

FINAL

**FINAL**

BLOCK EIGHTEEN AREA  
PROJECT PLAN

TAX INCREMENT DISTRICT NUMBER TEN  
CITY OF RAPID CITY

Prepared by

PENNINGTON COUNTY-RAPID CITY PLANNING DEPARTMENT  
April, 1993

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Introduction

Tax Increment Financing is a method of financing improvements and development in an area which has been determined to be blighted according to the criteria set forth in SDCL 11-9. All this is done without incurring a general obligation for the taxpayers of the entire City.

The assessed valuation of a district is determined by the South Dakota Department of Revenue at the time the district is created by the Common Council. This valuation is termed the Tax Increment Base Valuation for the district, or simply the "Base Valuation." As the property taxes for the property are paid, that portion of the taxes paid on the Base Valuation continue to go to those entities, (City, County, School, etc.), which levy property taxes.

Following completion of taxable improvements, the assessed valuation of the district increases, and the total property taxes paid by the owners of property in the district will increase accordingly. That increase in taxable valuation is the "increment in valuation". When the tax bills are paid, only that portion of the tax bill which results from the Base Valuation is paid to the taxing entities. The remainder of the tax bill, known as the Tax Increment, is deposited in a special fund. It is this plan which determines how these accumulated funds will be used.

Overview

Tax Increment District #10 was created August 1, 1988. The recommendation to the Common Council from the Planning Commission stated that no formal plan for the use of the tax increment payments had been completed at the time the district was created. It was expected, however, that the funds would be used to support the development of public oriented uses such as a museum or recreation center. The options of acquiring privately owned property in this district, providing capital funds for the construction of public facilities, or other uses compatible with the adopted Master Plan for the area were recommended to the Common Council by the Planning Commission.

In November, 1988, a Master Plan for the Block 18 area was prepared. The Block 18 Master Plan was adopted by the Common Council in January, 1989. The plan identified proposed locations for a museum, a recreation center, parking facilities, and outdoor activity areas in the Block 18 area.

The Rushmore Plaza Civic Center, the Museum Alliance of Rapid City, and the Indoor Recreation Center Committee are in various stages of planning for those facilities. The Civic Center has completed a parking study that has identifies new and expanded parking areas, maintenance and improvements to existing parking facilities, traffic control, signage and lighting. The Museum Alliance of Rapid City has completed preliminary conceptual design and site planning for the Spirit of the Black Hills museum. The Indoor Recreation Center Committee is currently in the process of conducting a feasibility study.

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Overview (cont'd)

This project plan proposes using Tax Increment District #10 funds to benefit the facilities identified in the City's adopted Master Plans. It recognizes that the total funding for the museum and indoor recreation center have not been identified; therefore the proposed project costs are for public improvements that will benefit any public facility eventually located in the Block 18 area. The proposed project costs for the Civic Center parking lot improvements will be used for Civic Center parking located within the boundaries of Tax Increment District #10. This will enable the Civic Center to use other funding sources to improve and expand the Central High School parking lot. Consequently, the School District indirectly benefits from the Tax Increment District and the TIF fund expenditures.

Project Plan Summary

This Plan establishes the proposed Tax Increment District funded expenditures. The proposed project costs include the acquisition of privately owned property in Block 8 and Block 19 of the Original Townsite, reconstruction of New York Street to handle increased traffic, installation of drainage improvements to protect the Block 18 area from the 500-year flood event, construction of additional parking south of New York Street, improvement of existing Civic Center parking lots, parking lot and sidewalk lighting, signalization of two Eighth Street intersections, and professional and design fees associated with portions of these project costs.

Elements of the Project Plan

This Project Plan, as required by SDCL 11-9-13, will address the following elements:

- 1) Public Works Improvements
- 2) Economic Feasibility Study
- 3) Project Costs
- 4) Fiscal Impact Statement
- 5) Financing Method Description

Additionally, the following exhibits are offered:

- I. General Vicinity Map
- II. Tax Increment District Boundary Map
- III. Map of Existing Zoning
- IV. Map of Generalized Land Use
- V. Map of Proposed Public Improvements

A Statement of Changes Needed in Master Plan, Building Codes and Ordinances do not apply to this Project Plan and have not been included in this document.

