

Preliminary Review of Proposed Tax Increment Project

Applicant: Kent Hagg for Alta Terra Development, LLC

Proposed Project Title: TID #70 – **Revision #1** South Highway 16 Sewer

Purpose of Tax Increment District: The creation of TID #70 was approved on September 15, 2008. The Project Plan was approved on February 6, 2012. The purpose of the Tax Increment District was to assist in the development of commercial property located along South US Highway 16 and Moon Meadows Drive through the development of public infrastructure improvements. The Tax Increment Funds will be utilized for a sanitary sewer main, turn lanes, Moon Meadows Drive, water main at South US Hwy 16 crossing, a traffic signal, engineering and contingency costs. The Project Plan will be funded by the developer.

The anticipated commercial development in the area will generate revenues to repay the costs of the identified improvements. Property zoned General Commercial District is included in the boundary of this District and commercial construction is anticipated. As such, this is an economic development Tax Increment District.

Existing Boundaries: The TID #70 boundaries are located along Catron Boulevard from Fifth Street to South US Highway 16, then south along South US Highway 16 to Sammis Trail, and then east to Hyland Crossing Subdivision.

Revision #1

The proposed change reallocates Capital Costs, Professional Costs, Financing Costs, Contingency Costs, and Necessary and Convenient Costs in order to reconcile the approved project costs and fund \$127,521 in additional public infrastructure improvements to construct two regional detention ponds.

An additional \$20,000 City Imputed Administrative Fee has been added in accordance with the Tax Increment Financing Guidelines. The additional Imputed Administrative Fee has been included for payment to the City from the Developer's Necessary and Convenient Cost line item.

SDCL § 11-9-23 allows an increase in the originally approved project costs if the municipality adopts an amendment to the original project plan. If an amendment is approved to include the additional \$127,521 for the detention ponds as proposed, the tax incremental base for the district shall be re-determined as identified in § 11-9-20.

2008 Base Valuation: \$22,894,000 - **2015 Base Valuation:** \$24,476,800

2015 Tax Rate: 21.768 Non-Agriculture Tax Levy

2008 Anticipated Increment**2008 Anticipated Increment Revenue***

*Revenue based on applicant's original estimated increment at build out

2012	\$2,072,100	2014	\$44,983
2013	\$2,072,100	2015	\$44,983
2014	\$2,072,100	2016	\$44,983
2015	\$7,572,100	2017	\$164,382
2016	\$15,072,100	2018	\$327,200
2017	\$26,572,100	2019	\$576,853
2018	\$35,672,100	2020	\$774,405
2019	\$48,172,100	2021	\$1,045,768
2020	\$58,974,140	2022	\$1,280,269
2021	\$67,974,140	2023	\$1,475,650
2022	\$72,974,140	2024	\$1,584,195
2023	\$74,974,140	2025	\$1,627,613
2024	\$76,974,140	2026	\$1,671,031
2025	\$78,974,140	2027	\$1,714,449
2026	\$80,974,140	2028	\$1,757,867
2027	\$82,974,140	2029	\$1,801,285
2028	\$ 86,974,140	2030	\$1,888,121

HAGG DEVELOPMENT REVENUES

TIF YR	CONST YR	TAX YEAR	YEAR TAXES PAID	ESTIMATED TAXABLE VALUE INCREASE	160 UNIT APRT COMPLEX COMMERCIAL PAYMENTS	CUM TID 70 EST TAX INCREMENT PAYMENTS
1	2009	2010	2011			\$46,894
2	2010	2011	2012			\$46,894
3	2011	2012	2013			\$46,894
4	2012	2013	2014			\$46,894
5	2013	2014	2015			\$46,894
6	2014	2015	2016			\$46,894
7	2015	2016	2017			\$46,894
8	2016	2017	2018			\$46,894
9	2017	2018	2019	\$10,350,000	\$202,769	\$249,663
10	2018	2019	2020	\$10,350,000	\$202,769	\$249,663
11	2019	2020	2021	\$10,350,000	\$202,769	\$249,663
12	2020	2021	2022	\$10,350,000	\$202,769	\$249,663
13	2021	2022	2023	\$10,350,000	\$202,769	\$249,663
14	2022	2023	2024	\$10,350,000	\$202,769	\$249,663
15	2023	2024	2025	\$10,350,000	\$202,769	\$249,663
16	2024	2025	2026	\$10,350,000	\$202,769	\$249,663
17	2025	2026	2027	\$10,350,000	\$202,769	\$249,663
18	2026	2027	2028	\$10,350,000	\$202,769	\$249,663
19	2027	2028	2029	\$10,350,000	\$202,769	\$249,663
20	2028	2029	2030	\$10,350,000	\$202,769	\$249,663
HAGG DEVELOPMENT TID REVENUE						\$3,371,108

