	\$ 57,746	\$ 451	\$ 451,147
2011	\$ 2,850,000(OO)	\$0	\$ 13,339	\$ 8,640	\$ 50	\$ 50,527
	\$34,000,000(NA)	\$0	\$159,041	\$103,336	\$ 807	\$ 807,316
2012	\$ 4,850,000(OO)	\$0	\$ 22,700	\$ 14,703	\$ 85	\$ 85,985
	\$46,000,000(NA)	\$0	\$215,173	\$139,808	\$ 1,092	\$1,092,251
2013	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$49,000,000(NA)	\$0	\$229,206	\$148,926	\$ 1,163	\$1,163,485
2014	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$49,000,000(NA)	\$0	\$229,206	\$148,926	\$ 1,163	\$1,163,485
2015	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$61,000,000(NA)	\$0	\$285,338	\$185,397	\$ 1,448	\$1,448,420
2016	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$61,000,000(NA)	\$0	\$285,338	\$185,397	\$ 1,448	\$1,448,420
2017	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$61,000,000(NA)	\$0	\$285,338	\$185,397	\$ 1,448	\$1,448,420
2018	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$61,000,000(NA)	\$0	\$285,338	\$185,397	\$ 1,448	\$1,448,420
2019	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$61,000,000(NA)	\$0	\$285,338	\$185,397	\$ 1,448	\$1,448,420
2020	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$61,000,000(NA)	\$0	\$285,338	\$185,397	\$ 1,448	\$1,448,420
2021	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$61,000,000(NA)	\$0	\$285,338	\$185,397	\$ 1,448	\$1,448,420
2022	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$61,000,000(NA)	\$0	\$285,338	\$185,397	\$ 1,448	\$1,448,420
2023	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$61,000,000(NA)	\$0	\$285,338	\$185,397	\$ 1,448	\$1,448,420
2024	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$61,000,000(NA)	\$0	\$285,338	\$185,397	\$ 1,448	\$1,448,420
2025	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$61,000,000(NA)	\$0	\$285,338	\$185,397	\$ 1,448	\$1,448,420
2026	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$61,000,000(NA)	\$0	\$285,338	\$185,397	\$ 1,448	\$1,448,420
2027	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$61,000,000(NA)	\$0	\$285,338	\$185,397	\$ 1,448	\$1,448,420

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\*The Plan anticipates 16 semi-annual payments over 8 years; however, the district may run up to 20 years to insure repayment of the project costs.

**NET IMPACT ON TAXING ENTITIES**  
Based on a for-profit Health Care Center

Year	Valuation	Schools	County	City	Water	Total
Paid	Increase					
2008	\$ 1,000,000(NA)	\$0	\$ 4,677	\$ 3,039	\$ 23	\$ 23,744
2009	\$ 1,550,000(OO)	\$0	\$ 7,254	\$ 4,699	\$ 27	\$ 27,480
	\$19,000,000(NA)	\$0	\$ 88,875	\$ 57,746	\$ 451	\$ 451,147
2010	\$ 2,200,000(OO)	\$0	\$ 10,297	\$ 6,669	\$ 39	\$ 39,004
	\$28,000,000(NA)	\$0	\$130,975	\$ 85,100	\$ 664	\$ 664,848
2011	\$ 2,850,000(OO)	\$0	\$ 13,339	\$ 8,640	\$ 50	\$ 50,527
	\$43,000,000(NA)	\$0	\$201,140	\$130,690	\$ 1,021	\$1,021,017
2012	\$ 4,850,000(OO)	\$0	\$ 22,700	\$ 14,703	\$ 85	\$ 85,985
	\$55,000,000(NA)	\$0	\$257,272	\$167,161	\$ 1,305	\$1,305,953
2013	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$67,000,000(NA)	\$0	\$313,404	\$203,633	\$ 1,590	\$1,590,888
2014	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$67,000,000(NA)	\$0	\$313,404	\$203,633	\$ 1,590	\$1,590,888
2015	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$79,000,000(NA)	\$0	\$369,537	\$240,105	\$ 1,875	\$1,875,823
2016	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$79,000,000(NA)	\$0	\$369,537	\$240,105	\$ 1,875	\$1,875,823
2017	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$79,000,000(NA)	\$0	\$369,537	\$240,105	\$ 1,875	\$1,875,823
2018	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$79,000,000(NA)	\$0	\$369,537	\$240,105	\$ 1,875	\$1,875,823
2019	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$79,000,000(NA)	\$0	\$369,537	\$240,105	\$ 1,875	\$1,875,823
2020	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$79,000,000(NA)	\$0	\$369,537	\$240,105	\$ 1,875	\$1,875,823
2021	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$79,000,000(NA)	\$0	\$369,537	\$240,105	\$ 1,875	\$1,875,823
2022	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$79,000,000(NA)	\$0	\$369,537	\$240,105	\$ 1,875	\$1,875,823
2023	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$79,000,000(NA)	\$0	\$369,537	\$240,105	\$ 1,875	\$1,875,823
2024	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$79,000,000(NA)	\$0	\$369,537	\$240,105	\$ 1,875	\$1,875,823
2025	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$79,000,000(NA)	\$0	\$369,537	\$240,105	\$ 1,875	\$1,875,823
2026	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$79,000,000(NA)	\$0	\$369,537	\$240,105	\$ 1,875	\$1,875,823
2027	\$ 5,500,000(OO)	\$0	\$ 25,742	\$ 16,674	\$ 97	\$ 97,510
	\$79,000,000(NA)	\$0	\$369,537	\$240,105	\$ 1,875	\$1,875,823