PROJECT PLAN  
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1. PUBLIC WORKS IMPROVEMENTS

The public works improvements proposed with this Project Plan include parking facilities, New York Street infrastructure improvements, traffic signalization, and storm water drainage improvements.

2. ECONOMIC FEASIBILITY STUDY

Current Valuation

Tax Increment District #10 was created in accordance with SDCL 11-9-2 to 11-9-11, inclusive. In accordance with SDCL 11-9-20, the certification of the district's base valuation was requested from the South Dakota Department of Revenue and was received in correspondence dated September 14, 1988.

CERTIFIED BASE VALUATION OF PROPERTY IN TID #10	\$2,162,000
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Increment in Valuation

The figures for the following valuations are based upon consultation with the Pennington County Director of Equalization and as provided in the required annual notice from the South Dakota Department of Revenue, under SDCL 11-9-24, of the total assessed valuation and base valuations of all property within tax increment districts.

The Rushmore Plaza Hotel represents almost all of the increase in assessed valuation since the district was created. The hotel is currently assessed at seventy five percent (75%) of its full and true value under the five year property tax abatement for new commercial and industrial structures. There have been some increases in the valuation of the other taxable properties within the district. On the other hand, the project plan proposes that the City acquire land and structures currently assessed at \$498,000. The acquisition of this property by the City would remove it from the District's valuation. The property represents approximately 4.5% of the taxable real property in the district.

The following table shows the 1993 assessed valuation of the district and estimates of the assessed valuation of the district in 1994 following the proposed acquisition of the property in Block 8 and Block 19 of the Original Townsite. It also shows the estimated assessed valuation of the district in 1996, when the Rushmore Plaza Hotel is assessed one hundred percent (100%) of its full and true valuation.

CURRENT AND FUTURE VALUATION OF TAXABLE IMPROVEMENTS

1993 Increment in Valuation of District	8,524,000
Estimated 1994 Increment in Valuation of District	8,026,000
Estimated 1996 Increment in Valuation of District	10,917,500

PROJECT PLAN  
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1993 Tax Levies and Percentage of Total Levy

<u>Taxing Entity</u>	<u>Tax Levy</u>	<u>Percentage of Total Levy</u>
Rapid City Area School District	20.1480	68.35%
Pennington County	5.9811	20.29%
City of Rapid City	3.2954	11.18%
West River Water District	<u>0.0520</u>	<u>0.18%</u>
Total Tax Levy	29.4765	100.00%

1993 Tax Rate 0.0294765

Income Projections for Tax Increment District #10

Tax Increment and interest accrued to date	\$268,327
Tax Increment June, 1993 payment and interest	<u>\$ 91,673</u>
Total TIF funds available August, 1993	\$360,000

Estimated Future Tax Increment District #10 Income

<u>Year</u> <u>Assd/Due</u>	<u>Hotel</u> <u>Valuation</u> <u>Increment</u>	<u>Block 18</u> <u>Valuation</u> <u>Increment</u>	<u>Total</u> <u>Valuation</u> <u>Increment</u>	<u>Mill</u> <u>Levy</u>	<u>Tax Increment</u> <u>Payment</u>
*92/93	\$5,249,485	\$650,000	\$5,899,485	0.029477	\$86,953
93/94	\$7,874,227	\$650,000	\$8,524,227	0.029477	\$251,264
94/95	\$7,874,227	\$152,000	\$8,026,227	0.029477	\$236,585
95/96	\$7,874,227	\$152,000	\$8,026,227	0.029477	\$236,585
96/97	\$10,765,500	\$152,000	\$10,917,500	0.029477	\$321,810
97/98	\$10,765,500	\$152,000	\$10,917,500	0.029477	\$321,810
98/99	\$10,765,500	\$152,000	\$10,917,500	0.029477	\$321,810
99/00	\$10,765,500	\$152,000	\$10,917,500	0.029477	\$321,810
00/01	\$10,765,500	\$152,000	\$10,917,500	0.029477	\$321,810
01/02	\$10,765,500	\$152,000	\$10,917,500	0.029477	\$321,810
02/03	\$10,765,500	\$152,000	\$10,917,500	0.029477	\$321,810
03/04	\$10,765,500	\$152,000	\$10,917,500	0.029477	\$321,810
04/05	\$10,765,500	\$152,000	\$10,917,500	0.029477	\$321,810
05/06	\$10,765,500	\$152,000	\$10,917,500	0.029477	\$321,810
06/07	\$10,765,500	\$152,000	\$10,917,500	0.029477	\$314,160
*Dec Increment Payment Only					
Estimated Income available for TIF Bonds 1993-2007					\$4,343,644
Total Funds Available August 1993					<u>\$360,000</u>
Total TIF District #10 Income					\$4,703,644

