

STAFF REPORT

November 20, 2003

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**No. 03TI010 - Tax Increment District No. 42 - Project Plan**

**ITEM 31**

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GENERAL INFORMATION:

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| PETITIONER                    | Dream Design International   |
| REQUEST                       | <b>No. 03TI010 - Tax Increment District No. 42 - Project Plan</b>  |
| EXISTING<br>LEGAL DESCRIPTION | NE1/4NE1/4 less ROW, GL2, SW1/4NE1/4, N1/2GL3, GL 4 less ROW, E1/2SW1/4NW1/4, S1/2GL3 less Big Sky Subdivision, SE1/4NW1/4 less Big Sky Subdivision, W1/2SW1/4NW1/4 including private Drive and less ROW, all located in Section 3, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Tract A, Big Sky Subdivision, Section 3, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot 2 and Lot 8 including ROW, Block 13, Big Sky Subdivision, Section 3, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lots 2, 3, 4, and 5 including ROW, Block 14, Big Sky Subdivision, Section 3, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, NE1/4SE1/4, NW1/4SE1/4, SW1/4SE1/4, SE1/4NW1/4, SW1/4NW1/4 less ROW, N1/2SW1/4 less ROW, S1/2SW1/4 less Lot 1 of Neff Subdivision #3 less ROW, all located in Section 34, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot 1, Neff Subdivision #3, Section 34, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H1 in SW1/4NW1/4, Lot H2 in SW1/4NW1/4, Lot H1 in W1/2SW1/4, Lot H2 in N1/2W1/2SW1/4, and Lot H3 in S1/2SW1/4, all located in Section 34, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H2 in N1/2 of Government Lot 4, Lot H3 in S1/2 of Government Lot 4, Lot H2 in W1/2SW1/4NW1/4, Lot H1 in NW1/4NW1/4, and Lot H1 in SW1/4NW1/4, all located in Section 3, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H1 in E1/2NE1/4, Lot H2 in E1/2NE1/4, Lot H2 in E1/2SE1/4, and Lot H1 in SE1/4, all located in Section 33, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H1 in NE1/4, and Lot H2 in Government Lot 1 and the SE1/4NE1/4, all located in Section 4, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Elk Vale Road right-of-way between SE1/4NE1/4, Section 33, and SW1/4NW1/4, Section 34, all in T2N, R8E, BHM, Rapid |



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---

creation of a Tax Increment District to facilitate the construction of a water reservoir, water tower, and road improvements from Elk Vale Road to Degeest Street in an area east of Elk Vale Road, south of Interstate 90 Exit 61 and west of Reservoir Road. **The applicant met with the Infrastructure Development Partnership Fund Review Committee on September 2, 2003 and September 9, 2003. The Committee met again on October 20, 2003 and recommended Infrastructure Development Fund dollars as an alternative funding source for the road improvements. That proposal was approved by the City Council at their November 3, 2003 City Council meeting. As such, the applicant has removed the road improvements from the request, thus enabling only the water projects to be funded with money derived from the Tax Increment District. The City will finance the estimated \$5,700,000 cost of the improvements to be included in this Tax Increment District. A funding source for the cost of the improvements has not been determined. This Tax Increment Plan will improve water flows for the new elementary school within the district, as well as the Industrial Park located south of the project plan and will provide better fire protection with the increased water pressure. These improvements will enhance the ability of new development to occur along this north-south corridor from Interstate 90 to S.D. Highway 44 and will; therefore, increase the community's economic vitality and expand the City's property tax base.**

**The proposed District boundaries will overlap Pennington County Tax Increment District #1. This requires the payment in full of the County District before the incremental tax payments can be applied to this District. The County's District is projected to be paid in full in June 2007. Payments to the Elk Vale Water/Timmons Boulevard Tax Increment District will begin in December 2007.**

**The proposed district boundaries incorporate approximately 640 acres located west of Elk Vale Road, south of Interstate 90 Exit 61 and north of Twilight Drive.**

**COMMITTEE REVIEW: The Tax Increment Financing Review Committee has reviewed this proposal on April 14, 2003 and found that the proposed project complies with all applicable statutory requirements as well as the City's adopted Tax Increment Policy. The Tax Increment Committee reviewed this application again on August 15, 2003 to discuss the removal of the road improvements from the project. The Tax Increment Committee found the proposed project complies with all applicable statutory requirements as well as the City's adopted Tax Increment Policy. In addition to the mandatory criteria, the proposal met the following two optional criteria:**

- Criteria #1: The project must demonstrate that it is not economically feasible without the use of Tax Increment Financing.**
- Criteria #2: The project will not provide direct or indirect assistance to retail or service businesses competing with existing businesses in the Rapid City trade area.**

**Additionally, the following discretionary criteria are met:**

STAFF REPORT

November 20, 2003

---

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**ITEM 31**

---

**Criteria #2: All Tax Increment Fund proceeds are used for the construction of public improvements.**

**Criteria #6: The project involves the start-up of an entirely new business or business operation within the City of Rapid City.**

**Copies of the adopted Tax Increment Financing Policy are attached for your reference.**

**The Tax Increment Financing Project Review Committee recommends approval of the attached resolution approving the Tax Increment District #42 Project Plan.**