TID 70 PROPOSED PROJECT PLAN AMENDMENT

Description	Approved Costs	Revision #1 Proposed Changes 2/25/16	Amended Cost Total
TID Project Costs – Phase I			
Capital Costs			
12" Sanitary Sewer Main	\$264,000.00	(\$39,255.00)	\$224,745.00
Grading	\$1,000,000.00	(\$271,125.00)	\$728,875.00
Salvage and Place Top Soil	\$137,500.00	(\$39,045.00)	\$98,455.00
Mobilization	\$10,000.00	\$17,777.50	\$27,777.50
Sewer Manholes	\$63,200.00	(\$8,370.00)	\$54,830.00
Professional Costs			
Surveying	\$10,000.00	(\$4,755.00)	\$5,245.00
Testing	\$5,000.00	\$275.00	\$5,275.00
Engineering	\$73,560.00	\$96,096.28	\$169,656.28
Financing Costs			
Financing Interest	\$1,126,166.13	(\$355,936.17)	\$770,229.96
Necessary and Convenient Costs			
	\$46,898.00	(\$10,000.00)	\$36,898.00
Contingency			
	\$109,428.00	(\$65,669.78)	\$43,758.22
Subtotal	\$2,845,752.13	(\$680,007.17)	\$2,165,744.96
TID Project Costs – Phase II			
Capital Costs			
Mobilization	\$10,000.00	\$17,777.50	\$27,777.50
Turn Lanes at Moon Meadows Drive	\$200,000.00	\$292,895.00	\$492,895.00
Traffic Signal	\$250,000.00	\$347,600.00	\$597,600.00
Water Main at Hwy 16 Crossing	\$100,000.00	\$319,210.00	\$419,210.00
Moon Meadows Drive	\$792,000.00	\$108,490.00	\$900,490.00
Regional Drainage Ponds		\$127,521.00	\$127,521.00
Professional Costs:			
Surveying	\$10,000.00	(\$4,755.00)	\$5,245.00
Testing	\$5,000.00	\$275.00	\$5,275.00
Engineering	\$105,360.00	\$137,638.72	\$242,998.72
Financing Costs			
Financing Interest	\$1,945,180.17	(\$614,793.83)	\$1,330,386.34
Necessary and Convenient Costs			
	\$44,171.00	(\$10,000.00)	\$34,171.00
Contingency			
	\$103,065.00	(\$61,851.22)	\$41,213.78
Subtotal	\$3,564,776.17	\$660,007.17	\$4,224,783.34
TID Project Costs for Phase I and Phase II Total			
Capital Costs			
12" Sanitary Sewer Main	\$264,000.00	(\$39,255.00)	\$224,745.00
Grading	\$1,000,000.00	(\$271,125.00)	\$728,875.00

Salvage and Place Top Soil	\$137,500.00	(\$39,045.00)	\$98,455.00
Mobilization	\$20,000.00	\$35,555.00	\$55,555.00
Sewer Manholes	\$63,200.00	(\$8,370.00)	\$54,830.00
Turn Lanes at Moon Meadows Drive	\$200,000.00	\$292,895.00	\$492,895.00
Traffic Signal	\$250,000.00	\$347,600.00	\$597,600.00
Water Main at Hwy 16 Crossing	\$100,000.00	\$319,210.00	\$419,210.00
Moon Meadows Drive	\$792,000.00	\$108,490.00	\$900,490.00
Regional Drainage Ponds		\$175,000.00	\$175,000.00
Professional Costs			
Surveying	\$20,000.00	(\$9,510.00)	\$10,490.00
Testing	\$10,000.00	\$550.00	\$10,550.00
Engineering	\$178,920.00	\$233,735.00	\$412,655.00
Regional Drainage Ponds Engineering		\$175,000.00	\$175,000.00
Financing Costs			
Financing Interest	\$3,071,346.30	(\$970,730.00)	\$2,100,616.30
Necessary and Convenient Costs	\$91,069.00	(\$91,069.00)	\$91,069.00
Contingency	\$212,493.00	(\$127,521.00)	\$0.00
Total	\$6,410,528.30	\$0.00	\$6,410,528.30
Imputed Administrative Costs*			
City of Rapid City	\$20,000.00		

