

STAFF REPORT
September 21, 2006

No. 06TI005 – Project Plan for Tax Increment District No. 61 ITEM 41
Villaggio

GENERAL INFORMATION:

PETITIONER	Signature Development
REQUEST	No. 06TI005 - Project Plan for Tax Increment District No. 61 Villaggio
EXISTING LEGAL DESCRIPTION	Lot 1, Stoney Creek South #2 Subdivision; Unplatted portion of E1/2 NW1/4 SE1/4; NE1/4 SW1/4 SE1/4 and Golden Eagle Drive located in the NE1/4 SW1/4 SE1/4 including Lots H3 and H4; Lot H1 in the SE1/4 SW1/4 SE1/4; Lot H2 in the SW1/4; Lot H2 in the SW1/4 NW1/4 SE1/4 and the NW1/4 SW1/4 SE1/4; W1/2 NW1/4 SE1/4 less Springbrook Acres Subdivision and Less Lot H2; NW1/4 SW1/4 SE1/4 less Lot H2; S495 feet of NE1/4 SE1/4 less Lot 1; SE1/4 SE1/4; Lot 1, Bendert Subdivision; all located in Section 22, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota; and, Lots 4 and 5, Owen Hibbard Subdivision, Section 23, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota
PARCEL ACREAGE	Approximately 156.858 acres
LOCATION	Between Sheridan Lake Road and South Highway 16 and adjacent to Catron Boulevard
EXISTING ZONING	Medium Density Residential District (PRD), Low Density Residential (PRD), General Commercial District (PCD), Public District, General Agriculture District, Office Commerical District (PCD)
SURROUNDING ZONING	
North:	Park Forest District, Park Forest District (PRD), Public District, General Commerical District (PCD), Low Density Residential District (PRD)
South:	General Agriculture District, Park Forest District, General Commercial District (Planned Commercial Development)
East:	General Commercial District (Planned Commercial Development), Public District
West:	Low Density Residential District (Planned Residential Development), General Agriculture District
PUBLIC UTILITIES	City Sewer and Water

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DATE OF APPLICATION 9/6/2006

REVIEWED BY Karen Bulman / Not Assigned

RECOMMENDATION: The Tax Increment Financing Committee recommends that the Tax Increment District No. 61 Project Plan be approved.

GENERAL COMMENTS: The applicant has requested the creation of a Tax Increment District to assist in the development of infrastructure adjacent to the Villaggio at Golden Eagle. The Tax Increment funds are to be utilized for Vineyard Lane and Golden Eagle Drive and the extension of water, sewer sidewalks, storm sewer and a detention cell and sewer lift station. The applicant has proposed that the developer fund \$453,519.92 of the project costs and the City fund \$95,256.68 of the project costs for Phase I and Phase II. Based on the allocation of costs for Phase I, the developer would fund 87% of the costs and the City would fund 13% of the costs.

This Tax Increment District is an Economic Development Tax Increment District and will therefore not require an additional levy to make up for the School District's share of the property taxes included in the Tax Increment. The public improvements will enhance the ability for new development to occur and increase the community's economic vitality and expand the City's property tax base.

The proposed District boundaries incorporate approximately 156.858 acres located adjacent to Catron Boulevard, east of Sheridan Lake Road and west of US Highway 16.

STAFF REVIEW: The Tax Increment Financing Review Committee reviewed this proposal on September 1, 2006 and recommended approval of the Project Plan for Tax Increment District #61 as submitted by the applicant. The Committee also found that the extension of sewer infrastructure along Catron Boulevard and the addition of a sewer lift station would provide additional benefit to the community by eliminating the 21 septic systems proposed for the residences within the Villaggio development. The Tax Increment District Financing Committee also included in their motion of approval the inclusion of contingency costs and authorization for staff to adjust the project costs estimates as needed when preparing the Project Plan.

The grading of Golden Eagle Drive and Vineyard Lane has begun. As these expenditures were not made in accordance with the City's bid practices, additional costs for a detention cell have been included in the Project Plan and the grading costs submitted by the applicant have been removed.

Phase II of the Project Plan extends the sewer line along Catron Boulevard the length of the property south of Vineyard Lane, currently owned by the City. A future turn lane along Catron Boulevard, needed in the future as development occurs on the south side of Catron Boulevard, has also been included as Phase III of the Project Plan. Both of these additional costs were not specifically discussed at the Tax Increment Financing meeting. However, staff felt it was appropriate to include these costs for discussion. If the Planning

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Commission does not wish to include these project costs they may be removed prior to being forwarded to the City Council.

The applicant has indicated that 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 applicant indicated that 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 eliminate actual or potential hazard to the public.
- 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 #9: The project costs are limited to those specific costs associated with a site that exceed the typical or average construction costs (i.e. excessive fill, relocation costs, additional foundation requirements associated with unusual soil conditions, extension of sewer or water mains, on-site or off-site vehicular circulation improvements, etc.).

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 creation of Tax Increment District #61 Villaggio.

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