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3. PROJECT COSTS

Capital Costs

The capital costs for this Project Plan include New York Street infrastructure improvements, storm water drainage improvements, and parking facility improvements.

Financing Costs

The financing costs for this Project Plan are dependent on the interest rate obtained with the issuance of tax increment financing bonds. An interest rate of 5% has been used.

Real Property Assembly Costs

The real property assembly costs are the assessed valuation of the privately held properties in Block 8 and Block 19 of the Original Townsite.

Professional Service Costs

The professional service costs are for portions of design and other professional services related to the capital costs included in this Project Plan.

Relocation Costs

No specific relocation costs are identified but may be included in the Necessary and Convenient Payments in this Project Plan.

Organizational Costs:

No organizational costs are anticipated in this Project Plan.

Necessary and Convenient Payments:

The necessary and convenient payments included in this plan or intended to be used only if determined to be necessary by approval of an amendment to this project plan as provided under SDCL 11-9-18 and 11-9-23.

Imputed Administrative Costs:

No imputed administrative costs are included in this Project Plan.



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TAX INCREMENT DISTRICT #10 PROJECT PLAN COSTS

Capital Costs:	
New York Infrastructure Improvements.....	\$ 900,000
Drainage Improvements.....	300,000
New York St. Parking Lots.....	270,000
Civic Center Parking Lot Improvements.....	630,000
Financing Costs:	
Financing Interest for TIF Bonds.....	1,343,644
Real Property Assembly Costs:	
Block 8 (Assessed Valuation).....	166,000
Block 19 (Assessed Valuation).....	332,000
Professional Service Costs:	
New York Street Infrastructure.....	100,000
Engineering Drainage Study and Drainage Improvements Design.....	30,000
Parking Lot Design.....	75,000
Relocation Costs:	
None.....	-0-
Organizational Costs	
None.....	-0-
Necessary and Convenient Costs	
To be identified when and if plan amended.	557,000
Imputed Administrative Costs	
None.....	-0-
TOTAL	<u>\$4,703,644</u>

#### 4. FISCAL IMPACT STATEMENT

The proposed project plan for TID #10 is unique among the districts that have been established in Rapid City. While all the others have been created to promote private development, this project proposes to foster public development with the tax increment proceeds from one of the largest recent private investments in the City, the Rushmore Plaza Holiday Inn.

Discounting the foregone tax revenues over the life of the District by converting the future income to Net Present Value (NPV), the "loss" to the School District is \$2,335,000, to the County \$687,000, to the City \$383,000, and to the Water District \$6,200. If the Project Plan is not approved, that is today's value of the additional taxes that would be received between 1993 and 2007.

On the other hand, if the plan is approved, the Civic Center will invest over \$600,000 from its own reserve funds in expansion, renovation and deferred maintenance of the Central High School parking lot, directly benefiting the School District at no cost to it. The improvements will add 300 parking spaces, just in time for the Fall 1993 enrollment of a new freshman class. They will also eliminate much of the conflict over parking requirements when Central High School and the Civic Center host

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Fiscal Impact Statement (cont'd)

concurrent events. And since the Central High School parking lot serves as overflow parking for the Civic Center, the expansion will benefit events like rodeos, concerts, and Thriller games.

