

STAFF REPORT  
February 21, 2013

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**No. 13TI001 - 2nd Revised Project Plan for Tax Increment District  
No. 69**

**ITEM 10**

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GENERAL INFORMATION:

APPLICANT	Ferber Engineering Co., Inc.
AGENT	North Street Fire Station, LLC
REQUEST	<b>No. 13TI001 - 2nd Revised Project Plan for Tax Increment District No. 69</b>
EXISTING LEGAL DESCRIPTION	That portion of SE1/4 north of Interstate 90 less Tract A of NE1/4 SE1/4 including that portion of vacated East Mall Drive being part of the outside edge of Lot H5; Lot B-1 of Lot B of SE1/4 NE1/4; Lot A of Lot 1 and the balance of Lot 1, Lot A & B of Lot 3 and Lot 3 less Lots A & B, Lot 2, all of Silver Strike Subdivision; that portion of SW1/4 north of Interstate 90 including vacated East Mall Drive within said SW1/4 less Lot 1 of NE1/4 SW1/4, less Lots 1 & 2 of NW1/4 SW1/4; Lot 1 of NE1/4 SW1/4 including vacated East Mall Drive within said lot; NW1/4 including vacated East Mall Drive located within said NW1/4, less lots AR, B, C less E1/2 NE1/4 NW1/4, less E1/2 NW1/4 NE1/4 NW1/4; Lots B & C of NW1/4; Lot AR; E1/2 NW1/4 NE1/4 NW1/4; SE1/4 NE1/4 NW1/4; NE1/4 NE1/4 NW1/4; that portion of Lot D located in the NW1/4 NE1/4; Lot A and Lot C in NW1/4 NE1/4; Right of way of East Mall Drive; Right of way of North Street; Right of way of Distribution Lane; all located in Section 29, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota; and the Intersection of East Mall Drive and Dyess Avenue located in the western portion of Section 28 and the eastern portion of Section 29, T2N, R8E, BHM, Rapid City, Pennington County, South Dakota
PARCEL ACREAGE	Approximately 367.344
LOCATION	North of U.S. Interstate 90, east of La Crosse Street and west of Dyess Avenue
EXISTING ZONING	General Commercial District, General Agriculture District, Light Industrial District, Heavy Industrial District
FUTURE LAND USE DESIGNATION	Commercial and Industrial
SURROUNDING ZONING	

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North:	Medium Density Residential District, General Commercial District (Pennington County), General Agriculture District (Pennington County), Suburban Residential District (Pennington County), Light Industrial District (Pennington County)
South:	General Commercial District
East:	General Commercial District, Light Industrial District, Heavy Industrial District
West:	General Commercial District, Light Industrial District
PUBLIC UTILITIES	City water and sewer, private water and sewer
DATE OF APPLICATION	January 25, 2013
REVIEWED BY	Patsy Horton / Ted Johnson

**RECOMMENDATION:** The Tax Increment Financing Committee recommends that the Second Revised Project Plan for Tax Increment District No. 69 be approved.

**GENERAL COMMENTS:** Tax Increment District No. 69 was approved by the City Council on July 21, 2008. On June 15, 2009, the City Council approved a Revised Project Plan reallocating project costs. The purpose of the Tax Increment District was to assist in the development of commercial property located north of U.S. Interstate 90, east of La Crosse Street and west of Dyess Avenue through the development of regional public infrastructure improvements and the construction of a new Fire Station. The Tax Increment Funds were to be utilized for Tish Boulevard construction (formerly E. North Street), sanitary sewer lift station, sewer force main, gravity sewer, box culvert, widening E. Mall Drive, traffic signal, drainage channel, environmental remediation, Fire Station, and engineering and contingency costs. The Project Plan will be funded by the developer and the City.

The Tax Increment District boundaries incorporate approximately 367.344 acres located north of U.S. Interstate 90, east of LaCrosse Street and west of Dyess Avenue.

The First Revision reallocated funds from the capital, contingency and necessary and convenient cost line items to fund additional capital and engineering costs for Tish Boulevard, the Box culvert and Widening E. Mall Drive.

With the Second Revision, the Developer is requesting reallocation of funds from capital and professional costs to fund additional capital and engineering costs. The Developer is requesting reallocation of Developer funds from line items in the Tish Boulevard, Widening E. Mall Drive, Lift station, and the Box culvert, and City capital and engineering funds from line items in the Traffic Signal and Environmental Remediation costs to fund additional capital and engineering costs for the Traffic signal, Gravity sewer and Grass-lined channel and channel protection line items.

