



# CITY OF RAPID CITY

## Engineering Services

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November 10, 2005

City of Rapid City Mayor and Council

RE: Farrar Real Estate, LLC request for City cost sharing for City water system expansion to provide water service for the Farrar Business Park.

Dear Mayor and Council,

Farrar Real Estate, LLC (the Developer) and Public Works Staff have met and are in agreement of a water system expansion project that will provide interim water service for the Farrar Business Park and later will be incorporated into the larger water system that is needed to provide water service for the City's proposed, "North Deadwood High High Level" water service zone.

The Developer is requesting the City share in the cost of these improvements, per the attached proposal titled, "Farrar Business Park TIFD Proposal". The Developer is proposing a project that will construct a City Madison Well and water transmission mains estimated to cost \$1,046,500.00. The Developer is proposing to split the project cost equally. They are also proposing a TIFD, which will allow the City to recoup all of their costs (estimated at \$523,250.00) and allow the Developer to recoup approximately 74.7% of their costs (estimated at \$390,850.00 of \$523,250.00). In addition the Developer will provide approximately \$180,000.00 for temporary improvements for the proposed water system.

The Madison well and well house are anticipated to be designed, bid, and constructed by Rapid City Public Works, and the engineering consultant selection would be in accordance with the approved City Consultant Selection Policy. The other improvements may or may not be designed, bid, and constructed by Rapid City Public Works.

If the Public Works Committee and Council desire to proceed with the proposal as outlined, we would request a motion to:

1. Direct Public Works to budget \$525,000.00 from one or both of the following two funding sources, the Sales Tax Revenue Bonds or the Water Enterprise 934 (Expansion) fund.
2. Direct Staff to prepare a, "Development Agreement" with the Developer



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OPPORTUNITY

EQUAL OPPORTUNITY EMPLOYER

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detailing the specifics of the project regarding project design parameters, bidding, construction, project cash flow, schedules, responsibilities, etc.

3. Direct Staff to prepare a TIFD, for the project benefiting areas, for council consideration.

If you have additional questions please call me at 394 – 4165.

Sincerely,

CITY OF RAPID CITY

Dirk Jablonski, P.E.  
Public Works Director

Attachment:

cc: Stacey Titus, Utilities Project Manager  
John Wagner, Water Superintendent  
Marcia Elkins, Growth Management Director  
Gary Shepard, Fire Department Chief  
File