

STAFF REPORT
August 5, 2010

No. 10TI003 - Third Revised Project Plan for Tax Increment District No. 36 **ITEM 31**

GENERAL INFORMATION:

APPLICANT/AGENT	DTH, LLC
REQUEST	No. 10TI003 - Third Revised Project Plan for Tax Increment District No. 36
EXISTING LEGAL DESCRIPTION	Lot 1 of Block 1, & Dedicated right-of-way, of Tires Plus Addition, located in the NE1/4 of the NW1/4 of Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; Lots 1R and 2R of Five Star Subdivision and dedicated public right-of-way shown as Disk Drive, located in NW1/4 of Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; Tracts 4-C of Parcel #4, and Tracts 4-A, C and D, all located in the SE1/4 NW1/4 of Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; Lots A, B & C of Lot 1 of Block 1 of Geld Subdivision and Lots 2 & 3 of Geld Subdivision, Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; Parcel #3 in SW1/4 NW1/4, Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; Parcel #7 in SW1/4 NW1/4, Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota, described by metes and bounds as follows: Beginning on the West Section Line at the Northwest corner of the SW1/4 NW1/4 of said Section 25; thence East along the one-sixteenth line a distance of 350 feet to the TRUE POINT OF BEGINNING, thence due South a distance of 145 feet; thence North 76 degrees 15 feet East a distance of 610 feet to the East-West one-sixteenth line; thence West along the one-sixteenth line a distance of 592.6 feet to the true point of beginning; Lot 18 (except that portion of Lot 18 platted as Lot C of Pine View Subdivision, as shown on the plat filed in Plat Book 17, page 144), and all of Lots 19-22 together with the vacated Street abutting said lots as recorded in Miscellaneous Book 115, page 678, all located in Block 4, Pine View Subdivision, Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; Lot 8R of Block 3 as recorded on Plat of Tract CR and Lot 8R of Block 3 formerly Tract C and Lot 8 of Block 3 located in the NW1/4 NE1/4 of Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; Lot 1 and Lot 2 of Lowe's Subdivision, formerly Tract 1 of Martley Subdivision and

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Tract CR of the NW1/4 of the NE1/4 located in the NW1/4 of NE1/4 of Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; Balance of Parcel No. 8 in the NW1/4 NW1/4 of Section 25, T2N, R7E, BHM, Pennington County, South Dakota; Unplatted portion of NW1/4 NW1/4, Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; Unplatted Balance of NE1/4 NW1/4, Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; Lot H-1 in the S1/2 NW1/4 of Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; Plat of dedicated public right-of-way shown as Disk Drive, formerly a portion of Parcel 5 of NE1/4NW1/4 of Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; All of dedicated Public right-of-way of Disk Drive located in the NW1/4 of Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; A portion of Lot A of Howard Street/I-90 right-of-way located adjacent to Tracts 4-C of Parcel #4 and Tracts 4-A, C & D of the SE1/4NW1/4 and adjacent to Parcel #3 and Parcel #7 in the SW1/4NW1/4 and Lot 1R of Five Star Subdivision in the NW1/4 and Disk Drive right-of-way, all located in Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; The 100 foot Haines Avenue right-of-way beginning at the southern boundary of the Haines Avenue/Disk Drive intersection located in Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota, then traveling northward and ending at the intersection of the North/South and East/West quarter section lines of Section 24, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; Lot 1 and Lot 2, The New Park Subdivision, located in the NW1/4SW1/4 of Section 24, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; SW1/4SW1/4, NE1/4SW1/4, N1/2SE1/4SW1/4, all located in Section 24, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; Dakota Subdivision #1, located in the S1/2SE1/4SW1/4 of Section 24, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; Lakota Subdivision #1, Lakota Subdivision #2, and Lakota Subdivision #3, all located in the N1/2NW1/4 of Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota, more generally described as extending north from Interstate 90 to Northridge Subdivision and from the east property boundary of Lowe's Subdivision to Bunker Drive.

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LOCATION	North of US Interstate 90 and west of Haines Avenue
EXISTING ZONING	General Agriculture District, General Commercial District, Public District, Low Density Residential District, Medium Density Residential District (Planned Residential Development), Low Density Residential District (Planned Residential Development), General Commercial District (Planned Commercial Development)
SURROUNDING ZONING	
North:	Mobile Home Residential District, Low Density Residential II District (Planned Residential Development)
South:	Low Density Residential District, General Commercial District
East:	General Commercial District, General Commercial District (Planned Commercial Development)
West:	Medium Density Residential District, Low Density Residential District (Planned Residential Development), General Agriculture District (Pennington County), Suburban Residential District (Pennington County)
PUBLIC UTILITIES	City Sewer and Water
DATE OF APPLICATION	7/20/2010
REVIEWED BY	Karen Bulman / Mary Bosworth

RECOMMENDATION:

The Tax Increment Financing Review Committee recommends that the Third Revised Project Plan for Tax Increment District No. 36 be approved.