**STAFF REVIEW:** On February 5, 2013, 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 creates three developer funded phases and reallocates developer and city project costs to be used for the developer funded gravity sewer, traffic signal and channel protection by removing \$79.44 from Street, \$846.40 from Lighting, \$1,841.82 from Water, \$334.18 from Sanitary Sewer, \$57.17 from Storm Sewer for the Tish Boulevard Extension; \$85.55 from E. Mall Drive widening; \$294.16 from the Lift Station and Force Main; \$9.10 from the Box Culvert; \$42,327.50 from the Traffic Signal; \$100,000 from Environmental Remediation; \$6,349.12 from Traffic Signal Engineering Services; \$11,500 from Environmental Site Investigation; \$118,453.33 from the Fire Station Engineering Services; and \$308,465.50 from Contingency line items, adding \$6,872.50 to the Traffic Signal, \$134,225 to the Gravity Sewer, \$681.75 to the Traffic Signal Engineering Services, \$23,778.44 to the Gravity Sewer Engineering Services, \$363,700 to the Channel Protection, \$54,555 to the Channel Protection Engineering Services, and \$1,830.58 to the Fire Station.

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 will be paid to the City from the Developer's Necessary and Convenient Cost line item. All the revised changes are outlined in the following chart:

	<u>Revision #1</u> <u>Approved</u> <u>Costs</u>	<u>Revision #2</u> <u>Proposed</u> <u>Changes</u>	<u>Revision #2</u> <u>Proposed</u> <u>Amended</u> <u>Costs</u>
<b>DEVELOPER COSTS</b>			
<b><i>Certification Phase I-A</i></b>			
<i>Project Costs</i>			
<b>A. Tish Boulevard (E. North Street) Construction:</b>			
Street	\$627,742.59	(\$79.44)	\$627,663.15
Lighting	\$76,573.34	(\$846.40)	\$75,726.94
Water	\$157,403.47	(\$1,841.82)	\$155,561.65
Sanitary Sewer	\$59,247.28	(\$334.18)	\$58,913.10
Storm Sewer	\$97,029.89	(\$57.17)	\$96,972.72
<b>B. Widen E. Mall Drive by 2 lanes</b>	<b>\$642,851.92</b>	<b>(\$85.55)</b>	<b>\$642,766.37</b>
<b>C. Interim San Sewer Lift Station &amp; Force Main</b>	<b>\$38,443.23</b>	<b>(\$294.16)</b>	<b>\$38,149.07</b>
<b>D. 12' x 5' Box Culvert</b>	<b>\$202,939.19</b>	<b>(\$9.10)</b>	<b>\$202,930.09</b>
<i>Professional Engineering Services</i>			
<b>A. Tish Boulevard (E. North Street) Construction:</b>			
Street	\$84,570.00	\$0.00	\$84,570.00
Lighting	\$9,030.00	\$0.00	\$9,030.00
Water	\$26,250.00	\$0.00	\$26,250.00
SanitarySewer	\$9,450.00	\$0.00	\$9,450.00
Storm Sewer	\$17,430.00	\$0.00	\$17,430.00
<b>B. Widen E. Mall Drive</b>	<b>\$96,500.00</b>	<b>\$0.00</b>	<b>\$96,500.00</b>
<b>C. Interim San Sewer Lift Station and Force Main</b>	<b>\$7,965.00</b>	<b>\$0.00</b>	<b>\$7,965.00</b>
<b>D. 12' x 5' Box Culvert</b>	<b>\$28,815.00</b>	<b>\$0.00</b>	<b>\$28,815.00</b>
<b>E. Downstream Drainage Study</b>	<b>\$100,000.00</b>	<b>\$0.00</b>	<b>\$100,000.00</b>
Phase I-A Subtotal	\$2,282,240.91	(\$3,547.82)	\$2,278,693.09
<b><i>Certification Phase I-B</i></b>			
<i>Project Costs</i>			
<b>A. Traffic Signal E. Mall/Dyess</b>	<b>\$43,127.50</b>	<b>\$6,872.50</b>	<b>\$50,000.00</b>

