

STAFF REPORT  
March 5, 2020

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**No. 20TI002 – Application for TID #68 Amendment #1 to reallocate project costs and add a Capital Cost Line Item** **Item 11**

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GENERAL INFORMATION:

APPLICANT	City of Rapid City
REQUEST	20TI002 – Amend TID #68 Project Plan Costs
LEGAL DESCRIPTION	SE1/4NE1/4, Government Lot 1 and Tract C of Big Sky Subdivision, and the dedicated right-of-way for Homestead Street lying adjacent to Tract C of Big Sky Subdivision, Section 3, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota
PARCEL ACREAGE	Approximately 105.60 acres
LOCATION	East terminus of Homestead Street
EXISTING ZONING	Low Density Residential District / Public District / Medium Density Residential District (Planned Residential Development) / Office Commercial District (Planned Commercial Development) / Neighborhood Commercial District (Planned Commercial District)
SURROUNDING ZONING	
North:	Public District and Limited Agriculture District (PC)
South:	Medium Density Residential District (Planned Residential Development)
East:	Suburban Residential District (PC)
West:	Suburban Residential District (PC)
DATE OF APPLICATION	January 8, 2020
REVIEWED BY	Patsy Horton / Dan Kools

**RECOMMENDATION: On February 4, 2020, the TIF Committee recommended approving the reallocation amendment as proposed and also recommended that Council authorize adding the Property Acquisition costs to the Project Plan as allowable costs.**

Staff recommends approving a portion of the reallocation amendment and denying that portion of the amendment associated with the property acquisition costs as those costs do not meet Item 3(3) of the Allowable Costs/Project Costs Not Allowed as follows:

Project Cost Not Allowed, unless specifically authorized by the Rapid City Council:

3. Real property assembly costs including land acquisition

If the TIF Committee determines that acquisition of the water main easement and temporary construction easement associated with the installation of a 16" water main providing service

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to the Airport as identified above complies with the intent of the Policy, staff recommends that the TIF Committee approve the reallocation amendment and request that Council authorize adding the Property Acquisition costs to the Project Plan as allowable costs.

GENERAL COMMENTS: The Project Plan for Tax Increment District #68 was approved on April 21, 2008, and was created to provide funding for drainage / storm sewer oversizing, to grade Detention Cell #101 within the County Heights Drainage Basing Design Plan, and to extend Homestead Street 75 feet for road connections within the Homestead Subdivision associated with property owned by the Rapid City Area School District. The City of Rapid City also participated in order to install a 16" water main in Homestead Street as part of the long-term project to provide water service to the Airport, along with engineering and necessary and convenient costs.

STAFF REVIEW: In 2019, the TID 68 fund had sufficient revenue to fully repay \$675,940.01 for the Developer's costs as identified in the Project Plan. Amendment #1 reallocates the City's certified expenditures to reflect actual costs, including the acquisition of a water main easement and temporary construction easement in the amount of \$39,470. The city proposes to utilize \$47,739.47 of the Necessary and Convenient Costs to fully reimburse the City for expenditures associated with the 16" water main extension.

Two projects were identified for completing the water main extension. The first project was identified in the City's Capital Improvements Program, Project #50898, and included \$130,000 for the Homestead – Meadow Ridge Transmission Main Extension project. The Agreement between the City of Rapid City and Sodak Development acquiring the water main easement and temporary construction easement is provided for reference.

The second project was part of Development Project DEV 08-901 and included \$103,000 for the City's portion of the road construction project. The City entered into an agreement with Ron Shape to install the 16" water main in conjunction with the development of Homestead Subdivision located just east and adjacent to the Rapid City Area School District property. The oversizing agreement is also provided for reference.

Both projects utilized Water Enterprise Funds 932 and 934. The TID 68 incremental funds reimburses these two enterprise fund expenditures.

South Dakota Codified Law 11-9-23 provides for plan amendments, including additional project costs, provided the proposal does not exceed thirty five percent of the original project plan costs and the additional project costs are incurred before the five-year expiration date or April 21, 2013.

As of December 31, 2019, TID #68 has accrued \$353,439.34 in incremental revenue.

Public Works staff submitted the following cost reallocation proposal:

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<b>TID #68 Cost Reallocation Summary - First Amended Project Plan</b>				
Description	Certified Expenditures	Project Plan 2008	Reallocation / Line Item Addition	Amended Project Plan Costs
<b>Developer</b>				
<b>Capital Costs</b>				
Oversizing Drainage/Storm Sewer	\$115,534.00	\$136,340.32		\$136,340.32
Oversizing Grading	\$245,794.40	\$442,759.25		\$442,759.25
75 foot ext of Homestead Str for Rapid City Area Schools	\$37,604.00	\$50,000.00		\$50,000.00
<b>Total Capital Costs</b>	<b>\$398,932.40</b>			<b>\$629,099.57</b>
<b>Professional Service Costs</b>	\$45,000.00	\$45,000.00		\$45,000.00
<b>Financing Costs</b>				
Interest	\$232,007.61	\$1,081,846.61		\$1,081,846.61
<b>Contingency Costs</b>		\$0.00		
<b>Relocation Costs</b>		\$0.00		
<b>Organizational Costs</b>		\$0.00		
<b>Necessary and Convenient Costs</b>		\$50,000.00		\$50,000.00
<b>Total Project Costs</b>	<b>\$675,940.01</b>	<b>\$1,805,946.18</b>	<b>\$0.00</b>	<b>\$1,805,946.18</b>
<b>City</b>				
<b>Capital Costs</b>				
16" Water Main		\$200,000.00		\$200,000.00
City Proj 12-2011, CIP 50898, Fund 932	\$86,605.10			
Dev Proj DEV 08-901, Fund 934	\$89,216.65			
<b>Easement Acquisition</b>				
<u>DEV 08-901, Fund 934</u>	<b>\$39,470.00</b>		<b>\$39,470.00</b>	<b>\$39,470.00</b>
<b>Professional Services</b>				
Dev Project DEV 08-901, Fund 934	\$13,560.00	\$10,000.00	\$3,560.00	\$13,560.00
<b>Interest</b>	\$196,549.33	\$191,839.86	\$4,709.47	\$196,549.33
<b>Necessary and Convenient Costs</b>	\$0.00	\$50,000.00	(\$47,739.47)	\$2,260.53
<b>Total Project Costs</b>	<b>\$425,401.08</b>	<b>\$451,839.86</b>	<b>\$0.00</b>	<b>\$451,839.86</b>
<b>Total Allowable Costs</b>	<b>\$1,101,341.09</b>	<b>\$2,257,786.04</b>	<b>\$0.00</b>	<b>\$2,257,786.04</b>
Imputed Administrative Fee		\$5,000.00	\$20,000.00	\$25,000.00