GENERAL COMMENTS: Tax Increment District No. 36 was approved by the City Council on October 2, 2006. The purpose of the Tax Increment District was to facilitate the development of commercial property located west of Haines Avenue. The Tax Increment Funds were to be utilized for the extension of water, sanitary sewer, Disk Drive roadway improvements and the realignment of the Williston Basin Interstate gas transmission line west of Haines Avenue as Phase I. Phase II included the extension of roads, water, sewer and storm drainage improvements to the City Park/School site. The Project Plan is funded by the developer.

The First Revised Project Plan was submitted to complete Phase II, to extend services to the City Park/School site from Haines Avenue in an east-west alignment in lieu of the original north-south alignment of the road along Bunker Drive. The Developer also reimbursed the City for costs incurred by the City in Phase I of the original Project Plan.

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This Revised Project Plan was approved in June 2005. The Second Revised Project Plan, submitted by the Developer, was approved June 2006, to extend Champion Drive south to the City Park/School site.

The Tax Increment District boundaries are located north of US Interstate 90 and west of Haines Avenue.

The Developer is requesting the reallocation of Necessary and Convenient Contingency Costs to fund Capital Costs and Professional Services for Kathryn Avenue and Champion Drive based on actual project costs for the improvements.

STAFF REVIEW: On July 19, 2010, the Tax Increment Financing Review Committee reviewed the Developer's request for the changes to reallocate the costs within the Project Plan. The proposed changes would reallocate the project costs, removing \$24,615.00 from Contingency (Phase I) of the Necessary and Convenient Costs and \$222,051.21 from the Contingency (Phase II) of the Necessary and Convenient Costs and adding \$51,556.41 to the Road Construction for Kathryn Avenue (Phase II), \$44,658.59 to the Engineering Design costs for Kathryn Avenue (Phase II), \$140,786.22 to the Road Construction for Champion Drive (Phase II) under Necessary and Convenient Costs, and \$4,664.99 to Engineering Design costs for Champion Drive (Phase II) under Necessary and Convenient Costs. As noted earlier, these changes are based on the actual project costs.

In addition, an additional \$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 Contingency (Phase I). The other Project costs will remain the same. All the revised changes are outlined in the following chart:

Proposed Project Cost Reallocation:

<u>Project Costs</u>	<u>Approved Costs</u>	<u>Changes</u>	<u>Amended</u>
Capital Costs:			
Road Construction and Water/Sewer Extension (Phase I)	\$507,398.74	\$0	\$507,398.74
Road Construction, Storm Drainage, Water/Sewer Extension Kathryn(Phase II)	\$ 980,000.00	\$ 51,556.41	\$ 1,031,556.41
Landscaping Buffer (Phase II)	\$12,000.00		\$12,000.00
Professional Services:			
Engineering Design, Construction and Administration (Phase I)	\$16,079.00		\$16,079.00
Engineering Design, Construction and Admin Kathryn Ave (Phase II)	\$100,000.00	\$44,658.59	\$144,658.59
Legal (Phase I)	\$8,160.00		\$8,160.00
Financing Costs:			
Interest Paid to 6-1-05	\$84,160.57		\$84,160.57
Interest Paid after 6-1-05	\$759,959.32		\$759,959.32
Relocation Costs	\$123,638.00		\$123,638.00

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Necessary and Convenient Costs:

Contingency (Phase I)	\$66,610.86	\$(24,615.00)	\$41,995.86
Additional Imputed Administrative Costs	\$ 0	\$ 5,000.00	\$ 5,000.00
Contingency (Phase II)	\$222,051.21	\$(222,051.21)	\$0
Road Construction, Storm Drainage, Water/Sewer Extension Champion Dr (Phase II)	\$308,180.00	\$140,786.22	\$448,966.22
Engineering Design, Construction and Admin Champion Dr (Phase II)	\$30,818.00	\$4,664.99	\$35,482.99
TOTAL	\$3,219,055.70	\$0	\$3,219,055.70

All other costs remain the same. The total costs will not change, so the Tax Increment Base will not be re-established. It should be noted that the bank loan has been paid off. The developer is seeking repayment of the additional costs incurred with no additional interest reimbursement.

The Tax Increment Financing Project Review Committee recommends approval of the attached resolution approving the Third Revised Project Plan for Tax Increment District No. 36.