

STAFF REPORT  
February 18, 2010

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**No. 10TI001 - Third Revised Project Plan for Tax Increment District  
#50 - Federal Beef**

**ITEM 23**

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GENERAL INFORMATION:

APPLICANT	Founder's Park, LLC
AGENT	Mike Tennyson
PROPERTY OWNER	Multiple owners
REQUEST	<b>No. 10TI001 - Third Revised Project Plan for Tax Increment District #50 - Federal Beef</b>
EXISTING LEGAL DESCRIPTION	The southern most 950 feet of I-190 right-of-way and the southern most 950 feet of West Boulevard right-of-way located in the SE1/4 SE1/4, Section 26, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; the west 932 feet of the south 377 feet of the SE1/4 SE1/4 less the north 35 feet dedicated as Thrush Drive (including the vacated Gold Street and the north 45 feet of vacated Anamosa Street adjacent to said parcel) and the adjacent West Boulevard, I-190, Thrush Drive and Gold Street rights-of-way in the SE1/4 SE1/4, Section 26, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; the NE1/4 NE1/4, Section 35, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; the S1/2 NE1/4 lying west of I-190 right-of-way, Section 35, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; Tract 17 less Lot H1, Rapid City, Greenway Tract, Section 35, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; the SE1/4, Section 35, T2N, R7E lying north of the Omaha Street right-of-way and west of I-190 right-of-way and the adjacent Omaha Street and I-190 rights-of-way located in Section 35, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota; and the northern most 160 feet of dedicated 12th Street lying south of Omaha Street located in the SE1/4, Section 35, T2N, R7E, BHM, Rapid City, Pennington County, South Dakota
PARCEL ACREAGE	Approximately 290 acres
LOCATION	West of US I-190 and West Boulevard North, and north of Omaha Street
EXISTING ZONING	Park Forest District - Medium Density Residential District - Office Commercial District - General Commercial

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District - Flood Hazard District

**SURROUNDING ZONING**

North: Park Forest District - Medium Density Residential District  
South: General Commercial District - Flood Hazard District -  
Light Industrial District  
East: Flood Hazard District - Civic Center District - Hotel Motel  
District - Medium Density Residential District - Low  
Density Residential District - Public District - Hotel Motel  
District  
West: General Agriculture District - Park Forest District - Light  
Industrial District

**PUBLIC UTILITIES**      City Sewer and Water

**DATE OF APPLICATION**      1/5/2010

**REVIEWED BY**      Karen Bulman / Ted Johnson

**RECOMMENDATION:**

The Tax Increment Financing Committee recommends that the Third Revised Project Plan for Tax Increment District #50 - Federal Beef be approved.

**GENERAL COMMENTS:** Tax Increment District #50 was created to assist in funding the acquisition, demolition, clean up and redevelopment of the former Federal Beef meat packing plant and to fund off-site water improvements to assist in the redevelopment of the area. The Project Plan was approved on December 20, 2004 and was to be funded by Developer A (Founders Park, LLC) and the City of Rapid City.

The First Revised Project Plan to fund costs for relocation of Philadelphia Street, additional off-site water improvements, a pedestrian crossing and the rehabilitation of the hydroelectric plant costs, submitted by Developer B (Century Development), was approved November 7, 2005 and the base was then recertified.

The Second Revised Project Plan submitted by Developer B to fund additional Philadelphia Street Costs and Necessary and Convenient Costs due to increased construction costs was approved January 22, 2008.

The Tax Increment District boundaries incorporate approximately 290 acres located north of West Omaha Street and west of West Boulevard North.

Developer A (Founders Park, LLC) is now requesting the reallocation of Contingency Costs and additional Project Plan costs based on the actual costs of the project.

