

Preliminary Review of Proposed Tax Increment Project

Applicant: Doyle Estes

Proposed Project Title: TID #35 Revised Elk Creek - Drainage

Purpose of Tax Increment District: This Tax Increment District and the Project Plan were approved on March 18, 2002. The purpose of Tax Increment District #35 was to fund the construction of a storm drainage pipe and related improvements. The pipe transports the storm drainage from a detention cell lying east of Elk Vale Road, facilitating the development of a foster care facility. The Project Plan was funded by the Developer.

The applicant is requesting an amendment to the Project Plan to reallocate the Developer costs to reflect the actual costs of the improvements.

The proposed change would reallocate the project costs, removing \$32,487.40 from the Financing Interest line item and \$50,000 from the Necessary and Convenient Contingency line item and adding \$40,000 to the Capital Costs Drainage Pipe and \$14,119.09 to the Professional Services Engineering Design line items, and reallocating \$27,254.19 Legal Costs and \$1,114.12 WREA Costs under the Necessary and Convenient Cost line item.

Existing Boundaries: TID #35 boundaries include 65.58 acres of property. The District is located west of Elk Vale Road and north of SD Highway 44 East.

Existing Base Valuation: \$502,300 valuation by the South Dakota Department of Revenue for TID #35

Current Valuation: \$4,606,505 as determined by the S.D. Department of Revenue

Proposed Project Cost Reallocation:

<u>Project Costs</u>	<u>Approved Costs</u>	<u>Changes</u>	<u>Amended</u>
Capital Costs:			
Drainage Pipe (including excavation, Fill, materials, etc.)	\$185,000.00	\$40,000.00	\$225,000.00
Professional Services:			
Engineering Design, Construction and Administration	\$ 15,000.00	\$14,119.09	\$ 29,119.09
Financing Costs:			
Financing interest	\$264,103.23	\$(32,487.40)	\$231,615.83
Necessary and Convenient Costs:			
Contingency	\$50,000.00	\$(50,000.00)	\$0

Legal Fees*	\$0	\$27,254.19	\$27,254.19
WREA	\$0	\$1,114.12	\$1,114.12
TOTAL	\$514,103.23	\$0	\$514,103.23

***Pursuant to the Tax Increment Financing Guidelines adopted by the City Council on December 15, 2008. Legal fees are Project Costs Not Allowed unless specifically authorized by the Rapid City Council.**

Identified Funding Sources: The adopted Project Plan was financed by the developer.

Anticipated Time Frame: Per the Finance Office, \$201,302.87 in Capital Costs have been certified. If the reallocation is approved, it will be six years (2015) until the District is paid off.

Comments: Anticipated interest rate is now 7.5% rather than the original 9% rate in the Developer's Agreement.