

Community Planning & Development Services

December 5, 2011

Re: Proposed TIF #70-Hwy16

TIF Committee:

As requested in your invitation, we are taking this opportunity to make our concerns known relative to the referenced TIF #70.

We'd like it to be clear up front that we are not philosophically opposed to the proper use of TIF's. In fact, you may recall that our group created a TIF for the cleanup and redevelopment of the old Black Hills Packing Plant. We would like to point out what we see as significant differences in these two TIF's.

First in the case of the Black Hills Packing Plant TIF, the majority of the TIF district was either already developed, publicly owned or under our ownership. In this case, while our property is included in the proposed TIF district, it is undeveloped and we have never been consulted. We frankly do not see a benefit for anyone on the major intersection of Hwy 16 and Catron Blvd, yet the properties are included. To the contrary, it appears to us that by placing us in the district, our property has effectively been precluded from imitating a future TIF request for a period that could be as high as 20 years.

Second, the Black Hills Packing Plant project was a redevelopment of property surrounded by previously developed ground all within the city. It was the classic case of redevelopment and infill. What we see in the proposed TIF#70 is on the other hand a classic case of "leap frog" development. It not only stretched city utility corridors, but eliminates what would be seen as orderly planned growth. How can anyone justify the use of city dollars for this purpose when we have an acknowledged glut of office and general commercial properties on the market, vacant and currently paying taxes?

Again, we have no opposition to the use of TIF's in the right location and for the right reasons. It simply appears to us that this proposal flies in the face of both the intended use of TIF's and sound planned municipal growth. If the TIF as it is currently proposed is approved, we would ask that our property be removed from the district.

Thank you in advance for your consideration

Pat Tlustos-member Hwy 16 LLC

Mike Tennyson-member Hwy 16 LLC

12/4/11

Community Planning and Development Services  
Tax Increment Finance Project Review Committee  
300 Sixth Street  
Rapid City, South Dakota 57701

Dear Ladies and Gentlemen;

As owners of land located adjacent to the Tax Increment District, we feel we must comment on the request regarding Project Plan Tax Increment District #70 - Highway 16.

We are adamantly against designating this area as a TIF District due to the fact that it does not meet the requirements of the Tax Increment Financing in Rapid City. (see attached TIF checklist for the City of Rapid City)

We have owned the land located at 8561 Dreamscape Road for over 15 years. We also built a home at 8581 Dreamscape Road approximately six years ago. (See attached map and legal description listed at the end of this letter)

We are very familiar with the area included in the proposed TIF District. It does not meet the mandatory criteria or the discretionary criteria required for a Tax Increment Financing District set forth by the City of Rapid City.

It is not 'blighted'.

This area has no structures or buildings that are detrimental to the public health, safety, morals or welfare.

This area does not substantially impair or arrest the sound growth of the City of Rapid City.

This area WILL develop without a TIF. As Rapid City finds the need to develop to the south, this area will support beautiful residential and commercial uses without the need to ask for tax-payer assistance. It is because of the present development in this area that this area will not need 'assistance' to develop as the community's needs grow.

We feel the proposed TIF District is far to large an area.

Allowing this area to be designated as a TIF District would cause a "leap frog" type of development. Rapid City has addressed this development issue in the past and seemed to understand the detrimental effects "leap frog" development has on growing communities. The City has adopted Smart Growth policies that could pertain to this area.

We would like to see these policies implemented and upheld.

Please take our concerns into consideration when addressing the petition for the Project Plan for the Tax Increment District #70.

Respectfully Submitted,

Kerry Papendick  
Lew Papendick

owners of 8581 Dreamscape Road  
use: private home  
legal: 1N 07E sec 26 W1/2 SE1/4  
1N 07E sec 35 Highview sub Tract 7  
1N 07E sec 35 Highview sub Tract 12

owners of 8561 Dreamscape Road  
use: Highview Ranch Quarter Horses, Inc.  
legal: 1N 07E sec 35 Highview sub Tract 5R  
1N 07E sec 35 Highview sub Tract 16-18.

## 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:

- |   | <b>Applies</b>           |
|---|--------------------------|
| 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; | <input type="checkbox"/> |
| 4. To stimulate the construction of safe and affordable housing units for low and moderate income residents and workers in the community; and,  | <input type="checkbox"/> |
| 5. To facilitate the reconstruction, maintenance and completion of the City's existing infrastructure network to support the existing growth and guide of the future growth of the community.   | <input type="checkbox"/> |

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

- |  | <b>Applies</b>           |
|--|--------------------------|
| 1. Oversizing costs for sewer, water and streets required by the City of Rapid City;   | <input type="checkbox"/> |
| 2. Extension of off-site sewer, water, street and public improvements to the development site;   | <input type="checkbox"/> |
| 3. Oversizing costs for storm drainage detention and transmission facilities to accommodate storm water runoff beyond that generated by the development;                                     | <input type="checkbox"/> |
| 4. Reconstruction of existing streets, water, sewer, sidewalks or other public infrastructure;   | <input type="checkbox"/> |
| 5. Regional lift stations, pump stations or other public facilities to be owned by the City of Rapid City;   | <input type="checkbox"/> |
| 6. Public playgrounds, parks and recreational improvements to be owned by the City of Rapid City;  | <input type="checkbox"/> |
| 7. Demolition costs for the removal of existing structures or infrastructure;  | <input type="checkbox"/> |
| 8. Interest and financing fees;  | <input type="checkbox"/> |
| 9. Imputed administrative fees due to the City;  | <input type="checkbox"/> |
| 10. Removal and replacement of contaminated soils;   | <input type="checkbox"/> |
| 11. Professional service fees limited to engineering, design, survey and construction management associated with the allowable project costs; and,   | <input type="checkbox"/> |
| 12. Costs, at the discretion of the governing body, which are found to be necessary or convenient to the creation of the Tax Incremental District or the 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.

- |  | <b>Applies</b>           |
|--|--------------------------|
| 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" and the improvements are likely to enhance the value of substantially all of the other real property in the district. 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 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,             | <input type="checkbox"/> |
| 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.              | <input type="checkbox"/> |
| 2. The project must comply with the adopted Comprehensive Plan and all other appropriate plans and regulations.  | <input type="checkbox"/> |
| 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.   | <input type="checkbox"/> |

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

- |  | <b>Applies</b>           |
|--|--------------------------|
| 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. | <input type="checkbox"/> |
| 2. The project will eliminate actual or potential hazard to the public. Hazards may include condemned or unsafe buildings, sites, or structures.   | <input type="checkbox"/> |
| 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.   | <input type="checkbox"/> |
| 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.   | <input type="checkbox"/> |
| 5. The project will result in additional redevelopment in the following Tax Increment Financing Target Areas:  | <input type="checkbox"/> |
| A. Downtown District (see Appendix A for description)  | <input type="checkbox"/> |
| 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               | <input type="checkbox"/> |

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"/> |

# Tax Increment District No. 70 Project Plan Vicinity Map