**STAFF REVIEW:** On January 19, 2009, the Tax Increment Financing Review Committee reviewed the Developer's request for the changes to reallocate the costs within the Project

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Plan. The proposed change would reallocate project costs by removing \$215,716.56 from the Demolition, Clean-up and Grading line item and \$224,878 from Contingency and adding \$115,850.50 to Off Site Water System, \$55,244.63 to Grading-Utilities-Street, \$147,308.41 to Professional Services, and \$122,191.02 to Financing Costs line items for Developer A. As noted earlier, these changes are based on the final project costs for Developer A.

An additional \$5,000 Imputed Administrative Fee to be paid to the City has been added in accordance with the new Tax Increment Financing Guidelines. The additional Imputed Administrative Fee of \$5,000 will be paid to the City from the Contingency Cost line item. All other costs remain the same. The total costs will not change, so the tax increment base will not be re-established.

All the revised changes are outlined in bold on the following chart:

**Proposed Phase I Developer A (Founders Park, LLC) Project Cost Reallocation:**

Capital Costs:	Approved Costs	Changes	Amended Costs
<b>Demolition, Clean up, grading</b>	<b>\$ 1,150,000.00</b>	<b>(\$215,716.56)</b>	<b>\$ 934,283.44</b>
Land Acquisition	\$ 1,000,000.00		\$1,000,000.00
<b>Off-site Water system</b>	<b>\$ 250,000.00</b>	<b>\$115,850.50</b>	<b>\$ 365,850.50</b>
<b>Grading, utilities, streets</b>	<b>\$ 530,122.00</b>	<b>\$ 55,244.63</b>	<b>\$ 585,366.63</b>
<b>Professional Service Costs</b>	<b>\$ 90,000.00</b>	<b>\$147,308.41</b>	<b>\$ 237,308.41</b>
Financing Costs:			
<b>Financing interest</b>	<b>\$ 4,208,290.10</b>	<b>\$122,191.02</b>	<b>\$4,330,481.12</b>
<b>Contingency Costs:</b>	<b>\$ 229,878.00</b>	<b>(\$229,878.00)</b>	<b>\$ 0</b>
<b>Additional Imputed Admin</b>	<b>\$ 0</b>	<b>\$ 5,000.00</b>	<b>\$ 5,000.00</b>
Relocation Costs:	\$ 0		
Organizational Costs:	\$ 0		
Necessary and Convenient Costs:	\$ 0		
<b><u>TOTAL</u></b>	<b><u>\$ 7,458,290.10</u></b>	<b><u>\$ 0.00</u></b>	<b><u>\$7,458,290.10</u></b>

The Phase I Project Costs for the City and Developer B remain the same. The revisions are for Developer A costs only.

**Proposed City Funded Phase I Project Costs:**

Capital Costs:	
Signalization	\$ 175,000.00
Off-site water improvements	\$ 0
Professional Service Costs	\$ 0
Financing Costs:	
Financing interest	\$ 81,977.37
Contingency Costs:	\$ 0
Relocation Costs:	\$ 0
Organizational Costs:	\$ 0

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Necessary and Convenient Costs:	\$	0
TOTAL	\$	256,977.37
<u>Proposed Developer B Funded Phase I Project Costs:</u>		
Capital Costs:		
Philadelphia Street improvements	\$	722,000.00
Financing Costs:		
Financing interest	\$	873,041.63
Contingency Costs:	\$	0
Relocation Costs:	\$	0
Organizational Costs:	\$	0
Necessary and Convenient Costs:	\$	0
Demo Existing Street	\$	39,000.00
Bike Path	\$	44,000.00
TOTAL	\$	1,678,041.63
Total Costs for Project Plan – Phase I	\$	9,393,309.10

All other costs remain the same. The total costs will not change, so the Tax Increment Base will not be re-established. It should be noted that the approved Project Plan had a projected 9.0% interest rate. Currently, the Developer is financing the project at a 6.0% interest rate.

The Tax Increment Financing Project Review Committee recommends approval of the attached resolution approving the Third Revised Project Plan for Tax Increment District No. 50.