



# CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-5035

## Community Planning & Development Services

300 Sixth Street

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### MEMORANDUM

TO: Legal and Finance Committee

FROM: Patsy Horton, Division Manager  
Long Range Planning Division

DATE: November 26, 2013

RE: Tax Increment Financing District #73  
St. Joseph Street Parking

A question was posed regarding the dollar value of the City parking lot located at St. Joseph Street, between 5<sup>th</sup> and 6<sup>th</sup> Streets. The following estimate is not an appraisal. The information reflects the existing data available to the public by virtue of RapidMap and the associated parcel information provided by the Director of Equalization. The 2012 data from nine city blocks were queried to determine the land value, the non-agricultural structure value and the total value. The associated acreage was also identified for all property located within these 9 city blocks, including the acreage of those parcels that have a non-taxable use (churches, governmental entities, non-profits, etc.). The average land value of those taxable parcels was determined to calculate the value of the city-owned parking lot, as summarized below:

Total 9 block acreage, less non-taxed acreage:	17.92 acres taxable parcels
Total land valuation of taxable parcels:	\$5,145,088.66
Average taxable parcel value per acre:	\$600,005.58

<b>Value of City parking lot (1.37 acres):</b>	<b>\$822,007.65</b>
<b>Value of City parking lot*</b>	<b>\$13.77 per square foot</b>

\*Normally, general commercial property is referenced by the square foot cost of land

Additional questions surfaced about the interest rate identified in the Project Plan for Tax Increment District #73, St. Joseph Street Parking. This Project Plan was approved by Council on May 21, 2012 and identifies a projected interest rate of 7%. At 7% interest, the anticipated financing costs are estimated to be \$12,004,816.36. Although the Tax Increment Guidelines, Page 10, state that "for purposes of development of the project plan all interest expenses shall be calculated utilizing a fixed rate not to exceed 9 percent annual interest," Council has the authority to approve a lower rate through the Project Plan. The developer of the project identified in the Project Plan may secure financing at a lower interest rate than the 7%, thus reducing the overall anticipated financing costs.



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