

STAFF REPORT
July 10, 2008

No. 08TI006 - Revised Project Plan for Tax Increment District No. 41

ITEM 59

GENERAL INFORMATION:

APPLICANT/AGENT	Dream Design International, Inc.
PROPERTY OWNER	N/A
REQUEST	No. 08TI006 - Revised Project Plan for Tax Increment District No. 41
EXISTING LEGAL DESCRIPTION	Government Lot 1 & 2 less Lot H1 in the SW1/4NW1/4, Section 19, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, NW1/4NW1/4, SE1/4NW1/4 less the West 460 feet of the South 990 feet less Lot H1, SW1/4NW1/4 less the South 990 feet, SE1/4NE1/4, SW1/4NE1/4, NE1/4NW1/4, N1/2NE1/4 less NE1/4NW1/4NE1/4 and Less NW1/4NE1/4NE1/4, all located in Section 24, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota; and, SW1/4SW1/4SE1/4, N1/2SW1/4SE1/4, the unplatted balance of the E1/2NW1/4SE1/4, the unplatted balance of the SW1/4NW1/4SE1/4, the 100 foot dedicated 5th Street Right-of-way lying adjacent to Lot 19 of Block 6, Robbinsdale Addition No. 10 located in the NW1/4SE1/4, the platted 60 foot Minnesota Street Right-of-way adjacent to Lot 1 of Block 1, Terracita Park Subdivision as shown on Plat 30 Page 109, the platted 80 foot Minnesota Street Right-of-way as shown on Plat 29 Page 117 adjacent to Lot 19 of Block 6, Robbinsdale Addition No. 10 located in the NW1/4SE1/4 and adjacent to the Unplatted balance of the E1/2NW1/4SE1/4 and adjacent to Tract B, all located in Section 13, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota; and, Lot 2 and dedicated Right-of-way, Block 11, Robbinsdale Addition No. 10, Section 13, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota as per "Plat of Lot 2 of Block 11, Robbinsdale Addition No. 10, located in the SE1/4 of Section 13, T1N, R7E, BHM and in the N1/2 of the NE1/4 of Section 24, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota"; and, Lot A Revised of N1/2 Government Lot 4 and the adjacent Parkview Drive right-of-way, Section 18, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot 1, Block 11, Robbinsdale #10, and adjacent Parkview Drive right-of-way, located in Section 13, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota as per

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“Plat of Lot 1, Block 11, Robbinsdale Addition #10, located in SE1/4 of SE1/4 Section 13, T1N, R7E, BHM, Rapid City, Pennington County, South Dakota

PARCEL ACREAGE Approximately 428.055 Acres

LOCATION Northwest of the Intersection of Catron Boulevard and Fifth Street

EXISTING ZONING Public, Low Density Residential, General Commercial (PCD), Low Density Residential II, General Agriculture, Office Commercial, Office Commercial, Medium Density Residential, Medium Density Residential (PRD), Low Density Residential (PRD)

SURROUNDING ZONING

 North: General Agriculture District, Office Commercial District (PCD), Medium Density Residential District, Medium Density Residential District (PRD), Low Density Residential District (PRD)

 South: Highway Services District (Pennington County), General Commercial District (Pennington County), General Agriculture District

 East: General Agriculture District, Low Density Residential District

 West: General Agriculture District, Low Density Residential District, Low Density Residential District (Planned Residential Development), Public District

PUBLIC UTILITIES City sewer and water

DATE OF APPLICATION 6/26/2008

REVIEWED BY Karen Bulman

RECOMMENDATION: The Tax Increment Financing Committee recommends that the Fourth Revised Project Plan for Tax Increment District No. 41 be approved.

GENERAL COMMENTS: Tax Increment District #41 was approved by the City Council in July 2003. The Tax Increment District was created to facilitate the extension of 5th Street in an area west of S.D. Highway 79, east of U.S. Highway 16 and north of Catron Boulevard. Subsequently, a Second Revised Tax Increment District #41 and a Revised Project Plan was approved by the City Council in June 2005 to reallocate costs for a lift station and forced main. In December 2005, a Second Revised Project Plan was approved to include infrastructure for the development of Black Hills Center and the tax base was re-established. In May 2006, a Third Revised Project Plan was approved to reallocate costs to include

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engineering fees for the second Project Plan. As such, Developer I and Developer II were established, along with the City as applicants, in the Project Plan.

The District boundaries incorporate approximately 428.055 acres located northwest of the intersection of Catron Boulevard and Fifth Street.

Developer II is requesting reallocation of funds from the capital cost and finance cost line items to fund additional capital costs. The Developer is requesting reallocation of funds from the Black Hills Boulevard, Sewer and water oversizing, and Finance interest line items to fund additional costs for Stumer Road.

STAFF REVIEW: On June 25, 2008, the Tax Increment Financing Review Committee reviewed Developer II's request for the changes to reallocate the costs within the Project Plan. The proposed change would remove \$25,857.68 from Black Hills Boulevard, \$5,000 from Sewer and water oversizing, and \$201,558.01 from Finance costs and add \$232,415.69 to Stumer Road costs in the Project Plan for Tax Increment District #41.

All the revised changes are outlined in the following chart:

<u>Project Costs</u>	<u>Approved Costs</u>	<u>Changes</u>	<u>Amended Costs</u>
<u>Capital Costs:</u>			
Stumer Road	\$1,242,000.00	\$232,415.69	\$1,474,415.69
Black Hills Boulevard	\$ 362,250.00	(\$ 25,857.68)	\$ 336,392.32
Traffic Lights	\$ 288,000.00		\$ 288,000.00
Turn Lanes	\$ 304,750.00		\$ 304,750.00
Sewer & Water Oversizing	\$ 135,000.00	(\$ 5,000.00)	\$ 130,000.00
<u>Financing Costs:</u>			
Financing interest	\$2,059,907.25	(\$201,558.01)	\$1,858,349.24
TOTAL	\$4,391,907.25	0	\$4,391,907.25

All other costs remain the same. The total costs will not change, so the tax increment base will not be re-established. The revisions are for Developer II costs only.

In addition, the Project Plan will include two phases for construction. The Traffic Lights line item at \$288,000.00 will be placed in Phase II. The Turn Lanes line item for \$304,750.00 will be split into \$198,610.50 for Phase I and \$106,139.50 for Phase II. The following chart includes the revised costs divided into the two phases:

ESTIMATED DEVELOPER II PROJECT COSTS TO BE PAID BY THE TAX INCREMENT DISTRICT

Phase I Project Costs

Capital Costs:

Stumer Road	\$ 1,474,415.69
Black Hills Boulevard	\$ 336,392.32

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Turn Lanes	\$	198,610.50
Sewer and Water Oversizing	\$	130,000.00
Financing Costs:		
Financing interest	\$	1,561,013.36
Total Costs for Phase I	\$	3,700,431.87
 <u>Phase II Project Costs</u>		
<u>Capital Costs:</u>		
Traffic Lights	\$	288,000.00
Turn Lanes	\$	106,139.50
Financing Costs:		
Financing interest	\$	297,335.88
Total Costs for Phase II	\$	691,475.38
<u>TOTAL PROJECT COSTS FOR PHASE I AND PHASE II</u>	<u>\$</u>	<u>4,391,907.25</u>

The Tax Increment Financing Project Review Committee recommends approval of the attached resolution approving the Fourth Revised Project Plan for Tax Increment District #41.