

STAFF REPORT
April 8, 2004

No. 04TI001 - Resolution Creating Tax Increment District #44

ITEM 47

GENERAL INFORMATION:

PETITIONER	Dream Design International, Inc.
REQUEST	No. 04TI001 - Resolution Creating Tax Increment District #44
EXISTING LEGAL DESCRIPTION	All of Section 28 lying north of U.S. Interstate 90 right-of-way, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and the 33 foot Dyess Avenue section line right-of-way north of U.S. Interstate 90 right-of-way located in the E1/2 of Section 29, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota
PARCEL ACREAGE	Approximately 473.27 acres
LOCATION	North of US Interstate 90 and west of North Elk Vale Drive and east of Dyess Avenue
EXISTING ZONING	Light Industrial District/General Commercial District/General Commercial District w/PDD
SURROUNDING ZONING	
North:	General Agriculture District (County)
South:	General Agriculture District/General Commercial District
East:	General Agriculture District (County)
West:	General Agriculture District
PUBLIC UTILITIES	NA
DATE OF APPLICATION	03/12/2004
REPORT BY	Karen Bulman

RECOMMENDATION: The Tax Increment Financing Committee recommends approval of the attached resolution creating a Tax Increment District #44 for Mall Drive.

GENERAL COMMENTS: The applicant has requested the creation of a Tax Increment District to facilitate the construction of Mall Drive from Dyess Avenue to the Visitors Information Center on North Elk Vale Drive, the extension of sanitary sewer improvements, water improvements and drainage improvements. The landowners will finance the estimated cost of improvements in this Tax Increment District. These improvements will enhance the ability of new development to occur along this east-west corridor north of US Interstate 90 from Dyess Avenue to North Elk Vale Road and will therefore, increase the community's economic vitality and expand the City's property tax base.

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The proposed District boundaries incorporate approximately 473.27 acres located west of North Elk Vale Road, north of US Interstate 90 and east of Dyess Avenue.

STAFF REVIEW: The Tax Increment Financing Review Committee reviewed this proposal on March 12, 2004 and found 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 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 #2: 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 #2: All Tax Increment Fund proceeds are used for the construction of public improvements.

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

Since the Tax Increment Financing Committee met, the applicant has submitted further information regarding sewer oversizing costs and costs to connect water lines under the street and for fire hydrants. The additional cost of \$121,000 for sewer oversizing and \$100,000 for water improvements have been added to the project plan after the Tax Increment Financing Committee made its recommendation. It appears that the tax increment will be sufficient to pay these additional costs.

It is noted that with the recent State legislative action and passage of SB104, the additional tax levied against all property within the School District's jurisdiction to make up for the School District's share of the increment for economic development projects is no longer needed. Thus an additional tax will not be levied against property owners for the School District's portion of the taxes.

The Tax Increment Financing Project Review Committee recommends approval of the attached resolution approving the creation of Tax Increment District #44.