\*The Plan anticipates 15 semi-annual payments over 8 years; however, the district may run up to 20 years to insure repayment of the project costs.

**5. FINANCING METHOD**

The financing method to be used in the funding of this Plan is to be obtained by the applicants. The applicants will be responsible for any interest payments due that are not available from Tax Increment District #47. If the tax increment revenues exceed the anticipated loan payments, the debt will be retired early.

The debt on the Tax Increment District Project Costs covered in the Plan will be retired by deposits made in the Tax Increment District as taxes are paid on the property in succeeding years. The City of Rapid City Finance Officer will make the disbursements from that fund in accordance with this Plan. According to SDCL 11-9-25, positive tax increments will be allocated to that fund until the debt from the project costs is retired or fifteen years following the last expenditure from the Project Plan whichever comes first. The final payment from this Plan is scheduled to be made on December 1, 2013; however, the district may run the full 20 years if necessary to insure repayment.

There are two projected amortization rate schedules listed below. Schedule #1 shows the amount to be borrowed by the applicant using a 9% interest rate based on a non-profit Health Care Center. Schedule #2 shows the amount to be borrowed by the applicant using a 9% interest rate based on a for-profit Health Care Center.

**PROJECTED AMORTIZATION RATE**

Schedule #1:

**TABLE**

No.	Payment Date	Beginning Balance	Interest	Total Due	Capital Int Payment	Tax Inc Payment	Total Pay	Loan Balance	Cumulative Interest
1	6/1/2006	893,219.00	40,194.86	933,413.86	40,194.86	0.00	40,194.86	933,413.86	40,194.86
2	12/1/2006	933,413.86	42,003.62	975,417.48	42,003.62	0.00	42,003.62	975,417.48	82,198.48
3	6/1/2007	1,868,636.48	84,088.64	1,952,725.12	84,088.64	0.00	84,088.64	1,952,725.12	166,287.12
4	12/1/2007	1,952,725.12	87,872.63	2,040,597.75	87,872.63	0.00	87,872.63	2,040,597.75	254,159.75
5	6/1/2008	2,933,816.75	132,021.75	3,065,838.50	132,021.75	11,872.00	143,893.75	3,053,966.50	386,181.50
6	12/1/2008	3,053,966.50	137,428.49	3,191,395.00	136,894.25	11,872.00	148,766.25	3,179,523.00	523,610.00
7	6/1/2009	3,179,523.00	143,078.53	3,322,601.53	0.00	239,313.00	239,313.00	3,083,288.53	666,688.53
8	12/1/2009	3,083,288.53	138,747.98	3,222,036.52	0.00	239,313.00	239,313.00	2,982,723.52	805,436.52
9	6/1/2010	2,982,723.52	134,222.56	3,116,946.07	0.00	245,075.00	245,075.00	2,871,871.07	939,659.07
10	12/1/2010	2,871,871.07	129,234.20	3,001,105.27	0.00	245,075.00	245,075.00	2,756,030.27	1,068,893.27
11	6/1/2011	2,756,030.27	124,021.36	2,880,051.63	0.00	428,921.00	428,921.00	2,451,130.63	1,192,914.63
12	12/1/2011	2,451,130.63	110,300.88	2,561,431.51	0.00	428,921.00	428,921.00	2,132,510.51	1,303,215.51
13	6/1/2012	2,132,510.51	95,962.97	2,228,473.49	0.00	589,118.00	589,118.00	1,639,355.49	1,399,178.49
14	12/1/2012	1,639,355.49	73,771.00	1,713,126.48	0.00	589,118.00	589,118.00	1,124,008.48	1,472,949.48
15	6/1/2013	1,124,008.48	50,580.38	1,174,588.86	0.00	630,497.00	630,497.00	544,091.86	1,523,529.86
16	12/1/2013	544,091.86	24,484.13	568,576.00	0.00	568,576.00	568,576.00	0.00	1,548,014.00
17	6/1/2014	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,548,014.00
18	12/1/2014	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,548,014.00