The investment of tax increment proceeds in land aquisition, drainage protection, new parking, and New York street and utility improvements in the area of Block 18 will have long-term impact. The planned improvements are designed to secure the property within the Block 18 Master Plan for future public development, whether that development is the Spirit of the Black Hills musuem, an indoor recreation center, public housing, schools, swimming pool, ball fields or anything else. The City owns no other large tract of land near the Downtown Core area for these types of pubic facilities. Without land ownership in the central city, public developments are forced to the far edges of the community, which tends to favor one side of town as against another.

Construction of a museum or recreation center in this location would have a favorable impact on the tax base of the entire core area by attracting more visitor traffic to the Central Business District. The improvement of the business climate helps private business through increased sales and benefits the taxing entities by increasing the tax base for property tax and sales tax.

Finally, an increase in visitor traffic to the Block 18 area will create more business for the Holiday Inn, whose success is critical to the Tax Increment District, since it is the largest tax payer in it. The City's ability to repay the tax increment revenue bonds depends on the Hotel's ability to pay its taxes during the life of the district.

IMPACT ON TAXING ENTITIES

Year	Valuation Increment	Schools	County	City	Water	Total Tax Increment
1990	\$ 474,080	\$ 12,273	\$ 3,213	\$ 2,049	\$ 35	\$ 17,570
1991	\$ 4,268,040	\$110,457	\$28,938	\$18,438	\$300	\$158,133
1992	\$ 3,341,330	\$ 64,643	\$16,885	\$10,911	\$185	\$ 92,624
1993	\$ 5,249,485	\$122,089	\$36,243	\$19,969	\$322	\$178,623
1994	\$ 8,524,227	\$171,739	\$50,982	\$28,091	\$452	\$251,264
1995	\$ 8,026,227	\$161,706	\$48,003	\$26,450	\$426	\$236,585
1996	\$ 8,026,227	\$161,706	\$48,003	\$26,450	\$426	\$236,585
1997	\$10,917,500	\$219,957	\$65,295	\$35,978	\$580	\$321,810
1998	\$10,917,500	\$219,957	\$65,295	\$35,978	\$580	\$321,810
1999	\$10,917,500	\$219,957	\$65,295	\$35,978	\$580	\$321,810
2000	\$10,917,500	\$219,957	\$65,295	\$35,978	\$580	\$321,810
2001	\$10,917,500	\$219,957	\$65,295	\$35,978	\$580	\$321,810
2002	\$10,917,500	\$219,957	\$65,295	\$35,978	\$580	\$321,810
2003	\$10,917,500	\$219,957	\$65,295	\$35,978	\$580	\$321,810
2004	\$10,917,500	\$219,957	\$65,295	\$35,978	\$580	\$321,810
2005	\$10,917,500	\$219,957	\$65,295	\$35,978	\$580	\$321,810
2006	\$10,917,500	\$219,957	\$65,295	\$35,978	\$580	\$321,810
2007	\$10,917,500	\$214,728	\$63,743	\$35,123	\$566	\$314,160
TOTALS		\$3,218,911	\$948,960	\$527,261	\$8,512	\$4,703,644

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5. FINANCING METHOD

There is currently a balance of \$268,327 in the Tax Increment District #10 Special Fund. Those funds come from the TIF payments that have been made since the District was created. Those funds cannot be expanded until a Project Plan is approved. Following approval of this Project Plan, direct payments from the Tax Increment Fund for the approved project expenditures can be made. The proceeds from the Tax Increment Bonds issued under SDCL 11-9-30 through 11-9-46 will fund the balance of the approved project expenditures.

Tax increment bonds may be issued in an amount not to exceed the aggregate project costs. The bonds may not mature later than twenty years from the date they are issued and the bonds are not included in the constitutional debt limit for the City. Tax increments will continue to be paid into the special fund until the retirement of the bonds issued under the provisions of SDCL 11-9.

On the following page is a projected amortization schedule for the TIF Bond issue.