*In accordance with the Tax Increment Financing Guidelines.

Identified Funding Sources: Funding will be financed by Alta Terra Development, LLC

**Anticipated time frame for TID 70 payoff with three development proposals:
13 years at 6% - payoff on 1/1/2021**

Comments: Anticipated interest rate is 7.5%. Staff has prepared a 9% interest rate as specified in the Tax Increment Financing Guidelines adopted by City Council. Both amortization schedules are attached.

Note: Revenue projections with all three developments follow

Pro Forma for three developments within TID 70 - Project Revenues

	TID 70 Project Plan	BHC	Buffalo Crossing
TIF Public Improvements Amount:	\$ 3,339,182	\$ 3,476,127	\$ 2,860,000
Interest:	\$ 3,071,346	\$ 3,198,103	\$ 1,545,741
Total Costs:	\$ 6,410,528	\$ 6,674,230	\$ 4,405,741

Anticipated Increase in Taxable Value

Estimated 2016 Taxable Value of District Property (TIF BASE)	\$ 22,894,400	\$ 4,532,200	\$ 1,211,000
Estimated Increases to Taxable Value (Project*)	\$ 10,350,000	\$ 21,641,902	\$ 85,000,000
Estimated Total Taxable Value by Year 20 (Project*)	\$ 33,244,400	\$ 26,174,102	\$ 86,211,000

*The above amounts reflect the estimated future Taxable Values related to this project only in tax district 4/D-RC. Please note that the Taxable Value of other property owned by Black Hills Power in this tax district is not reflected in these amounts.

Mill Levy Rate Used for Revenue Projections

Tax Year 2015 Actual Mill Levy Rate for Tax District 4/D-RC: 21.768

Taxing Entity	Commercial Tax Levy	Owner Occupied Tax Levy	Apartments (90% of Non-Ag)	% of Total Levy
Rapid City School	13.638	9.217	12.274	62.65%
West Dakota Wat	0.030	0.030	0.027	0.14%
Rapid City, City of	3.278	3.321	2.950	15.06%
County	4.822	4.807	4.340	22.15%
Total Mill Levy	21.768	17.375	19.591	100.00%

Hani's estimate

res	\$ 18,000,000	com	\$ 67,000,000
	\$ 312,750.00		\$ 1,458,456
			\$ 1,771,206
Kent's estimate			
160 unit apartment	\$ 10,350,000		\$ 202,768.92

Buffalo Crossing 0.361204138
BHC
TID 70

The Mill Levy Rate used to forecast Tax Increment Revenues in the table below is a mixture of all three levies, depending on the development.