Tax Increment District 47  
Project Plan

Schedule #2:

**TABLE**

No.	Payment Date	Beginning Balance	Interest	Total Due	Capital Int Payment	Tax Inc Payment	Total Pay	Loan Balance	Cumulative Interest
1	6/1/2006	893,219.00	40,194.86	933,413.86	40,194.86	0.00	40,194.86	933,413.86	40,194.86
2	12/1/2006	933,413.86	42,003.62	975,417.48	42,003.62	0.00	42,003.62	975,417.48	82,198.48
3	6/1/2007	1,868,636.48	84,088.64	1,952,725.12	84,088.66	0.00	84,088.66	1,952,725.12	166,287.12
4	12/1/2007	1,952,725.12	87,872.63	2,040,597.75	87,872.64	0.00	87,872.64	2,040,597.75	254,159.75
5	6/1/2008	2,933,816.75	132,021.75	3,065,838.50	132,021.75	11,872.00	143,893.75	3,053,966.50	386,181.50
6	12/1/2008	3,053,966.50	137,428.49	3,191,395.00	136,894.25	11,872.00	148,766.25	3,179,523.00	523,610.00
7	6/1/2009	3,179,523.00	143,078.53	3,322,601.53	0.00	239,313.00	239,313.00	3,083,288.53	666,688.53
8	12/1/2009	3,083,288.53	138,747.98	3,222,036.52	0.00	239,313.00	239,313.00	2,982,723.52	805,436.52
9	6/1/2010	2,982,723.52	134,222.56	3,116,946.07	0.00	351,926.00	351,926.00	2,765,020.07	939,659.07
10	12/1/2010	2,765,020.07	124,425.90	2,889,445.98	0.00	351,926.00	351,926.00	2,537,519.98	1,064,084.98
11	6/1/2011	2,537,519.98	114,188.40	2,651,708.38	0.00	535,772.00	535,772.00	2,115,936.38	1,178,273.38
12	12/1/2011	2,115,936.38	95,217.14	2,211,153.51	0.00	535,772.00	535,772.00	1,675,381.51	1,273,490.51
13	6/1/2012	1,675,381.51	75,392.17	1,750,773.68	0.00	695,969.00	695,969.00	1,054,804.68	1,348,882.68
14	12/1/2012	1,054,804.68	47,466.21	1,102,270.89	0.00	695,969.00	695,969.00	406,301.89	1,396,348.89
15	6/1/2013	406,301.89	18,283.59	424,585.48	0.00	424,585.48	424,585.48	0.00	1,414,632.48
16	12/1/2013	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,414,632.48
17	6/1/2014	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,414,632.48
18	12/1/2014	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,414,632.48

## **REVISED PROJECT PLAN**

November 2007

The Revised Project Plan is proposed to amend the costs for Tower Road Reconstruction, Professional Service Cost, Financing Interest, Contingency Cost and Necessary and Convenient Cost line items. The Tower Road Reconstruction and Professional Service costs have increased. The Financing Interest, Contingency Costs and Necessary and Convenient costs have been reduced. The total costs will not change, so the tax increment base will not be re-established.

The Tax Increment Financing Committee met on October 5, 2007 and on October 24, 2007 and approved the revised Project Plan.

The proposed change would reallocate the project costs, removing \$400,000 from Contingency, \$165,687 from Necessary and Convenient costs, and \$157,181 from the Financing Interest line items and adding \$322,766 to the Tower Road Reconstruction line item and \$400,092 to the Professional Service line item. In addition, \$234,313 of the Necessary and Convenient costs are to be allocated for Fairmont Boulevard grading.

### **REVISED PROJECT COSTS**

**Capital Costs** – The capital costs of \$2,614,749 included the construction and public improvements for Tower Road. The reallocation of costs will increase the Capital Cost line item for the reconstruction of Tower Road by \$322,776 for a total cost of \$2,937,525.

