

STAFF REPORT

September 26, 2002

No. 02TI005 - Tax Increment District No. 36 Project Plan

ITEM 62

GENERAL INFORMATION:

PETITIONER	Kevin Conway for Rodney and Norman McKie
REQUEST	No. 02TI005 - Tax Increment District No. 36 Project Plan
EXISTING LEGAL DESCRIPTION	Lot 1 & Lot 2 of Block 1, & Dedicated right-of-way, of Tires Plus Addition, located in the Unplatted portion of the NE1/4 of the NW1/4 of Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; Lot 1 to 8 of Lot M-1 of the S1/2 of the NW1/4 of Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota, including Lot A-B of Lot 1 of Lot M1 and the strip of land marked "Private Road", all located in the S1/2 NW1/4, Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; Tracts 4-B & 4-C of Parcel #4; and Tracts 4-A, C and D; of the SE1/4 NW1/4 of 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

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Tract 1 of Martley Subdivision and 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; Parcel No. 4 and Parcel No. 5 as shown on the "Plat for Montana-Dakota Utilities Co., a corporation with principal offices at 831 Second Avenue South, Minneapolis 2, Minnesota, showing lands in Section 25 and 26 of Township 2 North Range 7 East of the BHM in Pennington County, South Dakota, acquired by Warranty Deed from Oldfield and Butterfield, Grantors, of Rapid City, South Dakota"; Parcel No. 8 in the N1/2 NW1/4 of Section 25, T2N, R7E, BHM, Pennington County, South Dakota; said strip of land being Fifty feet wide, Twenty-five feet on each side of the following described center-line, with both sides of the strip terminating at the South boundary of the NW1/4 NW1/4 of said Section 25: Beginning at the North Quarter corner of said Section 25, thence South along the quarter line a distance of 886.5 feet to the TRUE POINT OF BEGINNING; thence South 76 degrees 15 feet West a distance of 1846.9 feet to the East-West one-sixteenth line at a point 1794 feet West of the North-South one-quarter line, as shown in Book 7 Page 173 of the Plat Records at the Pennington County Register of Deeds; 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, RE, BHM, Rapid City, Pennington County, South Dakota; The 100 foot Haines Avenue right-of-way located between the south boundary of Disk Drive right-of-way and south boundary of Mall Drive right-of-way, Section 25, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota

PARCEL ACREAGE

Approximately 58.636 acres

LOCATION

Interstate 90 extending north to Lakota Homes and from the west property boundary of SCI to Howard Street

EXISTING ZONING

Low Density Residential District, Medium Density Residential District, General Commercial District, General Commercial District with a Planned Commercial Development

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SURROUNDING ZONING

North: Low Density Residential District with a Planned Residential Development, Low Density Residential District, General Commercial District, General Commercial District with a Planned Commercial Designation

South: Low Density Residential District, General Commercial District

East: Light Industrial District, General Commercial District

West: Interstate Right-of-way, Low Density Residential District with a Planned Residential Development

PUBLIC UTILITIES To be extended

DATE OF APPLICATION 06/10/2002

REPORT BY Karen Bulman

RECOMMENDATION: The Tax Increment Financing Review Committee recommends that the Planning Commission recommend approval of the Tax Increment District No. 36 Project Plan and attached resolution.

GENERAL COMMENTS: The applicant has requested the creation of a Tax Increment District to facilitate the development of commercial property located west of Haines Avenue through the extension of water, sanitary sewer and Disk Drive roadway improvements west of Haines Avenue. Drainage costs for these improvements have been included in the Tax Increment District Plan. The estimated cost of the improvements is \$1,198,744.80. The extension of Disk Drive, approximately 2400 feet of new roadway, would connect with Howard Street. Howard Street will be converted to a cul-de-sac at the southwest corner of the United Building Center property when the roadway improvement is completed. The section of Howard Street located west of the United Building Center will then be removed from public use.

This district would incorporate the areas west of Haines Avenue and north of Howard Street to Lakota Homes. It also includes an area east of Lakota Homes and property currently being developed east of Haines Avenue.

The Tax Increment Committee approved a request to incorporate a second phase to the Project Plan to address the construction of the northern extension of the I-190 interchange, including project funding. Staff has reviewed the costs in detail, an estimated \$2.3 million, and has found that there are not sufficient revenues to adequately support Phase 2 at this time. However, a future Tax Increment District could be created over Tax Increment District #36 when development occurs as a result of the improvements from this Tax Increment District. For that reason, those improvements and costs have not been included in this plan.

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The proposed district will run for 16 years. The anticipated increment associated with the project is \$ 2,499,849. A funding source has not been identified for this Tax Increment District. The Infrastructure Development Partnership fund could be a possible funding source. The applicant's representatives are continuing to work with the City staff to outline options for consideration by the City Council.

STAFF REVIEW: The Tax Increment Financing Committee reviewed the proposal to create a 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 three optional criteria:

- Criteria #1: The project must demonstrate that it is not economically feasible without the use of Tax Increment Financing.
- Criteria #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.
- Criteria #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.

Additionally, the following discretionary criteria are met:

- Criteria #5: The building or site that is to be redeveloped itself displays conditions of blight as established by the provisions of SDCL 11-9.
- Criteria #6: The project involves the start-up of an entirely new business or business operation within the City of Rapid City.
- Criteria #9: The project costs are limited to those specific costs associated with a site that exceed the typical or average construction costs, specifically on-site or off-site vehicular circulation improvements.

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-six.