

STAFF REPORT  
December 9, 2004

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**No. 04TI014 - Tax Increment District #50 - Project Plan**

**ITEM 60**

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GENERAL INFORMATION:

PETITIONER	City of Rapid City
REQUEST	<b>No. 04TI014 - Tax Increment District #50 - Project Plan</b>
EXISTING LEGAL DESCRIPTION	On 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 and including the 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	In the northwest quadrant of Omaha Street and I-190
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

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East:	Flood Hazard District/Civic Center District/Hotel Motel District/Medium Density Residential District/Low Density Residential District/Public
West:	General Agriculture District/Park Forest District/Light Industrial District
PUBLIC UTILITIES	City sewer and water
DATE OF APPLICATION	11/22/2004
REVIEWED BY	Karen Bulman

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

GENERAL COMMENTS: The applicant presented a request to the Tax Increment Finance Review Committee for the creation of a Tax Increment District to assist in land acquisition, demolition, clean up and redevelopment of the former Federal Beef meat packing plant property located west of W. Blvd. North and I-190 and north of Omaha Street, to assist in water line improvements for fire protection. It is proposed that the applicant finance the estimated \$6,143,767.08 cost of land acquisition, demolition, clean up and redevelopment of the Federal Beef property and water line improvements in this Tax Increment District. The City will finance \$222,131.79, their share of the signalization of the intersection of 12<sup>th</sup> Street and Omaha Street. This Tax Increment will facilitate the redevelopment of the plant site destroyed by fire in January 2002. Without the use of the Tax Increment Financing it is anticipated that the property will not be redeveloped.

Since the Tax Increment Financing Review Committee met, the Engineering Division has identified an additional \$205,000 in projected costs for the off-site water system improvements. The City Council may wish to include this additional cost in the City's portion of Phase I of the Project Plan. The funding would be an addition to the funds available from the 2006 Water Enterprise budget. Adequate revenues are available to accommodate the additional costs.

A potential second phase of the Project Plan was discussed at the Tax Increment Financing meeting to fund the expansion of the North Rapid water system. Cost estimates were not available at that time; however, the Committee recommended including property located north of Philadelphia Street in the creation of the Tax Increment District to facilitate redevelopment of the blighted area. Previous attempts to redevelop this neighborhood and build additional residential dwelling units have been stymied due to the lack of adequate water for fire protection. If the City Council wishes to include a second phase of the improvement in the Project Plan, if funding is available and adequate revenues are projected, the City would need to finance the estimated cost of the water line improvements to provide better fire protection for this blighted neighborhood. A portion of the funding could come from the 2007 Water Enterprise budget. A funding source for the balance of Phase II has not been determined.

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The total cost of the Project plan as approved by the Tax Increment Financing Review Committee is \$6,365,898.87. If Phase II is incorporated in the Project Plan, the total cost is \$10,487,698.87.

The proposed District boundaries incorporate approximately 290 acres located north and west of the intersection of Omaha Street and I-190.

It is anticipated that one or more of the properties in this proposed Tax Increment District will be used for commercial purposes. As such, the creation of this Tax Increment District would be an Economic Development Tax Increment District and will not require an additional levy to make up for the School District's share of the property taxes included in the Tax Increment District.

STAFF REVIEW: The Tax Increment Financing Review Committee reviewed this proposal on November 18, 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 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. Hazards may include condemned or unsafe buildings, sites, or structures.

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 (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 Project Plan for Tax Increment District #50.

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