**Financing Costs** – The financing costs for this Project Plan are dependent on the interest rate obtained. The anticipated interest rate used for this projection by the applicant is 9%. The financing costs were \$1,414,632.47 based on a for-profit Health Care Center. The reallocation of costs will reduce the financing costs by \$157,181 for a total of \$1,257,451.47. If a lower interest rate is obtained, the project costs will be repaid more quickly and the property will be returned to the tax rolls sooner.

**Professional Service Costs** – Professional service costs in the amount of \$64,908 have been included in this Project Plan. The reallocation of this line item will increase this amount by \$400,092 for a total of \$465,000.

**Relocation Costs** – No relocation costs are anticipated in the Project Plan.

**Organizational Costs** – No organizational costs are anticipated in the Project Plan.

**Contingency Costs** – The contingency costs of \$400,000 were anticipated in the Project Plan. The reallocation of this line item will reduce this amount to zero.

**Necessary and Convenient Payments** – Necessary and convenient costs of \$400,000 were anticipated in the Project Plan. The reallocation of this line item will reduce this amount by \$165,687 and allocate the balance of \$234,313 for Fairmont Boulevard grading.

**Imputed Administrative Costs** – All Tax Increment District actions require municipal staff time to prepare and enact. The City shall be reimbursed on October 15, 2009, for its

Tax Increment District 47  
Project Plan

administrative costs in the amount of \$2,050. However, in no case shall the City be reimbursed less than \$1 on October 1, 2009.

