

STAFF REPORT
July 5, 2007

No. 07TI010 - Tax Increment District No. 64 Project Plan

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GENERAL INFORMATION:

PETITIONER	Plum Creek Development, LLC/ Dream Design International, Inc
REQUEST	No. 07TI010 - Tax Increment District No. 64 Project Plan
EXISTING LEGAL DESCRIPTION	Tract 1 of the E1/2 of Section 16 less Elks Country Estates and the SW1/4 of Section 16 less Plum Creek Subdivision, all located in Section 16, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and the N1/2N1/2NE1/4NW1/4 and the N1/2N1/2NW1/4NE1/4 and the E1/2NE1/4, all located in Section 21, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota.
PARCEL ACREAGE	Approximately 308.97 Acres
LOCATION	South and west of Elks Country Estates and east of Elk Vale Road
EXISTING ZONING	General Agriculture District - Office Commercial District and General Commercial District (Planned Commercial Developments) - Low Density Residential District and Low Density Residential II District (Planned Residential Development)
SURROUNDING ZONING	
North:	Limited Agriculture District (Pennington County), Low Density Residential District (Planned Residential Development) - General Agriculture District
South:	Limited Agriculture District (Pennington County)
East:	Limited Agriculture District (Pennington County)
West:	Limited Agriculture District (Pennington County) - General Agriculture District
DATE OF APPLICATION	4/26/2007
REVIEWED BY	Karen Bulman / Emily Fisher

RECOMMENDATION: The Tax Increment Financing Committee recommends that the Tax Increment District No. 64 Project Plan be approved.

GENERAL COMMENTS: **This staff report has been revised as of June 28, 2007. All revised and/or added text is shown in bold print. On May 24, 2007, the Planning Commission continued this application to the July 5, 2007 Planning Commission meeting to allow the Rezoning and Comprehensive Plan Amendments for the subject**

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property to be heard at the Planning Commission meeting on June 21, 2007. Those applications were approved by the Planning Commission. The applicants have requested the creation of a Tax Increment District to assist in the future development of property adjacent to Plum Creek and Elks Country Estates. The Tax Increment funds are to be utilized for the extension of Minnesota Street, grading, storm sewer, underground utilities, a traffic signal, a drainage facility and an irrigation pipe. The applicants will fund the project costs of the Tax Increment District. The anticipated interest rate is 9%. The applicants have proposed that the first developer fund \$5,958,760 of the project costs and the second developer fund \$4,402,440 of the project costs. It is estimated that the Project Plan would be paid off in twenty years.

The creation of a previous Tax Increment District #57 for this area was approved by the City Council on December 19, 2005 and subsequently dissolved by City Council on February 20, 2006. A Project Plan for this District was never approved by City Council.

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 for economic development purposes will 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 308.97 acres located south and west of Elks Country Estates and east of Elk Vale Road.

STAFF REVIEW: The Tax Increment Financing Review Committee reviewed this proposal on February 9, 2007, February 22, 2007, March 16, 2007, April 3, 2007 and April 17, 2007 and recommended approval of the creation of Tax Increment District #64.

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. In addition, if the project has site alternatives, the proposal must demonstrate that it would not occur in Rapid City without 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.

All improvements must be made within the District boundaries. Documented costs for any oversizing of Minnesota Street must be submitted to the Growth Management Department

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and the Public Works Department for review. Any oversizing costs for Minnesota Street will not be repaid from the Tax Increment District funds until the information is provided.

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 #64 Minnesota Street. **This application was continued at the May 24, 2007 Planning Commission meeting to allow the Rezoning and Comprehensive Plan Amendments for the subject property to be heard at the Planning Commission meeting on June 21, 2007. Those applications were recommended for approval by the Planning Commission and will be heard at the July 2, 2007 City Council meeting. The Tax Increment Financing Project Review Committee recommends approval of the attached resolution approving the Project Plan for Tax Increment District #64 Minnesota Street. (Revised 6-28-07)**