

STAFF REPORT
October 27, 2005

No. 05TI010 - Tax Increment District #50 Revised Project Plan

ITEM 60

GENERAL INFORMATION:

PETITIONER	Mike Tennyson and Pat Tlustos
REQUEST	No. 05TI010 - Tax Increment District #50 Revised Project Plan
EXISTING LEGAL DESCRIPTION	The southern most 950 feet of I-190 Right-of-Way and the southern most 950 feet of West Boulevard Right-of-Way located in the SE1/4 SE1/4, Section 26, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; the west 932 feet of the south 377 feet of the SE1/4 SE1/4 less the north 35 feet dedicated as Thrush Drive (including the vacated Gold Street and the north 45 feet of vacated Anamosa Street adjacent to said parcel) and the adjacent West Boulevard, I-190, Thrush Drive and Gold Street rights-of-way in the SE1/4 SE1/4, Section 26, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; the NE1/4 NE1/4, Section 35, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; the S1/2 NE1/4 lying west of I-190 Right-of-Way, Section 35, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; Tract 17 less Lot H1, Rapid City, Greenway Tract, Section 35, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; the SE1/4, Section 35, T2N, R7E lying north of the Omaha Street Right-of-Way and west of I-190 Right-of-Way and the adjacent Omaha Street and I-190 rights-of-way located in Section 35, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; and the northern most 160 feet of dedicated 12th Street lying south of Omaha Street located in the SE1/4, Section 35, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota
PARCEL ACREAGE	Approximately 290 acres
LOCATION	West of US I-190 and West Boulevard North, north of Omaha Street
EXISTING ZONING	Park Forest District - Heavy Industrial District - Medium Density Residential District - Office Commercial District - General Commercial District - Flood Hazard District
SURROUNDING ZONING	
North:	Park Forest District - Medium Density Residential District
South:	General Commercial District - Flood Hazard District - Light Industrial District

STAFF REPORT
October 27, 2005

No. 05TI010 - Tax Increment District #50 Revised Project Plan

ITEM 60

East:	Flood Hazard District - Civic Center District - Hotel Motel District - Medium Density Residential District - Low Density Residential District - Public District
West:	General Agriculture District - Park Forest District - Light Industrial District
PUBLIC UTILITIES	City Water and Sewer
DATE OF APPLICATION	9/19/2005
REVIEWED BY	Marcia Elkins / Emily Fisher

RECOMMENDATION:

The Tax Increment Financing Committee recommends that the Tax Increment District #50 Revised Project Plan be approved.

GENERAL COMMENTS: This Revised Tax Increment Project Plan proposes to increase the allowable project costs included in the previously approved Project Plan. The original Tax Increment District Project Plan was approved on December 20, 2004. That Plan proposed to assist in funding the acquisition, demolition, clean up and redevelopment to the former Federal Beef meat packing plant property located west of West Boulevard North and I-190 and north of Omaha Street and off-site water improvements to assist in the redevelopment of the area. The plant was destroyed by fire in January 2002. Signalization of the intersection of 12th Street and Omaha Street was included in the original Project Plan. The cost estimate of the project improvements included in the original Project Plan for Phase I was \$3,425,000. The Developer's share was \$3,250,000 and the City's share was \$175,000. Phase II of the Project Plan identified \$2,725,000 for water system improvements to be funded by the City if funding could be identified.

At the Tax Increment Financing Committee meeting held on September 19, 2005, the Committee reviewed a request by Century Development to expand the original Project Plan. Century Development requested the inclusion of an additional \$600,000 to reconstruct Philadelphia Street in a new location. The Tax Increment Financing Committee recommended approval of the following additions in project improvements to the previously approved Tax Increment District: Phase I Improvements Philadelphia Street relocation - \$600,000 and additional off-site water improvements (by City) - \$205,000; and additional Phase II Project costs (by City) of: Rapid Creek Pedestrian Crossing (Rapid Creek and Twelfth Street) - \$40,000; and inclusion of the rehabilitation of the hydroelectric plant at an unidentified cost. For purposes of this project plan, staff has identified \$755,000 as an estimate of the cost of the rehabilitation of the hydroelectric plant. There is no funding source at this time for the additional Phase II project costs of \$1,000,000. In addition, the Tax Increment Financing Committee recommended increasing the developer's interest rate to a maximum of 9%.

The clean up and redevelopment of the Federal Beef property and the water line improvements will eliminate a blighted and potentially dangerous site, as well as enhance the ability for new development to occur, increasing the community's economic vitality and expanding the City's property tax base. This district is determined to qualify as an economic development Tax Increment District as commercial development is anticipated within the district.

STAFF REPORT
October 27, 2005

No. 05TI010 - Tax Increment District #50 Revised Project Plan

ITEM 60

The applicant's share of the estimated cost of the improvements will be financed at an estimated 9% interest rate. The City's estimated cost of improvements will be financed at a 6% interest rate. No funding sources have been identified for the City's proposed project costs. It should be noted that all project expenditures (including both Phase I and Phase II) must be completed within five years of the creation of the Tax Increment District or by December, 2009. The City's project improvements will not occur unless funding can be identified and adequate revenues are projected to provide repayment of those costs. Should the tax increment revenues exceed the anticipated loan payments, the district debt would be retired early resulting in the full value of the property being returned to the tax rolls more quickly.