

STAFF REPORT
March 27, 2008

No. 08TI003 - Revised Project Plan for Tax Increment District No. 54

ITEM 69

GENERAL INFORMATION:

APPLICANT/AGENT	City of Rapid City
PROPERTY OWNER	Multiple property owners
REQUEST	No. 08TI003 - Revised Project Plan for Tax Increment District No. 54
EXISTING LEGAL DESCRIPTION	A parcel of land in the S1/2 NE1/4 including right-of-way, Section 23, T2N, R7E; N1/2 SW1/4 including right-of-way, Section 24, T2N, R7E; and Lots 6 thru 17 of Block 5 including right-of-way, all of Block 10 including right-of-way, all of Block 11 including right-of-way, all located in CHMH Subdivision, Section 24, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota
PARCEL ACREAGE	Approximately 166.62 acres
LOCATION	North of Mall Drive and west of Haines Avenue
EXISTING ZONING	Park Forest District, Low Density Residential District, Low Density Residential District (PRD), Public District, General Commercial District (PCD), Medium Density Residential District (PRD)
SURROUNDING ZONING	
North:	General Agriculture District (Pennington County), Low Density Residential II District (PRD), Mobile Home District, Mobile Home District (PRD)
South:	General Agriculture District, Low Density Residential District, Low Density Residential District (PRD), General Commercial District (PCD)
East:	General Commercial District, General Commercial District (PCD), Low Density Residential II District (PRD)
West:	General Agriculture District (Pennington County), Low Density Residential District
PUBLIC UTILITIES	City sewer and water
DATE OF APPLICATION	2/21/2008
REVIEWED BY	Karen Bulman / Mary Bosworth

RECOMMENDATION: The Tax Increment Financing Review Committee recommends that the Revised Project Plan for Tax Increment District No. 54 be approved.

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GENERAL COMMENTS: Tax Increment District #54 was created to assist in the development of the Rainbow Ridge Subdivision located north of Mall Drive and west of Haines Avenue and to assist in the development of park improvements for City park land located in the district. The Project Plan was approved on October 3, 2005.

The District boundaries incorporate approximately 166.62 acres located north of Mall Drive and west of Haines Avenue.

A portion of this Tax Increment District is located within the boundaries of Revised Tax Increment District #36 and Tax Increment District #51. In establishing the projected tax income for Tax Increment District #54, no incremental tax income from the properties located in Tax Increment District #36 or Tax Increment District #51 was included. Any incremental tax income for the portion of this Tax Increment District located within Tax Increment District Revised #36 and #51 will be allocated to Districts #36 and #51 until the Districts are paid off in the proposed years of 2015 and 2017 respectively. Subsequently, the incremental tax income will then be allocated to Tax Increment District #54.

The City is requesting reallocation of funds from the water well line item to fund a Necessary and Convenient line item cost for a water reservoir. The Developer is requesting reallocation of funds from the capital cost line items to fund Professional Service costs.

STAFF REVIEW: On February 14, 2008, the Tax Increment Financing Review Committee reviewed the City's request for the changes to reallocate the water well capital cost to a water reservoir cost in the Project Plan for Tax Increment District #54.

The Public Works Department Staff is requesting that \$750,000 be added to the Necessary and Convenient Costs for a Water Reservoir and that \$750,000 be reduced from the Project Costs for a Water Well. This will reduce the Water Well line item to zero. The Public Works staff has determined that the reservoir is a higher priority than the well. For this reason, they have requested the Project Plan be reallocated.

On March 14, 2008, the Tax Increment Financing Review Committee reviewed the Developer's request for the changes to reallocate capital costs to professional service costs. The proposed change would reallocate project costs, removing \$60,000 from the Booster Station, \$15,000 from the Water Main in Bunker Drive, \$35,000 from the Water Main, \$30,000 from the Grading – water mains, and \$75,000 from the Reservoir for a total of \$215,000 and adding Professional Service costs of \$60,000 for the Booster Station, \$15,000 for the Water Main in Bunker Drive, \$35,000 for the Water Main, \$30,000 for the Grading – water mains, and \$75,000 for the Reservoir for a total of \$215,000. This change would put the final reservoir capital cost at \$675,000.00 and the professional service costs for the reservoir at \$75,000.

Following the Tax Increment Financing Committee meeting, staff reviewed the Park Improvement costs with Jerry Cole, Director of Parks and Recreation. The initial funding needed for the park improvements include design costs. As such, the Parks and Recreation Department staff requests that \$100,000 of the \$500,000 designated for Park Improvements be reallocated to Professional Service costs for Park Design and Construction

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Administration. This request has not been reviewed by the Tax Increment Financing Committee.

All the revised changes, including the request by the Parks and Recreation Department staff are outlined in the following chart:

<u>Project Costs</u>	<u>Approved Costs</u>	<u>Changes</u>	<u>Amended Costs</u>
Booster Station	\$ 600,000.00	(\$ 60,000.00)	\$ 540,000.00
Water Main in Bunker Dr	\$ 150,000.00	(\$ 15,000.00)	\$ 135,000.00
Water Main	\$ 350,000.00	(\$ 35,000.00)	\$ 315,000.00
Grading - water mains	\$ 300,000.00	(\$ 30,000.00)	\$ 270,000.00
Well	\$ 750,000.00	(\$750,000.00)	\$ 0
Park Improvements	\$ 500,000.00	(\$100,000.00)	\$ 400,000.00
Professional Service Costs :			\$ 315,000.00
Booster Station	\$ 0	\$ 60,000.00	
Water Main/Bunker	\$ 0	\$ 15,000.00	
Water Main	\$ 0	\$ 35,000.00	
Grading/Water Main	\$ 0	\$ 30,000.00	
Reservoir	\$ 0	\$ 75,000.00	
Park Design & Construction			
Administration	\$ 0	\$100,000.00	
Financing Costs:			
Financing interest	\$2,456,456.72		\$2,456,456.72
Contingency Costs:	\$ 0		\$ 0
Relocation Costs:	\$ 0		\$ 0
Organizational Costs:	\$ 0		\$ 0
Other Nec/Convnt Costs:			
Reservoir	\$ 0	\$675,000.00	\$ 675,000.00
TOTAL	\$5,106,456.72	0	\$5,106,456.72

All other costs remain the same. The total costs will not change, so the tax increment base will not be re-established.

The Tax Increment Financing Project Review Committee recommends approval of the attached resolution approving the Revised Project Plan for Tax Increment District #54.