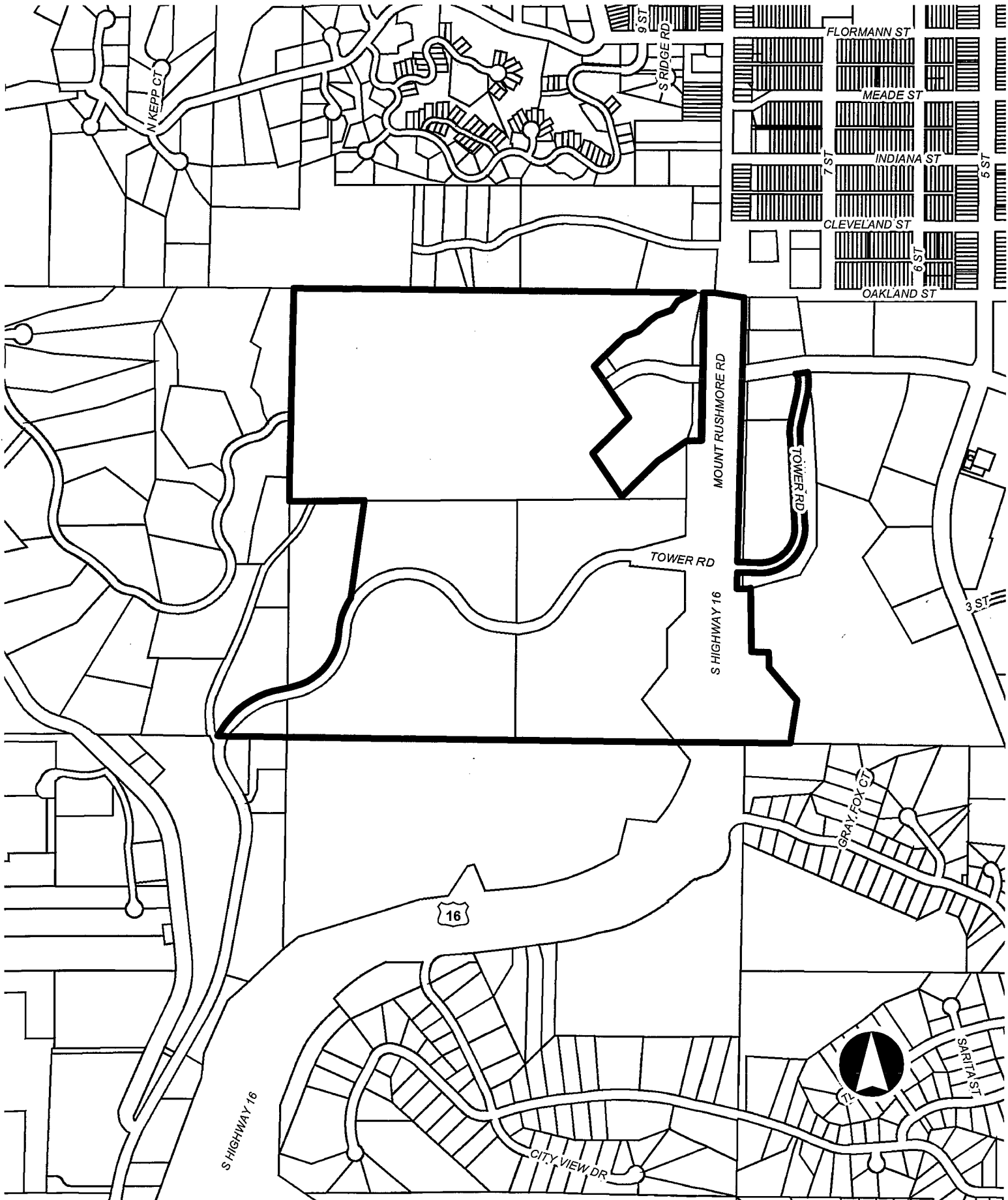
TOTAL ESTIMATED PROJECT COSTS TO BE PAID BY THE TAX INCREMENT DISTRICT

Based on a for-profit Health Care Center:

Capital Costs:	
Tower Road Reconstruction and improvements	\$ 2,937,525.00
Professional Service Costs	\$ 465,000.00
Financing Costs:	
Financing interest	\$ 1,257,451.47
Contingency Costs:	\$ 0
Relocation Costs:	\$ 0
Organizational Costs:	\$ 0
