

DEVELOPMENT SERVICES CENTER

Growth Management Department
 City of Rapid City
 300 Sixth Street, Rapid City, SD 57701-2724
 Phone: (605) 394-4120 Fax: (605) 394-6636 Web: www.rcgov.com

**APPLICATION FOR
 TAX INCREMENT
 FINANCING**

LEGAL DESCRIPTION

Legal Description *(Attached additional sheets as necessary)*
See Attached
 Location *East of Elk Vale Road; South of I-90 Exit 61; North of Twilight Dr.*
 Size of Site—Acres *Approx. 640 acres*

APPLICANT

Name City of Rapid City Phone (605) 394-4165
 Address 300 Sixth St. Fax (605) 355-3083
 City, State, Zip Rapid City, SA 57702
PROJECT PLANNER - AGENT
 Name City of Rapid City Phone (605) 394-4165
 Address 300 Sixth St. Fax (605) 355-3083
 City, State, Zip Rapid City, SA 57702

Property Owner Signature	Date	Property Owner Signature	Date
Applicant Signature <small>(if difference from Property Owner)</small>	Date	Applicant Signature <small>(if difference from Property Owner)</small>	Date
Print Name: <u>Robert Ellis</u>		Print Name:	
Title* <u>Public Works Director</u>		Title*	

*required for Corporations, Partnerships, Etc.

An application for the use of Tax Increment Financing must include the following information or the project will not be processed. **Attachments may be provided in order to fully provide the following information.**

APPLICATION INFORMATION <i>(attach additional sheets as necessary)</i>	Submitted
1. A detailed project description.	<input checked="" type="checkbox"/>
2. Purpose of the Tax Increment Financing.	<input checked="" type="checkbox"/>
3. List of project costs to be funded by the Tax Increment Financing including identification of typical developer costs, exceptional costs and oversizing costs. The applicant shall provide written justification when the sum of the Necessary and Convenient Costs and Contingency Cost line items exceed 10% of the total Project Costs. The proposed project costs shall include an itemized list of all Estimated Costs, including the Professional Fees.	<input checked="" type="checkbox"/>
4. A preliminary development financing plan, including sources of funds, identification of lender, interest rates, financing costs and loan terms.	<input checked="" type="checkbox"/>
5. The applicant shall identify all persons and entities that have an interest in the project and/or in the entity applying for the tax increment financing district. The disclosures shall require identification of all members of an LLC or LLP, other partners, investors, shareholders and directors of a corporation or any other person who has a financial interest in the project or in the entity applying for the tax increment financing. This provision requires identification of all persons who have an interest in the project, including those whose interest exists through, an LLC, LLP, corporation (whether as a director or shareholder) or other legal entity. The applicant shall be under a continuing obligation to update this disclosure within thirty (30) days of any changes throughout the application process and throughout the	<input checked="" type="checkbox"/>

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life of the developer's agreement. If the applicant is a publicly traded company, the applicant shall be deemed to have complied with this provision if it has provided the City a copy of its most recent annual report with the application.	
6. A pro forma indicating projected costs and revenues.	<input checked="" type="checkbox"/>
7. A statement and demonstration that the project would not proceed without the use of Tax Increment Financing.	<input checked="" type="checkbox"/>
8. A statement identifying the specific Statutory, Other Local and Discretionary evaluation criteria that the applicant believes the request meets. <i>(Please refer to the Tax Increment Financing Guide for specific evaluation criteria).</i>	<input checked="" type="checkbox"/>
9. Conceptual plans, sketches, maps or site plans for the project.	<input checked="" type="checkbox"/>
10. A development time schedule including specific phasing of improvements and project costs.	<input checked="" type="checkbox"/>
11. A list of the specific public improvements and a list of the specific private improvements proposed to be constructed along with the project.	<input checked="" type="checkbox"/>
12. Corporation, LLC, partnership papers or other business documents identifying the parties with ownership interest in the corporation and property involved in the project, including land ownership, contract for deed or other contractual information relating to control of the property and the applicant's ability to complete the project.	<input type="checkbox"/>
13. A financial statement of the corporation, partnership, or individual for the most recent five years or life of the company.	<input type="checkbox"/>
14. A copy of the proposed wage scale, employee benefits package, and full and part time employment levels or, in the case of an affordable housing project, a copy of the applicable federal housing grant program.	<input type="checkbox"/>
15. The applicant shall notify by certified, return receipt mail every owner of property contained within the proposed boundaries of a tax increment district and shall notify by first class mail every owner of property that is adjacent to the proposed boundaries of the tax increment district. The notification shall contain the proposed boundaries as well as a description of the proposed improvements. The Growth Management Department shall provide the applicant with a list of property owners to be notified. The return receipts shall be directed to the Growth Management Department. The applicant shall pay a fee of \$20.00 per list for the cost of compiling the two property owners lists.	<input type="checkbox"/>
16. A \$1,000 non-refundable application fee.	<input checked="" type="checkbox"/>
17. Other information that may be required by the Tax Increment Finance Project Review Committee.	<input type="checkbox"/>

**Cost Reallocation Request
Tax Increment District No. 42
For Elk Vale Water/Timmons Boulevard
City of Rapid City**

The City of Rapid City (City) requests the project funding for Tax Increment District No. 42 be revised to reflect actual project costs.

1. Project Description

The original Tax Increment District No. 42 was created to reimburse the costs for construction of a Water Reservoir and Water Tower in the Elk Vale Road area. The currently approved plan as revised in November 2007 shifted all available funding to reimbursement of the cost of a Water Reservoir. Reimbursement for funding of the Water Tower was removed from the project plan.

