

STAFF REPORT
October 10, 2019

No. 19TI002 – Application for TID #78 Amendment #1 to amend and reallocate Project Plan Costs **Item 9**

GENERAL INFORMATION:

APPLICANT	KTM Design Solutions, Inc. for Yasmeen Dream, LLC
PROPERTY OWNER	Multiple property owners
REQUEST	19TI002 – Amend and reallocate TID #78 Project Plan Costs
LEGAL DESCRIPTION	Tracts A, B, C, D, E and H, Tract 1, Lots 2 thru 8 of Block 1, Lots 10 thru 13 of Block 1, Lots 1 thru 4 of Block 2, Lot 6 of Block 2, Lots 9 thru 10 of Block 2, Lots 11A and 11B, 12A and 12B, 13A and 13B, 14A and 14B, 15A and 15B, 16A and 16B of Block 2, Lots 1 thru 2 of Block 3, Lot 1 of Block 4, Lot 1 of Block 5, Lots 1A and 1B of Block 6, all of Orchard Meadows; Lot 1 less Tract A and Tract B of Orchard Meadows of the Wally Byam Addition; Lot 1 less Lot H1 and less dedicated right-of-way of the Well Addition; Lot 2 of Tract A of the NE1/4 of the SW1/4; the N1/2 of the SW1/4 of the NE1/4 less the Stekl Subdivision, less Orchard Meadows, less right-of-way, less Lot H1 and Lot H2; the Balance of Tract A of the E1/2 of the SW1/4 and of the W1/2 of the SE1/4 less Lot H1; and the S1/2 of the SW1/4 of the NE1/4 less Lot 1 of the Wally Byam Addition, less the railroad right-of-way, less Orchard Meadows, less Lot H1 and H2, less right-of-way, the S1/2 of the SE1/4 of the NW1/4 less Lot H1; the unplatted Balance of NE1/4 of the SW1/4 Less Lot H1, the unplatted Balance of W1/2 of the SE1/4 less Lot H1; and Lot C of the NE1/4 of the NW1/4 and Lot X of Lot B of the NE1/4 of the NW1/4; and the dedicated public right of way and dedicated railroad right-of-way adjacent to said lots, all located in Section 9, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota
PARCEL ACREAGE	Approximately 253.04 acres
LOCATION	East and west of Elk Vale Road between E. Highway 44 and the current terminus of E Fairmont Street
EXISTING ZONING	Low Density Residential District, Low Density Residential 2 District, Medium Density Residential District, General Commercial District, General Commercial District w/ PD, General Agriculture District, Flood Hazard District and Public District
SURROUNDING ZONING	

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North: Light Industrial District and Suburban Residential District (PC)
South: General Agriculture District and Limited Agriculture District (PC)
East: Suburban Residential District (PC)
West: Floodway, Mobile Home Residential, Medium Density Residential, General Agriculture and Suburban Residential District (PC)

DATE OF APPLICATION July 8, 2019

REVIEWED BY Patsy Horton / Dan Kools

RECOMMENDATION: Staff recommends approving the request to amend the Project Plan by adding a 15" gravity sewer main lift station and reallocate costs to coincide with those costs submitted for the associated project plan line items. **(Red text items added after the Tax Increment Review Committee recommended approval of the proposed amendment.)**

GENERAL COMMENTS: The Project Plan for Tax Increment District #78 was approved on October 3, 2016, and was created to provide funding to realign a portion of the Unnamed Tributary Channel and construct Element #8 identified in the Unnamed Tributary Drainage Basin Design Plan, including city oversizing costs for the channel. The proposed amendment will reallocate unused capital and contingency funds and add a line item to construct a sewer lift station. The proposal also includes separating the existing Project Plan into two phases, one for the design and construction of the channel and the traffic signal components and one for the design and construction of the lift station.

On September 9, 2019, the Tax Increment Review Committee recommended approval to add a lift station to the project plan and reallocate expenses to partially fund the lift station. However, the applicant has since identified that construction bids received for the new lift station were extremely high. As such, the developer submitted a change to the current proposal to include a more efficient, cost-saving long-term solution: install a 15" dry gravity sewer main within Orchard Meadows Subdivision. From there, the developer can work with Rapid Valley Sanitary District to fund and construct another dry sewer main, approximately 1,320 +/- feet in length, extending east from the southeast corner of Orchard Meadows Subdivision to the eastern most portion of Jolly Lane right-of-way.

As soon as Rapid City's Capital Improvements Program projects are constructed, i.e., the Jolly Lane to Reservoir Road Trunk Sewer Extension Project (Phase 2) with anticipated construction in 2023-2024, and the Highway 44 Bypass Sewer Extension (Phase 3) with anticipated construction in 2024-2025, the two dry sewer lines referenced above can then be connected to the new trunk gravity sewer mains located in Jolly Lane, thus providing the needed sewer capacity for both Orchard Meadows Subdivision and Rapid Valley Sanitary District. There is no additional capacity available within the Rapid Valley Sanitary District lift station at Pioneer Drive nor within Rapid City's lift station at Jolly Lane.