Necessary and Convenient Costs:	
Fairmont Boulevard grading	\$ 234,313.00
TOTAL	\$ 4,894,289.47
Imputed Administrative Costs*	
City of Rapid City	\$ 2,050

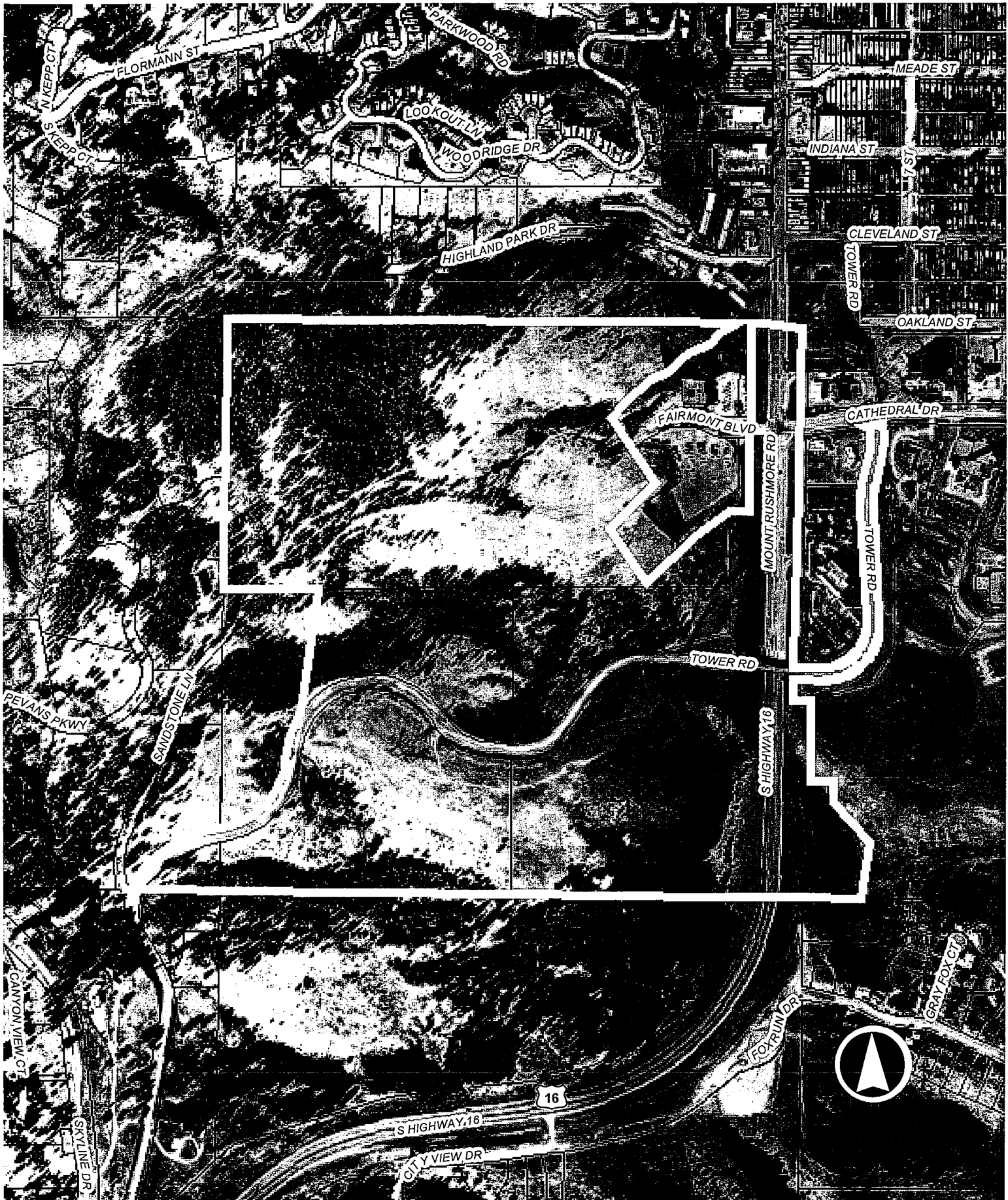
\*The imputed administrative costs are interest-free, are not included in the total project costs, and are to be paid from the balance remaining in the TID #47 fund available to the City Finance Officer on October 1, 2009.

