

STAFF REPORT
January 6, 2011

No. 10TI004 - Second Revised Project Plan for Tax Increment ITEM 15
District No. 42 - Elk Vale Water

GENERAL INFORMATION:

APPLICANT	Public Works Department - City of Rapid City
PROPERTY OWNER	Multiple Property Owners
REQUEST	No. 10TI004 - Second Revised Project Plan for Tax Increment District No. 42 - Elk Vale Water
EXISTING LEGAL DESCRIPTION	NE1/4NE1/4 less ROW, GL2, SW1/4NE1/4, N1/2GL3, GL 4 less ROW, E1/2SW1/4NW1/4, S1/2GL3 less Big Sky Subdivision, SE1/4NW1/4 less Big Sky Subdivision, W1/2SW1/4NW1/4 including private Drive and less ROW, all located in Section 3, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Tract A, Big Sky Subdivision, Section 3, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot 2 and Lot 8 including ROW, Block 13, Big Sky Subdivision, Section 3, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lots 2, 3, 4, and 5 including ROW, Block 14, Big Sky Subdivision, Section 3, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, NE1/4SE1/4, NW1/4SE1/4, SW1/4SE1/4, SE1/4NW1/4, SW1/4NW1/4 less ROW, N1/2SW1/4 less ROW, S1/2SW1/4 less Lot 1 of Neff Subdivision #3 less ROW, all located in Section 34, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot 1, Neff Subdivision #3, Section 34, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H1 in SW1/4NW1/4, Lot H2 in SW1/4NW1/4, Lot H1 in W1/2SW1/4, Lot H2 in N1/2W1/2SW1/4, and Lot H3 in S1/2SW1/4, all located in Section 34, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H2 in N1/2 of Government Lot 4, Lot H3 in S1/2 of Government Lot 4, Lot H2 in W1/2SW1/4NW1/4, Lot H1 in NW1/4NW1/4, and Lot H1 in SW1/4NW1/4, all located in Section 3, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H1 in E1/2NE1/4, Lot H2 in E1/2NE1/4, Lot H2 in E1/2SE1/4, and Lot H1 in SE1/4, all located in Section 33, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Lot H1 in NE1/4, and Lot H2 in Government Lot 1 and the SE1/4NE1/4, all located in Section 4, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Elk Vale Road right-of-way between SE1/4NE1/4, Section 33, and

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SW1/4NW1/4, Section 34, all in T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Elk Vale Road right-of-way between SE1/4, Section 33 and SW1/4, Section 34, all in T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Elk Vale Road between NE1/4 of Section 4 and NW1/4 of Section 3, all in T1N, R8E, BHM, Rapid City, Pennington County, South Dakota; and, Homestead Drive and Degeest Street rights-of-way, located in the NW1/4 of Section 3, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota

PARCEL ACREAGE Approximately 640 Acres

LOCATION East of Elk Vale Road and north of Twilight Drive

EXISTING ZONING Public District/Low Density Residential District/General Agriculture District/Low Density Residential District (PRD)/Medium Density Residential District (PRD)/Neighborhood Commercial District (PCD)/Office Commercial (PCD)/General Commercial District (PCD)

SURROUNDING ZONING

 North: General Commercial District/General Agriculture District (Pennington County)

 South: Low Density Residential District/General Agriculture District/Suburban Residential District (Pennington County)/Limited Agriculture District (County)

 East: General Agriculture District (Pennington County)/Suburban Residential District (Pennington County)

 West: Light Industrial District/General Commercial District/General Agriculture District

PUBLIC UTILITIES City Sewer and Water

DATE OF APPLICATION 12/1/2010

REVIEWED BY Karen Bulman / Ted Johnson

RECOMMENDATION:

The Tax Increment Financing Project Review Committee recommends that the Second Revised Project Plan for Tax Increment District No. 42 - Elk Vale Water be approved.

GENERAL COMMENTS: The Creation of Tax Increment District No. 42 and the Project Plan were approved by the City Council on December 1, 2003. Revisions to the Project Plan

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were approved December 3, 2007. The Second Revision to the Project Plan was submitted and denied without prejudice on November 30, 2008. The purpose of the Tax Increment District was to assist in the development of a water reservoir and water tower, located east of Elk Vale Road, south of I-90 Exit 61 and north of Twilight Drive. The Revisions to the Tax Increment Project Plan removed the funds for the water tower and reallocated the funds to the water reservoir and associated infrastructure costs. The Project Plan is funded by the City.

The Tax Increment District boundaries incorporate approximately 640 acres located east of Elk Vale Road and north of Twilight Drive.

The City is requesting the reallocation of the project costs to more closely reflect the actual cost for each component of the project.

STAFF REVIEW: On November 30, 2010, the Tax Increment Financing Review Committee reviewed the City's request for the changes to reallocate the costs within the Project Plan. The proposed changes would reallocate the costs by reducing Other Necessary and Convenient Costs of \$400,000 for the Access Road to \$150,000; reducing \$250,000 for Security to \$194,000; and increasing the Other Necessary and Convenient Costs for Land Purchase from \$50,000 to \$56,000; increasing the costs for Water Lines and Appurtenances from \$450,000 to \$500,000; and increasing the costs for Electrical from \$150,000 to \$400,000. As noted earlier, these changes are based on the actual project costs.

In addition, the 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 Other Necessary and Convenient Costs. The Electrical line item will be reduced from \$400,000 approved by the Tax Increment Financing Review Committee to \$395,000 to fund the fee. The other Project costs for the Developer will remain the same. The revised changes are outlined in the following chart:

Proposed Project Cost Reallocation:

<u>Project Costs</u>	<u>Approved Costs</u>	<u>Changes</u>	<u>Amended Costs</u>
Capital Costs:			
Water Reservoir	\$3,750,000.00		\$3,750,000.00
Professional Services:			
Engineering Cost for Reservoir	\$ 650,000.00		\$ 650,000.00
Financing Costs:			
Financing Interest	\$3,157,916.36	\$ 0.00	\$3,157,916.36
Relocation Costs	\$ 0.00	\$ 0.00	\$ 0.00

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Organizational Costs	\$	0.00	\$	0.00	\$	0.00
Other Necessary and Convenient Costs:						
Access Road	\$	400,000.00	\$	(250,000.00)	\$	150,000.00
Land Purchase	\$	50,000.00	\$	6,000.00	\$	56,000.00
Water Lines & Appurtenanacs	\$	450,000.00	\$	50,000.00	\$	500,000.00
Electrical	\$	150,000.00	\$	245,000.00	\$	395,000.00
Security	\$	250,000.00	\$	(56,000.00)	\$	194,000.00
Additional Imputed Administrative Costs	\$	0	\$	5,000.00	\$	5,000.00
TOTAL		\$8,857,916.36	\$	0.00	\$	\$8,857,916.36

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 Second Revised Project Plan for Tax Increment District No. 42.