PROJECTED AMORTIZATION SCHEDULE FOR  
BLOCK 18 TAX INCREMENT DISTRICT

OPENING  
BALANCE  
\$3,000,000

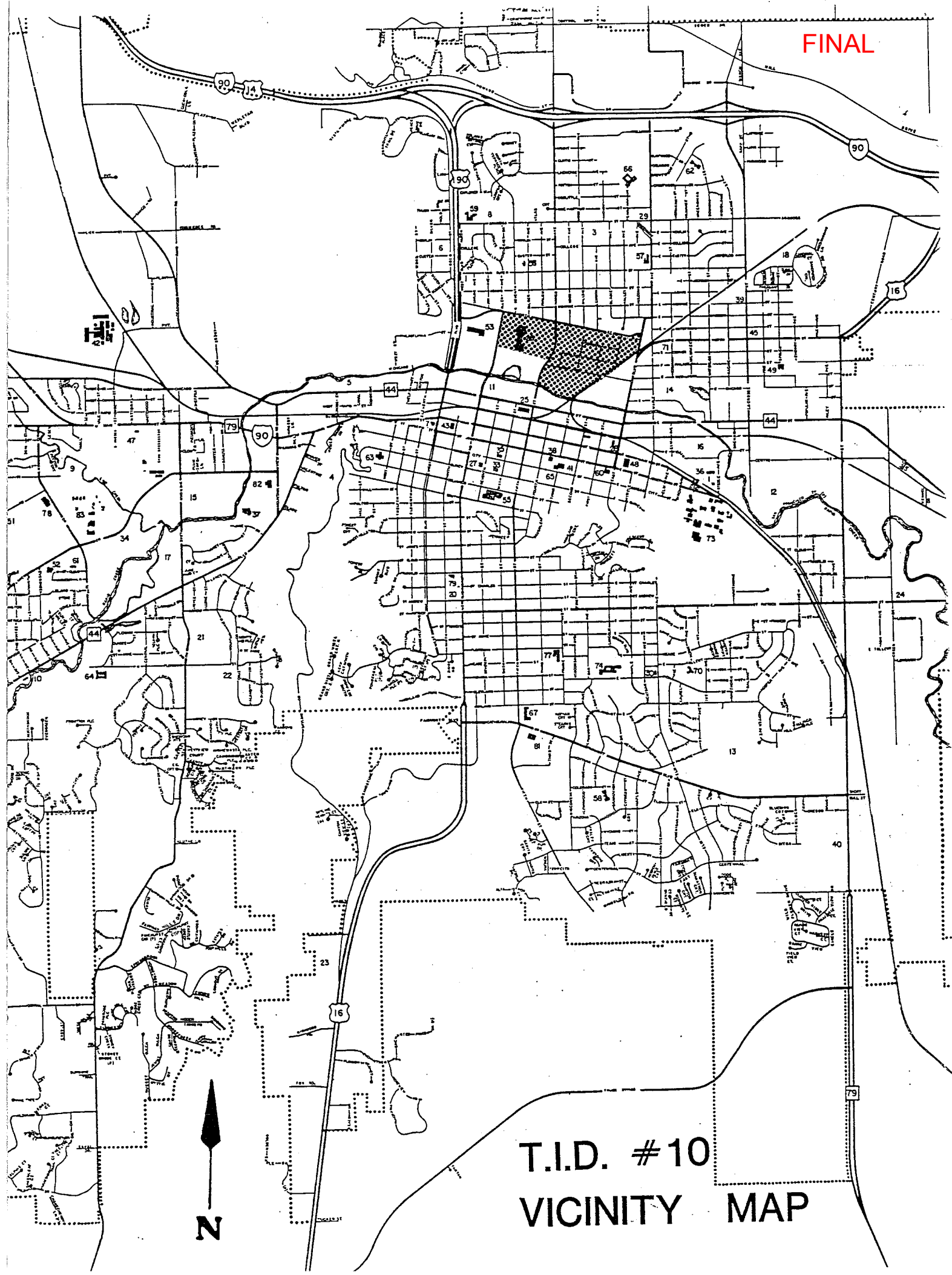
PAY DATE	OLDBAL	FINCHG	TOTDUE	TAX INC PAYMENT	BALFWD
Dec 1993	\$3,000,000	\$75,000	\$3,075,000	\$86,948	\$2,988,052
Jun 1994	\$2,988,052	\$74,701	\$3,062,753	\$125,632	\$2,937,121
Dec 1994	\$2,937,121	\$73,428	\$3,010,549	\$125,632	\$2,884,917
Jun 1995	\$2,884,917	\$72,123	\$2,957,040	\$118,293	\$2,838,747
Dec 1995	\$2,838,747	\$70,969	\$2,909,716	\$118,293	\$2,791,423
Jun 1996	\$2,791,423	\$69,786	\$2,861,209	\$118,293	\$2,742,916
Dec 1996	\$2,742,916	\$68,573	\$2,811,488	\$118,293	\$2,693,195
Jun 1997	\$2,693,195	\$67,330	\$2,760,525	\$160,905	\$2,599,620
Dec 1997	\$2,599,620	\$64,991	\$2,664,611	\$160,905	\$2,503,706
Jun 1998	\$2,503,706	\$62,593	\$2,566,298	\$160,905	\$2,405,393
Dec 1998	\$2,405,393	\$60,135	\$2,465,528	\$160,905	\$2,304,623
Jun 1999	\$2,304,623	\$57,616	\$2,362,239	\$160,905	\$2,201,334
Dec 1999	\$2,201,334	\$55,033	\$2,256,367	\$160,905	\$2,095,462
Jun 2000	\$2,095,462	\$52,387	\$2,147,849	\$160,905	\$1,986,944
Dec 2000	\$1,986,944	\$49,674	\$2,036,617	\$160,905	\$1,875,712
Jun 2001	\$1,875,712	\$46,893	\$1,922,605	\$160,905	\$1,761,700
Dec 2001	\$1,761,700	\$44,043	\$1,805,743	\$160,905	\$1,644,838
Jun 2002	\$1,644,838	\$41,121	\$1,685,959	\$160,905	\$1,525,054
Dec 2002	\$1,525,054	\$38,126	\$1,563,180	\$160,905	\$1,402,275
Jun 2003	\$1,402,275	\$35,057	\$1,437,332	\$160,905	\$1,276,427
Dec 2003	\$1,276,427	\$31,911	\$1,308,338	\$160,905	\$1,147,433
Jun 2004	\$1,147,433	\$28,686	\$1,176,118	\$160,905	\$1,015,213
Dec 2004	\$1,015,213	\$25,380	\$1,040,594	\$160,905	\$879,689
Jun 2005	\$879,689	\$21,992	\$901,681	\$160,905	\$740,776
Dec 2005	\$740,776	\$18,519	\$759,295	\$160,905	\$598,390
Jun 2006	\$598,390	\$14,960	\$613,350	\$160,905	\$452,445
Dec 2006	\$452,445	\$11,311	\$463,756	\$160,905	\$302,851
Jun 2007	\$302,851	\$7,571	\$310,422	\$160,905	\$149,517
Dec 2007	\$149,517	\$3,738	\$153,255	\$153,255	\$0
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TOTALS		\$1,343,644		\$4,343,644	