# Tax Increment District No. 47 - Tower Road Vicinity Map



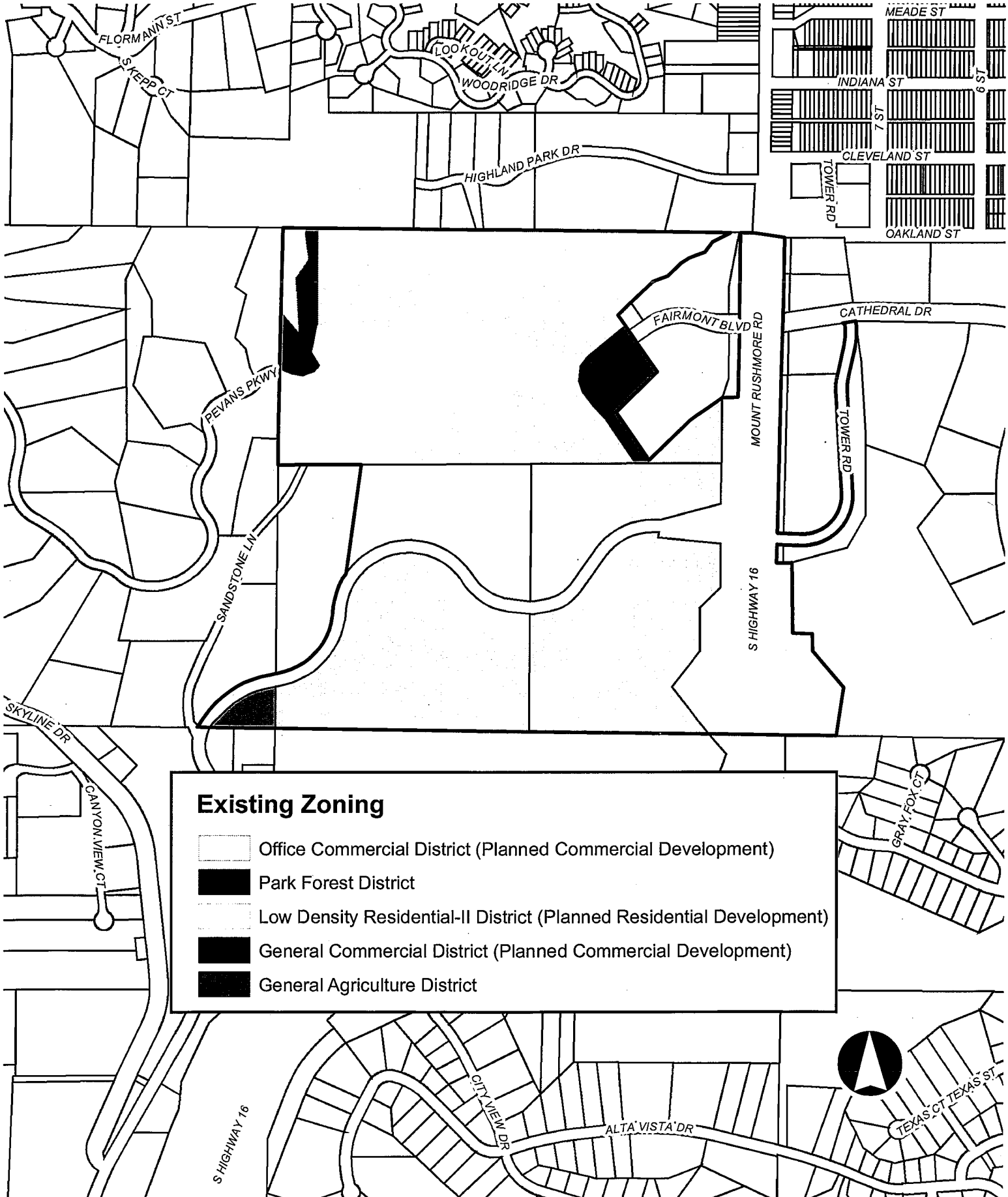


# Tax Increment District No. 47 - Tower Road Aerial Map

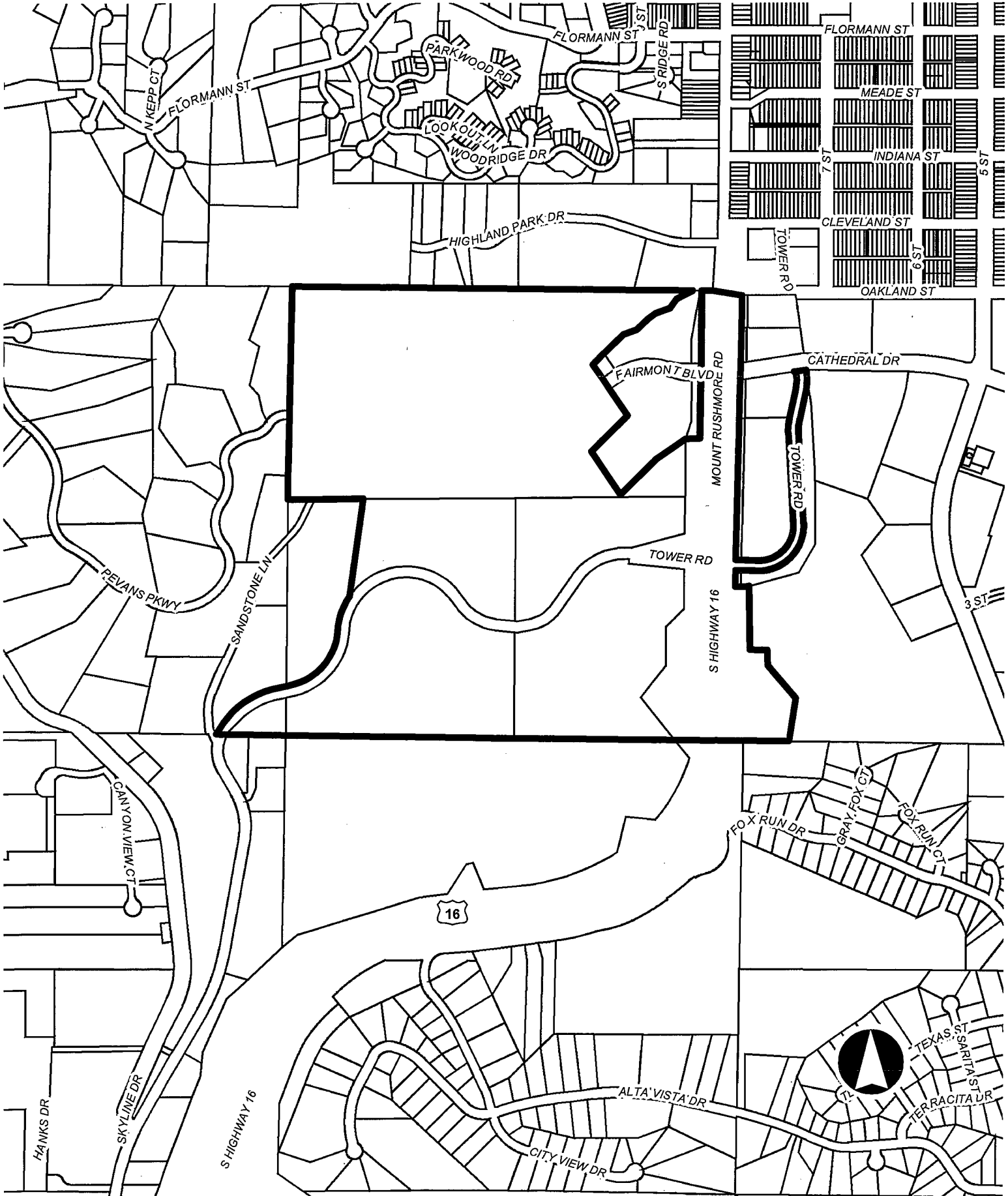


# Tax Increment District No. 47 - Tower Road

