

STAFF REPORT

February 6, 2003

No. 03TI002 - Tax Increment District #38- Project Plan

ITEM 38

GENERAL INFORMATION:

PETITIONER

Dream Design International, Inc.

REQUEST

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EXISTING

LEGAL DESCRIPTION

A parcel of land located in part of the NE1/4 SW1/4 and S1/2 SW1/4 of Section 27, and all of the N1/2 NW1/4 of Section 34, all in T2N, R8E, BHM, Pennington County, South Dakota, being more particularly described as follows: Beginning at the center north 1/16 corner of said Section 34, a pin and cap stamped Arleth and Assoc., RLS 3977, this being the point of beginning; thence N89°52'24"W along the south line of said N1/2 NW1/4, 2526.27 feet to a point lying on the easterly right-of-way line of Elk Vale Road; thence N00°01'02"W along said easterly right-of-way line, 1501.22 feet to a point lying on the southerly railroad right-of-way line, said point is lying on a curve concave to the northwest and whose chord bears N71°31'11"E, 767.24 feet, thence northeasterly along said southerly railroad right-of-way line the following four courses; thence continuing along the arc of said curve to the left whose radius is 5829.58 feet and having a central angle of 07°32'46", an arc length of 767.79 feet to a point on said curve; thence N22°15'13"W, 50.00 feet to a point lying on a curve concave to the northwest and whose chord bears N60°03'38"E, 1545.97 feet, thence continuing along the arc of said curve to the left whose radius is 5779.58 feet and having a central angle of 15°22'19", an arc length of 1550.61 feet to a point of tangency; thence N52°22'28"E, 208.14 feet; thence departing said southerly railroad right-of-way line, S89°40'45"E, 319.90 feet; thence S00°14'20"W, 1374.57 feet to the northeast corner of said N1/2 NW1/4; thence S00°01'50"W along the easterly line of said N1/2 NW1/4, 1318.56 feet to the point of beginning; and, Lot 1 and 2 of Tract F of W-Y Addition in the SW1/4SW1/4 of Section 27, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H5 and Lot H6 in the SW1/4 of Section 27, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H9 in that part of the S1/2SW1/4 of Section 27 lying south of the relocation of the Chicago and Northwestern Transportation Company right-of-way

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in T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, the 33 foot section line right-of-way located south of Lot H9 in the S1/2SW1/4 of Section 27, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, all of the S1/2SE1/4 of Section 28 less Lot E of S1/2SE1/4, Section 28, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lots H3, H4, H5, H6, & H7 located in the NE1/4SE1/4 of Section 28, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, the existing US Highway 14 & 16 right-of-way prior to 1935 located in the N1/2SE1/4 of Section 28, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H3 of the SW1/4 of Section 28, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H1 and Lot H2 in the NW1/4NW1/4 of Section 34, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H1 and Lot H2 in the SW1/4NW1/4 of Section 34, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H-1 in the W1/2SW1/4 of Section 34, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H2 in the N1/2W1/2SW1/4 of Section 34, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota as recorded in Highway Book 9 page 125; and, Lot H3 in the S1/2SW1/4 of Section 34, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, the 33 foot section line right-of-way located north of Lots H1 & H2 in the NW1/4NW1/4 of Section 34, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, the 33 foot section line right-of-way located south Lot H1 in the W1/2SW1/4 and Lot H3 in the S1/2 SW1/4 all located in Section 34, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H1 & Lot H2 in the E1/2NE1/4 of Section 33, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H2 in the E1/2SE1/4 of Section 33, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H1 in the SE1/4 of Section 33, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, the 33 foot section line right-of-way located north of Lots H1 & H2 in the E1/2NE1/4 of Section 33, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, the 33 foot section line right-of-way south of Lot H1 in the SE1/4 of Section 33 and south of Lot H2 in the E1/2SE1/4 of Section 33, all located in T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, the 66 foot

