

STAFF REPORT
January 7, 2010

No. 09TI003 - Tax Increment District No. 61 - Third Revised Project Plan **ITEM 46**

GENERAL INFORMATION:

APPLICANT	Villaggio, LLC
AGENT	Sperlich Consulting, Inc.
PROPERTY OWNER	Villaggio, LLC
REQUEST	No. 09TI003 - Tax Increment District No. 61 - Third Revised Project Plan
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), General Agriculture District, Office Commercial District (PCD)
SURROUNDING ZONING	
North:	Park Forest District (PRD), General Commercial District (PCD), Low Density Residential District (PRD) - Business Park District - Medium 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

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Development), General Agriculture District
DATE OF APPLICATION 11/25/2009
REVIEWED BY Karen Bulman / Ted Johnson

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

GENERAL COMMENTS: Tax Increment District No. 61 was approved by the City Council on October 2, 2006. The purpose of the Tax Increment District was to assist in the development of infrastructure adjacent to the Villaggio at Golden Eagle and property owned by the City of Rapid City. The Tax Increment Funds were to be utilized for Vineyard Lane and Golden Eagle Drive, Promise Road, the extension of water, sewer, sidewalks, storm sewer, detention cells and sewer lift stations. The Project Plan was to be funded by two individual developers and the City of Rapid City.

The First Revised Project Plan submitted by Developer 1 (Villaggio, LLC) was approved September 17, 2007 to fund additional Sewer Lift Station Costs. The Second Revised Project Plan submitted by the City of Rapid City was approved January 22, 2008 to fund additional Sewer Main Costs.

The Tax Increment District boundaries incorporate approximately 156.858 acres located adjacent to Catron Boulevard, east of Sheridan Lake Road and west of U.S. Highway 16.

Developer I (Villaggio, LLC) is requesting the reallocation of Necessary and Convenient Costs to fund Civil Engineering Services and to reallocate additional Project Plan costs based on final project costs for their portion of the improvements.

STAFF REVIEW: On December 15, 2009, the Tax Increment Financing Review Committee reviewed the Developer's request for the changes to reallocate the costs within the Project Plan. The proposed changes would reallocate the project costs, removing \$1,489.89 from Traffic Control, \$60,000.00 from Contingency and \$46,768.34 from the Necessary and Convenient cost line items and adding \$5,985.06 to the Sewer Lift Station, \$6,407.35 to the Detention Cell, \$6,986.20 to the Water Mains, \$12,494.59 to Streets/Sidewalks, \$872.78 to Storm Sewer line items, and adding \$75,512.25 Civil Engineering Services to the Necessary and Convenient line item. As noted earlier, these changes are based on the final project costs for Developer I.

In addition, an additional \$5,000 Imputed Administrative Fee to be paid to the City has been added in accordance with the new Tax Increment Financing Guidelines. The additional Imputed Administrative Fee of \$5,000 will be paid to the City from the Necessary and Convenient Cost line item. The other Project costs for the City and Developer II (Hidden Valley, Inc) will remain the same. All the revised changes are outlined in the following chart:

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Proposed Developer I (Villaggio, LLC) Project Cost Reallocation:

<u>Capital Costs:</u>	<u>Approved Costs</u>	<u>Changes</u>	<u>Amended Costs</u>
Sewer Lift Station	\$242,516.00	\$ 5,985.06	\$248,501.06
Detention Cell	\$ 9,792.00	\$ 6,407.35	\$ 16,199.35
Water Main	\$ 9,193.39	\$ 6,986.20	\$ 16,179.59
Streets/Sidewalks	\$181,194.99	\$12,494.59	\$193,689.58
Storm Sewer	\$ 16,285.47	\$ 872.78	\$ 17,158.25
Traffic Control	\$ 1,489.89	(\$ 1,489.89)	\$ 0.00
Sewer Mains	\$ 25,564.18		\$ 25,564.18
Financing Interest	\$478,243.38		\$478,243.38
Contingency Cost	\$ 60,000.00	(\$60,000.00)	\$ 0.00
Necessary/Convenient	\$168,484.00	(\$51,768.34)	\$116,715.66
Civil Engineering	\$ 0.00	\$75,512.25	\$ 75,512.25
Additional Imputed Admin			
Costs	\$ 0.00	\$ 5,000.00	\$ 5,000.00
Total	\$1,192,763.30	\$ 0.00	\$1,192,763.30

The Project Costs for the City and Developer II remain the same. The revisions are for Developer I costs only.

Proposed TID Project Costs for Developer II:

Sewer Lift Station	\$ 254,700.00
Detention Cell	\$ 84,570.75
Promise Road	\$ 229,540.00
Sewer Mains	\$ 53,190.00
Financing interest	\$ 383,025.45
Contingency Costs:	\$ 93,300.11
Relocation Costs:	\$ 0.00
Organizational Costs:	\$ 0.00
Necessary/Convenient Costs	<u>\$ 0.00</u>
TOTAL	\$1,098,326.31

Proposed TID Project Costs for City:

Sewer Mains	
to Vineyard Lane	\$ 296,671.82
to Golden Eagle	\$ 0.00
Financing interest	\$ 194,887.94
Contingency Costs:	\$ 0.00
Relocation Costs:	\$ 0.00

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Organizational Costs:	\$	0.00
Necessary/Conv Costs	\$	0.00
Engineering Costs	\$	44,598.76
Sewer GoldenEagle	\$	131,061.92
Sewer Service/Easement	\$	20,401.60
Water Line	\$	<u>0.00</u>

TOTAL \$ 687,622.04

Total Costs for Project Plan \$2,978,711.65

All other costs remain the same. The total costs will not change, so the Tax Increment Base will not be re-established. It should be noted that the approved Project Plan had a projected 9.5% interest rate. Currently, the Developer is financing the project at an 8.25% interest rate.

The Tax Increment Financing Project Review Committee recommends approval of the attached resolution approving the Third Revised Project Plan for Tax Increment District No. 61.