## Existing Zoning

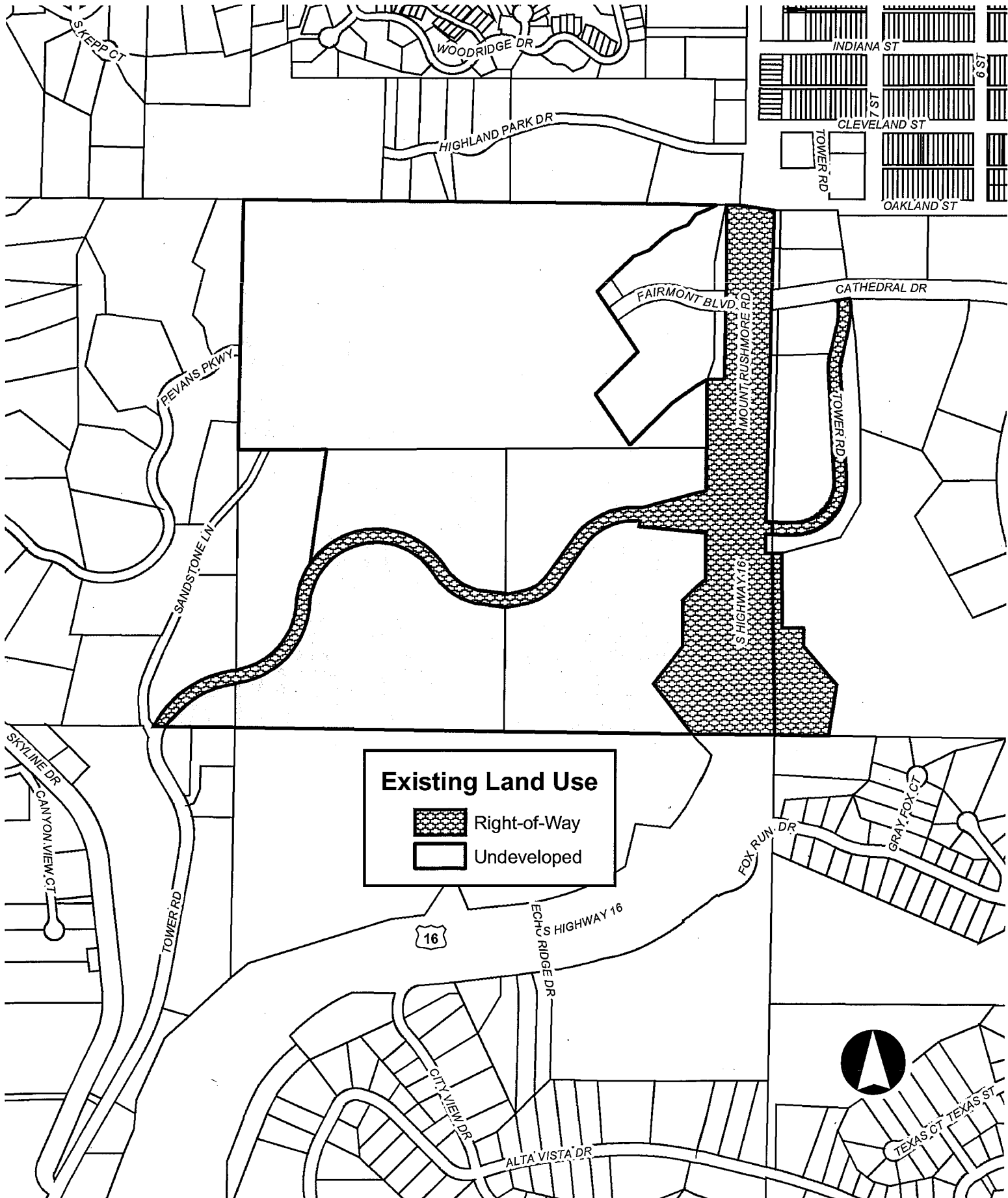


# Tax Increment District No. 47 - Tower Road Boundary Map



# Tax Increment District No. 47 - Tower Road

## Existing Land Use



# Tax Increment District No. 47 - Tower Road Public Improvements