AMORTIZATION TABLE NOTES:

OPENING BALANCE is amount of Tax Increment Bond  
 PAYDATE will be June 15 & December 15 of year indicated.  
 OLDBAL is balance forward from previous PAYDATE  
 FINCHG is the finance charge on the OLDBAL @ 5.0% A.P.R.  
 TOTDUE is (OLDBAL + FINCHG)  
 TAX INC PAYMENT is the Tax Increment Payment accrued by  
 June and December of PAY DATE year  
 BALFWD is the Balance Forward

TOTAL TIF BOND.....	\$3,000,000
TOTAL TIF BOND FINANCE COSTS.....	\$1,343,644
TOTAL TIF BOND PAYMENTS.....	\$4,343,644

FINAL



T.I.D. #10  
VICINITY MAP



FINAL

RU-302B

SNYDER HIGH SCHOOL

NORTH ST.

RU-20



EIGHTH ST.

ST.

LOT ER.

LOT ER.

LUSHMORE PLAZA  
LIVIC CENTER

FIFTH ST.



MONROE

WOOD

WILLSIE

LEMMON

BLAINE

VALLEY

HOLCOMB

NEW YORK

ST.

ST.

ST.

ST.

BLVD.

ST.

ST.

TRACT 24

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ST.

ST.

ST.

ST.

ST.

ST.

ST.

