

STAFF REPORT

April 6, 2006

No. 06TI002 - Project Plan for Tax Increment District No. 60

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GENERAL INFORMATION:

PETITIONER	City of Rapid City
REQUEST	No. 06TI002 - Project Plan for Tax Increment District No. 60
EXISTING LEGAL DESCRIPTION	Lot 16, Block 31, Nowlin & Wood Replat, Section 31, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and the LaCrosse Street right-of-way from the north boundary of the railroad right-of-way in Section 31, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota to the south boundary of I-90 Interstate right-of-way, located in Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and Lot H-1 in the SW1/4 of Section 30, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota
PARCEL ACREAGE	Approximately 13.66 acres
LOCATION	South of Anamosa Street and west of LaCrosse Street, and a portion of LaCrosse Street and the southern on/off ramps to US Interstate 90 at Exit 59
EXISTING ZONING	General Commercial District (Planned Commercial Development)
SURROUNDING ZONING	
North:	Right-of-Way
South:	Medium Density Residential District
East:	General Commercial District - General Commercial District (Planned Commercial Development)
West:	General Commercial District - General Commercial District (Planned Commercial Development) - Medium Density Residential District
PUBLIC UTILITIES	City sewer and water
DATE OF APPLICATION	3/10/2006
REVIEWED BY	Karen Bulman / Emily Fisher

RECOMMENDATION: The Tax Increment Financing Committee recommends that the Project Plan for Tax Increment District No. 60 be denied.

GENERAL COMMENTS: The applicant has requested the creation of a Tax Increment District to assist in the development of the North Rapid City neighborhood through landscaping,

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drainage improvements, electrical improvements, signs, retaining walls and fences. The project Plan includes \$520,000 in costs associated with the proposed improvements and will be financed by the applicant at 9% interest. The amortization schedule indicates the Project Plan will be paid off in twenty years.

The proposed Tax Increment District boundaries are located south of Anamosa Street and west of LaCrosse Street, and include a portion of LaCrosse Street and the southern on-off ramps to U.S. Interstate 90 at Exit 59.

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 will 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 February 27, 2006 and recommended denial of the financing request. 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 #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.

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

The Tax Increment Financing Committee reviewed the information presented, including the landscaping on private and public property, and the fencing, drainage improvements, signs, retaining walls and electrical improvements on private property. Historically, the Committee has approved projects based on "public" improvements. There was concern from the Committee that approving projects for "private" improvements would establish a precedent and a change in the use of Tax Increment Districts.

The South Dakota Department of Transportation has reviewed the proposal and has stated that no signs shall be allowed in the U.S. Interstate 90 right-of-way. Limited landscaping may be allowed within the right-of-way. However, prior to installing any landscaping in the U.S. Interstate 90 right-of-way, a permit to occupy the right-of-way must be obtained.

The Tax Increment Financing Project Review Committee recommends the attached resolution approving the Project Plan for Tax Increment District #60 be denied.

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