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Section line right-of-way located between Sections 33 & 34 in T2N, R8E, BHM, Pennington County, South Dakota; and, Lot H2 in the N1/2 of Government Lot 4 & Lot H3 in the S1/2 of Government Lot 4, located in Section 3, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H-1 in the NW1/4NW1/4 of Section 3, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H2 in the W1/2SW1/4NW1/4 of Section 3, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and Lot H1 in the SW1/4NW1/4 of Section 3, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and the 33 foot section line right-of-way located north of Lot H2 in the N1/2 of Government Lot 4 of Section 3 and Lot H1 in the NW1/4NW1/4 of Section 3, all located in T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H1 in the NE1/4 of Section 4 and Lot H2 in Government Lot 1 of Section 4, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, the 33 foot section line right-of-way located north of Lot H1 in the NE1/4 of Section 4 and Lot H2 in Government Lot 1 of Section 4, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, 66 foot section line right-of-way located between Section 4 and Section 3 all located in T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, the 30 foot dedicated right-of-way lying adjacent to Lot A of Lot 1R of Rushmore Regional Industrial Park, Section 4, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota

PARCEL ACREAGE	Approximately 239.9819 acres
LOCATION	At the intersection of Eglin Street and Elk Vale Road
EXISTING ZONING	Heavy Industrial District (County)/Light Industrial District (City)/General Commercial District (City)/General Commercial District with a PDD (City)/ ROW
SURROUNDING ZONING	
North:	General Commercial District (County)/Heavy Industrial District (Box Elder)/ROW
South:	General Agriculture District (County)/ General Commercial District (City)/ General Agriculture District(City)
East:	Box Elder/General Commercial District with a PDD (City)

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West:	General Commercial District/General Agriculture District/ Light Industrial District/Heavy Industrial District
PUBLIC UTILITIES	To be extended
DATE OF APPLICATION	01/10/2003
REPORT BY	Karen Bulman

RECOMMENDATION: The Tax Increment Financing Review Committee recommends that the Planning Commission recommend approval of the Tax Increment District No. 38 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 east of Elk Vale Drive and south of Interstate 90 through public improvements including; water main from Beal Street, lift station, force main (sewer), gravity sewer, two drainage detention dams, Eglin Street, deceleration lane, intersection signalization and a 16 inch looped water main on Elk Vale Road. The estimated cost of the improvements is \$3,187,600. These improvements will bring water to properties along Elk Vale Road and, the connection to the proposed loop will provide some additional water flows for fire protection to the area. The public improvements will enhance the future development of the area beyond this district

The proposed district boundaries incorporate the west side of Interstate 90 Exit 66 interchange and areas south of Interstate 90 to the section line between Section 28 and Section 33 located in T2N, R8E, BHM, Rapid City, Pennington County, South Dakota. The area also includes two properties north of the DM&E Railroad and south of Interstate 90 located east of Elk Vale Road and 121.47 acres of property south of the DM&E Railroad and east of Elk Vale Road in Section 27 and Section 34 located in T2N, R8E, BHM, Rapid City, Pennington County, South Dakota. Elk Vale Road right-of-way from the Interstate 90 Exit 66 interchange south to the southern boundary of Section 3 and Section 4, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota is also included in this district. These added parcels would allow the extension of the water line and therefore water will be available to properties in this area.

The proposed district may run for twenty years; however, it is anticipated that the project costs will be paid off in 16 years. The anticipated increment at build out associated with the project is \$67,721,400. The applicant plans to obtain private financing for this Tax Increment District with the exception of the costs associated with the sanitary sewer lift station. The lift station, at an estimated cost of \$455,000, will be initially funded by the City of Rapid City.

COMMITTEE REVIEW: The Tax Increment Financing Committee reviewed the proposal to create a Tax Increment District. The Review Committee found that the proposed project complies with all applicable statutory requirements as well as the City's adopted Tax

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Increment Policy. The Committee found in addition to the mandatory criteria, the proposal meets 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 #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.

Additionally, the following discretionary criteria are met:

- Criteria #2: All Tax Increment Fund proceeds are used for the construction of public improvements.
- 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 #9: The project costs are limited to those specific costs associated with a site that exceed the typical or average construction costs, specifically the extension of sewer or water mains.

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

The Tax Increment Financing Review Committee recommends approval of the attached resolution approving the Project Plan for Tax Increment District Number Thirty-eight.