MAHA

RD

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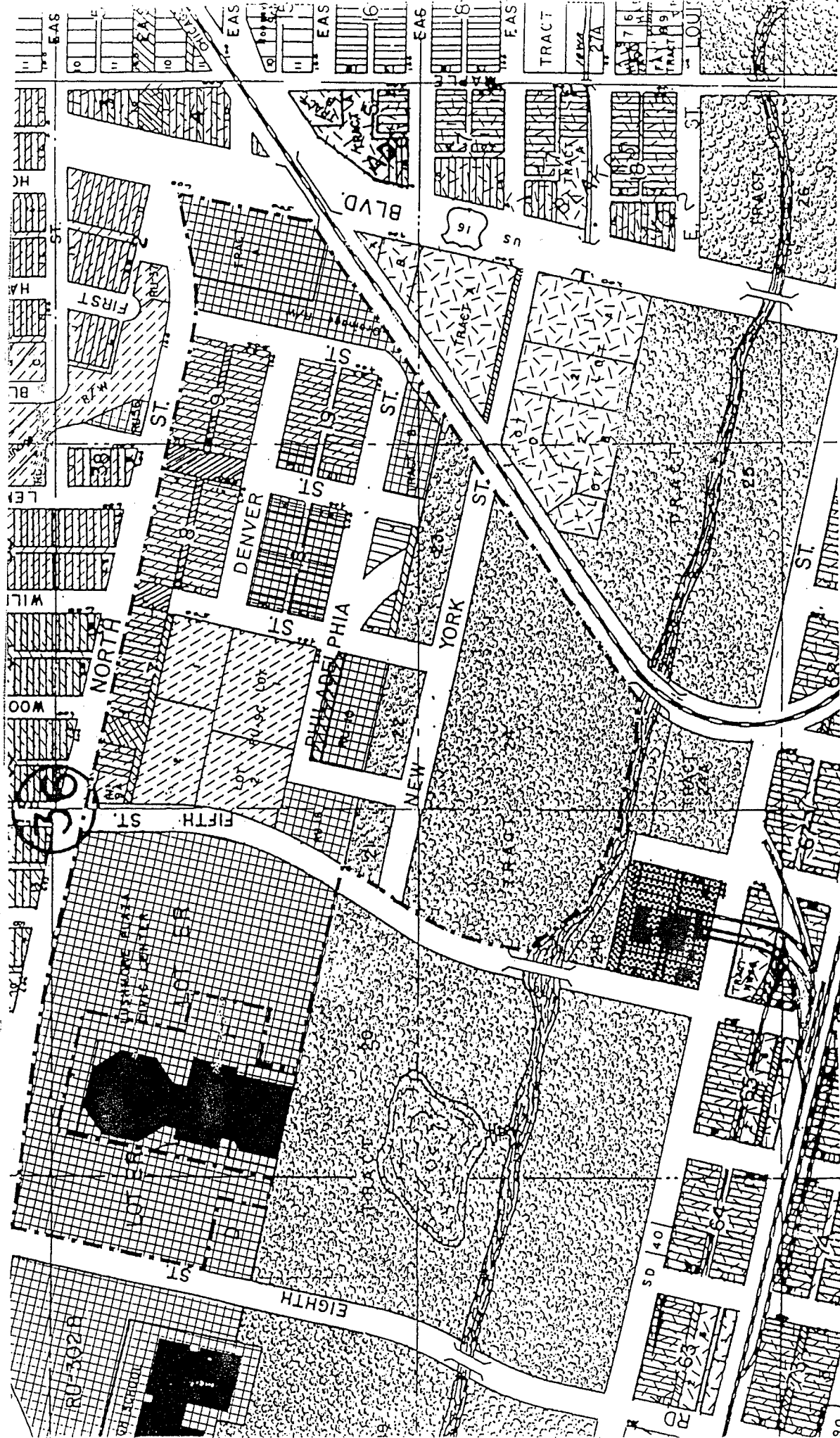
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

