



STAFF REPORT

March 13, 2002

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**No. 02TI002 - Tax Increment District #35 Project Plan**

**ITEM**

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Inca Drive rights-of-way in Section 9, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota, and Jolly Lane Road right-of-way in Section 4, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota

PARCEL ACREAGE                      Approximately 65.58 acres

LOCATION                                      West of Elk Vale Road and north of SD Highway 44 East

EXISTING ZONING                      General Commercial District/Low Density Residential District with a PDD/Light Industrial District with a PLID

SURROUNDING ZONING

    North:                                      Light Industrial District

    South:                                      Suburban Residential District (County)

    East:                                        General Agriculture District (County)/Suburban Residential District (County)

    West:                                        General Commercial District (County)

DATE OF APPLICATION              02/19/2002

REPORT BY                                      Karen Bulman

**RECOMMENDATION:** The Tax Increment Financing Review Committee recommends that the Planning Commission recommend approval of the Tax Increment District #35 Project Plan and attached resolution.

**GENERAL COMMENTS:** Doyle Estes requested the creation of a Tax Increment District to assist in the development of his property located east of Elk Vale Road. The property is the site of the proposed Children's Home Society foster care facility.

On August 6, 2001, Tax Increment District #31 was approved by the City Council. This district was created to fund drainage improvements in the Race Track Drainage Basin. The Economic Development Corporation requested a review of the district boundaries by the Tax Increment Financing Review Committee to see if the Industrial Park could be removed from the boundaries of Tax Increment District #31. The Committee agreed and recommended the dissolution of Tax Increment District #31 and approval of a revised district and project plan. The purpose of the now revised Tax Increment District #35 is to fund the drainage pipe improvement located in the new boundary. The estimated cost of the construction of the storm drainage pipe is \$250,000. This improvement will transport the storm drainage from a detention cell located in Pennington County, which was built through funding by a Tax Increment District created by Pennington County.

The proposed district will run for 12 years. The anticipated increment associated with the project is \$ 550,030. Mr. Estes has proposed to obtain private financing for the project costs and he would be reimbursed from any tax increment revenues. The City will only be responsible for passing on any revenues received. Should the tax increment revenues

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exceed the anticipated twice annual payment, the district debt would be retired early resulting in the property being returned to the tax roles more quickly.

STAFF REVIEW: The Tax Increment Financing Committee met with the applicant and reviewed the proposal to dissolve Tax Increment District #31 and create a new Tax Increment District. The Review Committee found that the proposed project complied with all applicable statutory requirements as well as the City's adopted Tax Increment Policy. Specifically, the Committee found that in addition to the mandatory criteria, the proposal met the following two optional criteria:

Criteria #2 – The project will eliminate an actual or potential hazard to the public; and,  
Criteria #4 – The project will bring new or expanded employment opportunities.

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

Based on the Tax Increment Financing Review Committee's recommendation, staff recommends approval of the attached resolution approving the Project Plan for Tax Increment District Number Thirty-five.