The Elk Vale Low Level Water Reservoir has been constructed and is now part of the City's water infrastructure. The project consisted of construction of a 3.5 million gallon prestressed concrete reservoir, a valve vault building, a 24 inch water main, site grading, access road improvements, storm water features, electrical and control components and site security.

The project also included piping and valve improvements at the City's Signal Hill reservoir location. However, these improvements were conducted outside the boundary of Tax Increment District No. 42 and are thus ineligible for reimbursement.

2. Purpose of the Tax Increment Financing

The purpose of the tax increment financing is to reimburse the costs of construction of the Elk Vale Low Level Water Reservoir.

3. Project Costs

The final project costs to be funded by Tax Increment District No. 42, the currently approved project cost and the relative difference are provided in Attachment B.

4. Project Financing

The project was fully funded from the City's .16 Utility Facility Fund and the Water Enterprise Fund. The project is complete and all project cost have been paid.

5. Interest in Project

The project was conducted by the City of Rapid City who retains full ownership of the water utility improvements.

6. Pro Forma

The project construction cost eligible for reimbursement by TID No. 42 is \$5,700,000.00. The Elk Vale Low Level Water Reservoir is one component of the City of Rapid City water system. It is impossible to determine the revenue generated by any one component of the water system. However, the Elk Vale Water Reservoir allowed the City of Rapid City to continue to provide service to existing water customers and will allow the City to provide water service within the reservoirs service area.

7. Project Need

A portion of the project funding (\$3,500,000.00) was provided by the .16 Utility Facility Fund. A requirement of this fund is that a source of repayment to the fund be available prior to a project receiving funding. Tax Increment District No. 42 was identified as the repayment source for funding from the .16 Utility Facility Fund for this project. It is unlikely this funding would have been made available without the ability to repay the .16 Utility Facility Fund from Tax Increment District No. 42. Therefore, it is unlikely the project would have proceeded without Tax Increment Financing.

8. CriteriaStatutory

The project meets the statutory criteria found in SDCL 11-9-8.

At the December 1, 2003 City Council meeting the city council determined that:

- (1) Not less than twenty-five percent (25%), by area, of the real property within the district is a blighted area as defined in SDCL 11-9-9 through 11-9-11 and,
- (2) The improvement of the area is likely to significantly enhance the value of substantially all of the other real property in the district.

A copy of the pertinent section of the December 1, 2003 City Council meeting minutes is provided in Attachment C.

Additional

The project meets the following additional criteria:

Item 1 - It has been demonstrated that the project would not have been economically feasible without the use of Tax Increment Financing.

Item 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.

Discretionary

The project meets the following discretionary criteria:

Item 2 – All Tax Increment Financing proceeds were used for the construction of public improvements.

9. Project Plans

Project plans are provided in Attachment D.

10. Time Schedule

The project is complete.

11. List of Improvements

The project has been constructed and is now part of the City’s water infrastructure. The project consisted of the following public improvements:

Water Reservoir	\$3,750,000.00
Professional Services	\$ 650,000.00
Access Road	\$ 150,000.00
Land Purchase	\$ 56,000.00
Water Lines and Appurtenances	\$ 500,000.00
Electrical	\$ 400,000.00
Security	\$ 194,000.00

No private improvements were conducted as part of the project.

12. Documents

The easement and land purchase agreements are provided in Attachment E.

13. Corporate Documentation

The project was conducted by the City of Rapid City and thus these requirements do not apply.

Reallocation of Project Costs

The City of Rapid City requests the project cost be reallocated as shown Attachment B.

Attachment B
Tax Increment District Elk Vale Water/Timmons Blvd.
Tax Increment District No. 42
Final Project Cost Reallocation Request

	Original Estimate (November 2003)	Change	Approved Allocation (November 2007)	Change	Requested Cost Reallocation
Capital Costs:					
Water Reservoir	\$2,250,000.00	\$1,500,000.00	\$3,750,000.00	\$0.00	\$3,750,000.00
Water Tower	\$2,500,000.00	(\$2,500,000.00)	\$0.00		
Professional Services:					
Engineering Costs for Water Reservoir	\$225,000.00	\$425,000.00	\$650,000.00	\$0.00	\$650,000.00
Engineering Costs for Water Tower	\$250,000.00	(\$250,000.00)	\$0.00		
Financing Costs:					
Financing Interest	\$3,157,916.36	\$0.00	\$3,157,916.36	\$0.00	\$3,157,916.36
Relocation Costs	\$0.00	\$0.00	\$0.00		
Organizational Cost	\$0.00	\$0.00	\$0.00		
Other Necessary and Convenient Costs:					
Contingency Costs for Water Reservoir	\$225,000.00	(\$225,000.00)	\$0.00		
Contingency Costs for Water Tower	\$225,000.00	(\$225,000.00)	\$0.00		
Other	\$25,000.00	(\$25,000.00)	\$0.00		
Access Road	\$0.00	\$400,000.00	\$400,000.00	(\$250,000.00)	\$150,000.00
Land Purchase	\$0.00	\$50,000.00	\$50,000.00	\$6,000.00	\$56,000.00
Water Lines and Appurtenances	\$0.00	\$450,000.00	\$450,000.00	\$50,000.00	\$500,000.00
Electrical	\$0.00	\$150,000.00	\$150,000.00	\$250,000.00	\$400,000.00
Security	\$0.00	\$250,000.00	\$250,000.00	(\$56,000.00)	\$194,000.00
TOTAL	\$8,857,916.36	\$0.00	\$8,857,916.36	\$0.00	\$8,857,916.36
Imputed Administrative Costs					
City of Rapid City	\$2,050.00	\$0.00	\$2,050.00	\$0.00	\$2,050.00