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# T.I.D. # 10 ZONING MAP

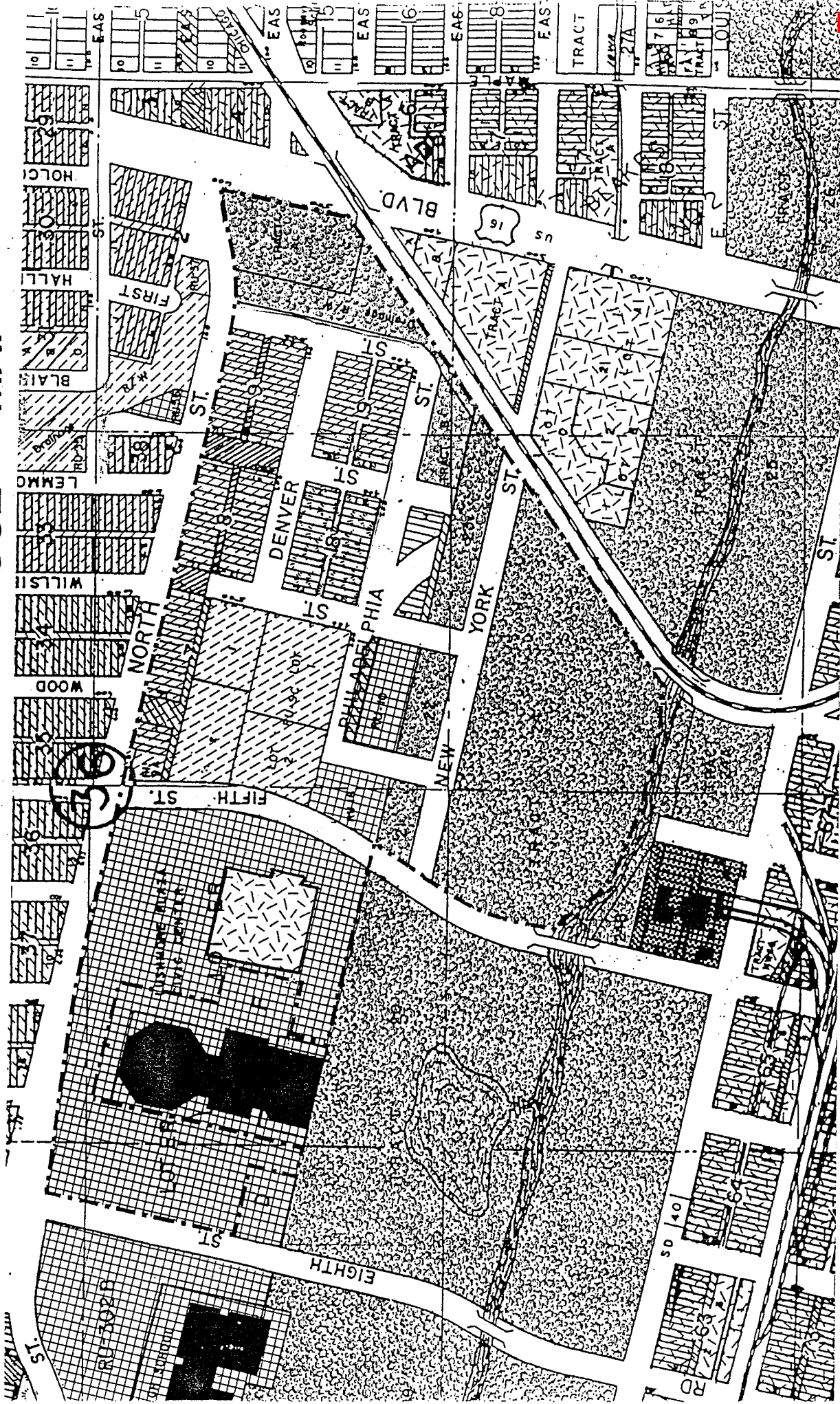


FINAL

-  CIVIC CENTER ZONING DISTRICT
-  GENERAL COMMERCIAL
-  MEDIUM DENSITY RESIDENTIAL
-  FLOODWAY
-  HOTEL / MOTEL
-  LIGHT INDUSTRIAL



# T.I.D. # 10 LAND USE MAP



INSTITUTIONAL

COMMERCIAL

RESIDENTIAL

PARK

VACANT

INDUSTRIAL