Project Costs and Projected Tax Increment Revenues

				Rushmore Corridor Redevelopment / Buffalo Crossing						TID 70 / Hagg Development				Black Hills Corporation			TID 70 TOTAL REVENUE PROJECTIONS				
TIF	CON	TAX	YEAR	Item description	RESIDENT IMP	COMMERCIAL IMP	KS / SK ESTIMATED TAXABLE VALUE INCREASE	RESIDENTIAL TAX INCREMENT PAYMENTS	COMM TAX INCREMENT PAYMENTS	CUM BUFFALO CROSSING ESTIMATED TOTAL TAX INCREMENT PAYMENTS	TIF 70 DISTRICT PROPERTY ESTIMATED FUTURE TAX INCREMENT PAYMENTS*	ESTIMATED TAXABLE VALUE INCREASE	160 UNIT APARTMENT COMPLEX COMMERCIAL TAX INCREMENT PAYMENTS	CUM TID 70 ESTIMATED TOTAL TAX INCREMENT PAYMENTS	CUMULATIVE PROJECT COSTS	ESTIMATED TAXABLE VALUE INCREASE	COMMERCIAL TAX INCREMENT PAYMENTS	ESTIMATED TOTAL TAX INCREMENT PAYMENTS	ESTIMATED 6-MONTH TOTAL PAYMENT AMOUNT	ESTIMATED CUM TAX INCREMENT PAYMENTS	
YR	YR	YR	PAID																		
	2014	2015	2016								\$ 46,894			\$ 46,894					\$ 46,894	\$ 23,447	\$ 46,894
	2015	2016	2017								\$ 46,894			\$ 46,894					\$ 46,894	\$ 23,447	\$ 93,788
1	2016	2017	2018	4 townhomes, gas station, hotel	\$ 1,200,000	\$ 14,000,000	\$ 15,200,000	\$ 20,850	\$ 304,752	\$ 325,602	\$ 46,894			\$ 46,894	\$ 54,770,290	\$ 18,413,550	\$ 400,826	\$ 773,322	\$ 386,661	\$ 867,111	
2	2017	2018	2019	9 homes, restaurant	\$ 2,700,000	\$ 1,500,000	\$ 19,400,000	\$ 46,913	\$ 32,652	\$ 405,167	\$ 46,894	\$ 10,350,000	\$ 202,769	\$ 249,663	\$ 73,876,128	\$ 21,448,050	\$ 466,881	\$ 1,121,711	\$ 560,855	\$ 1,988,821	
3	2018	2019	2020	10 homes, rehab	\$ 3,000,000	\$ 14,000,000	\$ 36,400,000	\$ 52,125	\$ 304,752	\$ 762,044	\$ 46,894	\$ 10,350,000	\$ 202,769	\$ 249,663	\$ 73,876,128	\$ 20,767,800	\$ 452,073	\$ 1,463,780	\$ 731,890	\$ 3,452,601	
4	2019	2020	2021	12 homes, medical offices	\$ 3,600,000	\$ 30,000,000	\$ 70,000,000	\$ 62,550	\$ 653,040	\$ 1,477,634	\$ 46,894	\$ 10,350,000	\$ 202,769	\$ 249,663	\$ 73,876,128	\$ 20,818,400	\$ 453,175	\$ 2,180,471	\$ 1,090,236	\$ 5,633,072	
5	2020	2021	2022	15 homes	\$ 4,500,000	\$ 1,500,000	\$ 76,000,000	\$ 78,188	\$ 32,652	\$ 1,588,473	\$ 46,894	\$ 10,350,000	\$ 202,769	\$ 249,663	\$ 73,876,128	\$ 20,869,101	\$ 454,279	\$ 2,292,415	\$ 1,146,207	\$ 7,925,487	
6	2021	2022	2023	10 homes, office	\$ 3,000,000	\$ 6,000,000	\$ 85,000,000	\$ 52,125	\$ 130,608	\$ 1,771,206	\$ 46,894	\$ 10,350,000	\$ 202,769	\$ 249,663	\$ 73,876,128	\$ 20,919,904	\$ 455,384	\$ 2,476,253	\$ 1,238,127	\$ 10,401,740	
7	2022	2023	2024		\$ -	\$ -	\$ 85,000,000	\$ -	\$ -	\$ 1,771,206	\$ 46,894	\$ 10,350,000	\$ 202,769	\$ 249,663	\$ 73,876,128	\$ 20,971,808	\$ 456,514	\$ 2,477,383	\$ 1,238,692	\$ 12,879,123	