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<b>B. Gravity Sewer</b>	<b>\$118,800.00</b>	<b>\$134,225.00</b>	<b>\$253,025.00</b>
<i>Professional Engineering Services</i>			
<b>A. Traffic Signals</b>	<b>\$6,349.13</b>	<b>\$681.75</b>	<b>\$7,030.88</b>
<b>B. Gravity Sewer</b>	<b><u>\$14,175.00</u></b>	<b><u>\$23,778.44</u></b>	<b><u>\$37,953.44</u></b>
Phase I-B Subtotal	\$182,451.63	\$165,557.69	\$348,009.32
<b>Certification Phase I-C</b>			
<i>Project Costs</i>			
<b>Grass lined Channel &amp; Channel Protection</b>	<b>\$261,300.00</b>	<b>\$363,700.00</b>	<b>\$625,000.00</b>
<i>Professional Engineering Services</i>			
<b>Grass lined Channel &amp; Channel Protection</b>	<b><u>\$35,625.00</u></b>	<b><u>\$54,555.00</u></b>	<b><u>\$90,180.00</u></b>
Phase I-C Subtotal	\$296,925.00	\$418,255.00	\$715,180.00
Financing Interest Costs	\$2,082,497.19	\$0.00	\$2,082,497.19
Contingency	\$0.00	\$0.00	\$0.00
Necessary/Convenient Costs	\$35,314.59	\$0.00	\$35,314.59
Add. Imputed Admin Fee	( <b>\$5,000.00</b> )	\$0.00	( <b>\$5,000.00</b> )
Additional Imputed Admin Fee - Amend #1	\$5,000.00	\$0.00	\$5,000.00
<b>Additional Imputed Admin Fee - Amend #2</b>	<b><u>\$0.00</u></b>	<b><u>\$5,000.00</u></b>	<b><u>\$5,000.00</u></b>
Admin Costs Subtotal	\$2,117,811.78	\$5,000.00	\$2,122,811.78
<b>Total Developer Costs</b>	<b>\$4,879,429.32</b>	<b>\$585,264.87</b>	<b>\$5,464,694.19</b>
<b>CITY COSTS</b>			
<b>Phase I-D</b>			
<i>Project Costs</i>			
<b>Traffic Signal at E. Mall Dr &amp; Dyess Ave.</b>	<b>\$42,327.50</b>	<b>(<b>\$42,327.50</b>)</b>	<b>\$0.00</b>
<b>Environmental Remediation</b>	<b>\$100,000.00</b>	<b>(<b>\$100,000.00</b>)</b>	<b>\$0.00</b>
<b>Fire Station</b>	<b>\$1,500,000.00</b>	<b>\$1,830.58</b>	<b>\$1,501,830.58</b>
<i>Professional Engineering Services</i>			
<b>Traffic Signal at E. Mall Dr &amp; Dyess Ave.</b>	<b>\$6,349.12</b>	<b>(<b>\$6,349.12</b>)</b>	<b>\$0.00</b>
<b>Limited Environmental Site Investigation</b>	<b>\$11,500.00</b>	<b>(<b>\$11,500.00</b>)</b>	<b>\$0.00</b>
<b>Fire Station</b>	<b>\$225,000.00</b>	<b>(<b>\$118,453.33</b>)</b>	<b>\$106,546.67</b>
Financing Interest Costs	\$1,935,452.94	\$0.00	\$1,935,452.94
<b>Contingency</b>	<b><u>\$308,465.50</u></b>	<b><u>(<b>\$308,465.50</b>)</u></b>	<b><u>\$0.00</u></b>
Total Phase I-D City Costs	\$4,129,095.06	( <b>\$585,264.87</b> )	\$3,543,830.19
<b>Total Phase I Developer and City Costs</b>	<b>\$9,008,524.38</b>	<b>\$0.00</b>	<b>\$9,008,524.38</b>
<b>Phase II</b>			
<i>Project Costs</i>			
Tish Boulevard (E. North Street) Construction:			
Street	\$517,400.00	\$0.00	\$517,400.00
Lighting	\$56,800.00	\$0.00	\$56,800.00
Water	\$165,000.00	\$0.00	\$165,000.00
Sanitary Sewer	\$59,400.00	\$0.00	\$59,400.00
Storm Sewer	\$109,600.00	\$0.00	\$109,600.00
Environmental Remediation	\$200,000.00	\$0.00	\$200,000.00
Professional Service Costs	\$156,230.00	\$0.00	\$156,230.00
Financing Interest Costs	\$1,859,831.94	\$0.00	\$1,859,831.94
Contingency Costs:	\$90,820.00	\$0.00	\$90,820.00
Relocation Costs:	\$0.00	\$0.00	\$0.00
Organizational Costs:	\$0.00	\$0.00	\$0.00

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Necessary and Convenient Costs:	\$90,820.00	<u>\$0.00</u>	<u>\$90,820.00</u>
Total Phase II City Costs	\$3,305,901.94	\$0.00	\$3,305,901.94
<b>TOTAL PHASE I AND II COSTS</b>	<b>\$12,314,426.32</b>	<b>\$0.00</b>	<b>\$12,314,426.32</b>

All other costs remain the same. The total Phase I and Phase II costs will not change, so the Tax Increment Base will not be re-established.

**Tax Increment Financing Project Review Committee Recommendation:** The Tax Increment Financing Project Review Committee recommends approval of the attached resolution approving the Second Revised Project Plan for Tax Increment District No. 69.