

STAFF REPORT  
February 21, 2008

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**No. 08TI001 - Creation of Tax Increment District**

**ITEM 49**

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GENERAL INFORMATION:

APPLICANT	Joe Muth for Doeck, LLC
AGENT	Doug Sperlich for Sperlich Consulting, Inc.
PROPERTY OWNER	Multiple property owners
REQUEST	<b>No. 08TI001 - Creation of Tax Increment District</b>
EXISTING LEGAL DESCRIPTION	<p>The SE1/4NE1/4 and the W1/2SE1/4, Section 14, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; and, The S1/2S1/2W1/2SW1/4, Section 13, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; and, Lot 1 of Block 1, Lots 1, 2, 6 and 7 of Block 2, Lots 1 through 20 of Block 3 and Roberta Street right-of-way adjacent to said lots, Earleen Street right-of-way, Kateland Street right-of-way, all located in Kateland Subdivision, Section 13, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; and, Lot 1 of Block 5 and Lot 11 of Block 4, Kateland Subdivision, Section 13, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; and, Lots 1 through 17 of Block 1, Lot 1 and Lot 22 of Block 3, Lot 1 and Lot 24 of Block 4, Lot 1 and Lot 24 of Block 5, Lot 1 and 24 of Block 6, Lot 1 of Block 7, Bengal Drive right-of-way adjacent to said lots, all located in Mall Ridge Subdivision, Section 13, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; and, The unplatted portion of the SW1/4SE1/4 of Section 13, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; and, Lots 7 through 16 of Block 2 and Titan Drive right-of-way adjacent to said lots, Lots 1 through 6 of Block 3, Lots 1 through 3 of Block 6 and Three Rivers Drive right-of-way adjacent to said lots, Lots 1, 2, 3A, 4A, 5, 6, and 7 of Block 7, Lots 1 through 14 of Block 8 and Bengal Drive right-of-way adjacent to said lots, Lots 18 through 22 of Block 8, all located in Northbrook Village Subdivision, Section 13, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; and, The NE1/4SE1/4 of Section 13, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; and, Country Road right-of-way located in Section 13, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; and, Lot DE of Tract 5 of Sletten Addition, Section 18, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, The NE1/4 less Lot A and less Lot 1 of Hubbard Subdivision, Section 24, T2N,</p>

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R8E, BHM, Rapid City, Pennington County, South Dakota; and, The NE1/4NE1/4 of Section 23, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota

PARCEL ACREAGE                      Approximately 410.0 acres

LOCATION                                      East and west of Haines Avenue and north and south of Country Road

EXISTING ZONING                      No            Use            District/General            Agriculture  
District/Neighborhood            Commercial            District/Medium  
Density Residential            District/Low Density Residential  
District/Medium Density Residential            District w/PRD/Low  
Density Residential            District w/PCD

SURROUNDING ZONING

    North:                                      General Agriculture District (Pennington County)/Low  
Density Residential District/Low Density Residential  
District w/PRD/Medium Density Residential District  
w/PRD

    South:                                      Low Density Residential District/ Low Density Residential  
II District/Low Density Residential District w/PRD/  
General Agriculture District/ General Agriculture District  
(Pennington County)/ General Commercial District  
(Pennington County)

    East:                                      Low Density Residential District w/PRD/General  
Agriculture District (Pennington County)/ General  
Commercial District (Pennington County)

    West:                                      General Agriculture District (Pennington County)

DATE OF APPLICATION                      1/18/2008

REVIEWED BY                                      Karen Bulman / Mary Bosworth

**RECOMMENDATION:** The Tax Increment Financing Committee recommends that the Resolution Creating Brookfield Tax Increment District be approved.

**GENERAL COMMENTS:** The applicant has requested the creation of a Tax Increment District to assist in the development of Brookfield Subdivision. The Tax Increment funds are to be utilized for box culverts, grading and oversizing costs for the extension of water and sewer. The applicant and the City will fund the project costs of the Tax Increment District. The allowable interest rate for the applicant will be the actual certified interest paid at no more than prime plus one-half percent with a maximum not to exceed 9%. The anticipated interest rate for the City will be 6%.

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

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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 410 acres located east and west of Haines Avenue and north and south of Country Road.

STAFF REVIEW: The Tax Increment Financing Review Committee reviewed this proposal on May 22, 2007 and June 5, 2007 and recommended approval of the creation of the Brookfield Tax Increment District.

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 #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.

Additionally, the following discretionary criteria are met:

- Criteria #2: All TIF proceeds are used for the construction of public improvements.
- 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 creation of Brookfield Tax Increment District.