8	2023	2024	2025		\$ -	\$ -	\$ 85,000,000	\$ -	\$ -	\$ 1,771,206	\$ 46,894	** \$ 10,350,000	\$ 202,769	\$ 249,663	\$ 73,876,128	\$ 21,021,814	\$ 457,603	\$ 2,478,472	\$ 1,239,236	\$ 15,357,595	
9	2024	2025	2026		\$ -	\$ -	\$ 85,000,000	\$ -	\$ -	\$ 1,771,206	\$ 46,894	\$ 10,350,000	\$ 202,769	\$ 249,663	\$ 73,876,128	\$ 21,072,922	\$ 458,715	\$ 2,479,584	\$ 1,239,792	\$ 17,837,180	
10	2025	2026	2027		\$ -	\$ -	\$ 85,000,000	\$ -	\$ -	\$ 1,771,206	\$ 46,894	\$ 10,350,000	\$ 202,769	\$ 249,663	\$ 73,876,128	\$ 21,124,132	\$ 459,830	\$ 2,480,699	\$ 1,240,350	\$ 20,317,879	
11	2026	2027	2028		\$ -	\$ -	\$ 85,000,000	\$ -	\$ -	\$ 1,771,206	\$ 46,894	\$ 10,350,000	\$ 202,769	\$ 249,663	\$ 73,876,128	\$ 21,175,445	\$ 460,947	\$ 2,481,816	\$ 1,240,908	\$ 22,799,695	
12	2027	2028	2029		\$ -	\$ -	\$ 85,000,000	\$ -	\$ -	\$ 1,771,206	\$ 46,894	\$ 10,350,000	\$ 202,769	\$ 249,663	\$ 73,876,128	\$ 21,226,860	\$ 462,066	\$ 2,482,935	\$ 1,241,468	\$ 25,282,630	
13	2028	2029	2030		\$ -	\$ -	\$ 85,000,000	\$ -	\$ -	\$ 1,771,206	\$ 46,894	\$ 10,350,000	\$ 202,769	\$ 249,663	\$ 73,876,128	\$ 21,278,378	\$ 463,188	\$ 2,484,057	\$ 1,242,028	\$ 27,766,686	
14	2029	2030	2031		\$ -	\$ -	\$ 85,000,000	\$ -	\$ -	\$ 1,771,206	\$ 46,894	\$ 10,350,000	\$ 202,769	\$ 249,663	\$ 73,876,128	\$ 21,330,000	\$ 464,311	\$ 2,485,180	\$ 1,242,590	\$ 30,251,867	
15	2030	2031	2032		\$ -	\$ -	\$ 85,000,000	\$ -	\$ -	\$ 1,771,206	\$ 46,894	\$ 10,350,000	\$ 202,769	\$ 249,663	\$ 73,876,128	\$ 21,381,726	\$ 465,437	\$ 2,486,306	\$ 1,243,153	\$ 32,738,173	
16	2031	2032	2033		\$ -	\$ -	\$ 85,000,000	\$ -	\$ -	\$ 1,771,206	\$ 46,894	\$ 10,350,000	\$ 202,769	\$ 249,663	\$ 73,876,128	\$ 21,433,552	\$ 466,566	\$ 2,487,434	\$ 1,243,717	\$ 35,225,608	
17	2032	2033	2034		\$ -	\$ -	\$ 85,000,000	\$ -	\$ -	\$ 1,771,206	\$ 46,894	\$ 10,350,000	\$ 202,769	\$ 249,663	\$ 73,876,128	\$ 21,485,483	\$ 467,696	\$ 2,488,565	\$ 1,244,282	\$ 37,714,173	
18	2033	2034	2035		\$ -	\$ -	\$ 85,000,000	\$ -	\$ -	\$ 1,771,206	\$ 46,894	\$ 10,350,000	\$ 202,769	\$ 249,663	\$ 73,876,128	\$ 21,537,519	\$ 468,829	\$ 2,489,698	\$ 1,244,849	\$ 40,203,870	
19	2034	2035	2036		\$ -	\$ -	\$ 85,000,000	\$ -	\$ -	\$ 1,771,206	\$ 46,894	\$ 10,350,000	\$ 202,769	\$ 249,663	\$ 73,876,128	\$ 21,589,658	\$ 469,964	\$ 2,490,833	\$ 1,245,416	\$ 42,694,703	
20	2035	2036	2037		\$ -	\$ -	\$ 85,000,000	\$ -	\$ -	\$ 1,771,206	\$ 46,894	\$ 10,350,000	\$ 202,769	\$ 249,663	\$ 73,876,128	\$ 21,641,902	\$ 471,101	\$ 2,491,970	\$ 1,245,985	\$ 45,186,673	