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STAFF REVIEW: The developers have submitted the following reallocation proposal:

TID #78 Cost Reallocation Summary - Amended Project Plan			
	Project Plan Costs	Reallocation / Line Item Addition	Amended Project Plan Costs
Developer Phase I			
Capital Projects			
Channel Construction	\$929,182.70	(\$142,314.58)	\$786,868.12
Traffic Signal	\$300,000.00	(\$28,672.86)	\$271,327.14
Professional Service Costs			
Channel (Design & CA)	\$200,580.59	\$0.00	\$200,580.59
Traffic Signal Component	\$30,000.00	\$0.00	\$30,000.00
Contingency Costs			
Channel Component	\$64,534.35	(\$64,534.35)	\$0.00
Traffic Signal Component	\$30,000.00	(\$30,000.00)	\$0.00
Developer Phase I Total	\$1,554,297.64	(\$265,521.79)	\$1,288,775.85
Developer Phase II			
Capital Projects			
<u>15" Gravity Sewer Main Lift Station</u>	\$0.00	\$265,521.79	\$265,521.79
Developer Phase II Total	\$0.00	\$265,521.79	\$265,521.79
Total Developer Phase I and II			
Capital Projects			
Channel Construction	\$929,182.70	(\$142,314.58)	\$786,868.12
Traffic Signal	\$300,000.00	(\$28,672.86)	\$271,327.14
Lift Station	\$0.00	\$265,521.79	\$265,521.79
Professional Service Costs			
Channel (Design & CA)	\$200,580.59	\$0.00	\$200,580.59
Traffic Signal Component	\$30,000.00	\$0.00	\$30,000.00
Contingency Costs			
Channel Component	\$64,534.35	(\$64,534.35)	\$0.00
Traffic Signal Component	\$30,000.00	(\$30,000.00)	\$0.00
Financing Costs			
	\$682,714.41	\$0.00	\$682,714.41
TID #78 Developer Total	\$2,237,012.05	(\$0.00)	\$2,237,012.05
City Costs			
Capital Projects			
Channel Construction - Oversizing	\$361,504.30	\$0.00	\$361,504.30
Professional Service Costs			

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Channel (Design & CA)	\$28,920.34	\$0.00	\$28,920.34
Contingency Costs			
Channel Component	\$72,300.86	\$0.00	\$72,300.86
Financing Costs	\$130,906.35	\$0.00	\$130,906.35
TID #78 City Total	\$593,631.85	\$0.00	\$593,631.85
TOTAL TID 78 AMENDED COSTS			
Capital Costs (Developer and City)			
Channel Construction	\$1,290,687.00	(\$142,314.58)	\$1,148,372.42
Traffic signal at SD Highway 44 / Elderberry	\$300,000.00	(\$28,672.86)	\$271,327.14
<u>15" Gravity Sewer Main Lift Station</u>	\$0.00	\$265,521.79	\$265,521.79
Total Capital Costs	\$1,590,687.00	\$94,534.35	\$1,685,221.35
Professional Fees (Developer and City)			
Channel component (Design and Const Adm)	\$229,500.93	\$0.00	\$229,500.93
Traffic signal component	\$30,000.00	\$0.00	\$30,000.00
Total Professional Fees	\$259,500.93	\$0.00	\$259,500.93
Contingency Costs (Developer and City)			
Channel component	\$136,835.21	(\$64,534.35)	\$72,300.86
Traffic signal component	\$30,000.00	(\$30,000.00)	\$0.00
Total Contingency Costs	\$166,835.21	(\$94,534.35)	\$72,300.86
Total Financing Costs	\$813,620.76	\$0.00	\$813,620.76
TOTAL TID 78 AMENDED COSTS	\$2,830,643.90	(\$0.00)	\$2,830,643.90
Imputed Administrative Costs*			
City of Rapid City	\$20,000.00	\$5,000.00	\$25,000.00
*The imputed administrative costs are interest-free, are not included in the total project costs, and are to be paid from the balance remaining in the TID #78 fund available to the City Finance Officer on October 3, 2021.			

To date, TID #78 has accrued \$263,873.49 in incremental revenue, with up to \$126,193 in November 2019. On September 18, 2019, the City issued a check in the amount of \$462,726 to the developer for the channel construction oversizing. Once the developer is fully reimbursed, the City will be reimbursed for the oversizing costs and accrued interest.

South Dakota Codified Law 11-9-23 provides for plan amendments, including additional project costs, provided the proposal does not exceed five percent of the original project plan costs and the additional project costs are incurred before the five-year expiration date or October 3, 2021.

STAFF RECOMMENDATION: Staff recommends adding approximately 1320 +/- feet of dry gravity sewer main to the TID Project Plan, creating a two-phased Project Plan and reallocating costs as proposed.