

DEPARTMENT OF COMMUNITY DEVELOPMENT

City of Rapid City
 300 Sixth Street, Rapid City, SD 57701-2724
 Phone: (605) 394-4120 Fax: (605) 394-6636 Web: www.rcgov.org

**APPLICATION FOR
 TAX INCREMENT
 FINANCING**


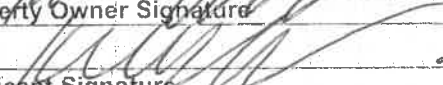
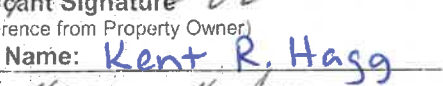

LEGAL DESCRIPTION

Legal Description *(Attached additional sheets as necessary)* Existing TIF # 70
 Location CATRON BLVD AND S. HWY 16
 Size of Site-Acres _____

APPLICANT

Name Alta Terra Development LLC Phone 605-348-1125
 Address 601 West Blvd. Fax 605-348-9744
 City, State, Zip Rapid City, SD 57701
 PROJECT PLANNER - AGENT

Name _____ Phone _____
 Address _____ Fax _____
 City, State, Zip _____

	<u>2-13-20</u>		_____
Property Owner Signature	Date	Property Owner Signature	Date
	<u>2-13-20</u>		_____
Applicant Signature (if difference from Property Owner)	Date	Applicant Signature (if difference from Property Owner)	Date
Print Name: <u>Kent R. Hagg</u>	_____	Print Name: _____	_____
Title* <u>Manager Member</u>	_____	Title* _____	_____

*required for Corporations, Partnerships, Etc.

An application for the use of Tax Increment Financing must include the following information or the project will not be processed. **Attachments may be provided in order to fully provide the following information.**

APPLICATION INFORMATION <i>(attach additional sheets as necessary)</i>	Submitted
1. A detailed project description.	<input checked="" type="checkbox"/>
2. Purpose of the Tax Increment Financing.	<input checked="" type="checkbox"/>
3. List of project costs to be funded by the Tax Increment Financing including identification of typical developer costs, exceptional costs and oversizing costs. The applicant shall provide written justification when the sum of the Necessary and Convenient Costs and Contingency Cost line items exceed 10% of the total Project Costs. The proposed project costs shall include an itemized list of all Estimated Costs, including the Professional Fees.	<input checked="" type="checkbox"/>
4. A preliminary development financing plan, including sources of funds, identification of lender, interest rates, financing costs and loan terms.	<input type="checkbox"/>
5. The applicant shall identify all persons and entities that have an interest in the project and/or in the entity applying for the tax increment financing district. The disclosures shall require identification of all members of an LLC or LLP, other partners, investors, shareholders and directors of a corporation or any other person who has a financial interest in the project or in the entity applying for the tax increment financing. This provision requires identification of all persons who have an interest in the project, including those whose interest exists through, an LLC, LLP, corporation (whether as a director or shareholder) or other legal entity. The applicant shall be under a continuing obligation to update this disclosure within thirty (30) days of any changes throughout the application process and throughout the	<input type="checkbox"/>

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life of the developer's agreement. If the applicant is a publicly traded company, the applicant shall be deemed to have complied with this provision if it has provided the City a copy of its most recent annual report with the application.	<input type="checkbox"/>
6. A pro forma indicating projected costs and revenues.	<input type="checkbox"/>
7. A statement and demonstration that the project would not proceed without the use of Tax Increment Financing.	<input type="checkbox"/>
8. A statement identifying the specific Statutory, Other Local and Discretionary evaluation criteria that the applicant believes the request meets. <i>(Please refer to the Tax Increment Financing Guide for specific evaluation criteria).</i>	<input type="checkbox"/>
9. Conceptual plans, sketches, maps or site plans for the project.	<input type="checkbox"/>
10. A development time schedule including specific phasing of improvements and project costs.	<input type="checkbox"/>
11. A list of the specific public improvements and a list of the specific private improvements proposed to be constructed along with the project.	<input type="checkbox"/>
12. Corporation, LLC, partnership papers or other business documents identifying the parties with ownership interest in the corporation and property involved in the project, including land ownership, contract for deed or other contractual information relating to control of the property and the applicant's ability to complete the project.	<input type="checkbox"/>
13. A financial statement of the corporation, partnership, or individual for the most recent five years or life of the company.	<input type="checkbox"/>
14. A copy of the proposed wage scale, employee benefits package, and full and part time employment levels or, in the case of an affordable housing project, a copy of the applicable federal housing grant program.	<input type="checkbox"/>
15. The applicant shall notify by certified, return receipt mail every owner of property contained within the proposed boundaries of a tax increment district and shall notify by first class mail every owner of property that is adjacent to the proposed boundaries of the tax increment district. The notification shall contain the proposed boundaries as well as a description of the proposed improvements. The Growth Management Department shall provide the applicant with a list of property owners to be notified. The return receipts shall be directed to the Growth Management Department. The applicant shall pay a fee of \$20.00 per list for the cost of compiling the two property owners lists.	<input checked="" type="checkbox"/>
16. A \$2,500 non-refundable application fee.	<input checked="" type="checkbox"/>
17. Other information that may be required by the Tax Increment Finance Project Review Committee.	<input type="checkbox"/>

TAX Increment District #70 – Project Plan Cost Reallocation

Applicant: Alta Terra Development, LLC

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 were identified to construct a sanitary sewer main, turn lanes, Moon Meadows Drive, water main at South US Hwy 16 crossing, a traffic signal, engineering and contingency costs. On July 11, 2016, the applicant amended the request to only reallocate Capital Costs, Professional Costs, Financing Costs, Contingency Costs, and Necessary and Convenient Costs in order to reconcile the approved project costs with the anticipated expenditures.

The Project Plan will be financed by the applicant, with reimbursement by the incremental tax revenues generated within the District.

Purpose of the Amendment: The project is in the process of certification from the City of Rapid City. Applicant is requesting reallocation of eligible costs relating to Capital Projects and Professional Costs required to reconcile the approved project costs and fund additional public infrastructure improvements.

The proposed change would reallocate the project costs, removing \$41,440.02 from Moon Meadows Turn Lane for the purposes of:

- Grading (silt fence, erosion control turf reinforcement) totaling \$3,976.37
- Mobilization (Sanitary Sewer Extension Phase 1) totaling \$9,270.32
- Sewer Manhole (48" and extra manhole depth) totaling \$25,949.93

Additionally, the proposed change would reallocate the project costs, removing \$6,147.36 from Moon Meadows Turn Lane for the purposes of inclusion of eligible expenditures that were invoiced after September 15, 2013 which under SDCL 11-9-13 exceeds the five year limit after the district was created and may be included if an amendment is adopted by the City of Rapid City pursuant to SDCL 11-9-23. These expenses include:

- Professional Services (Surveying and Engineering) totaling \$6,147.36

The reallocation would total \$47,587.38 as detailed in the attached Amended Project Plan Costs. See attached Boundary Map and Public Improvements Map as clarification and to provide the necessary supporting documentation. The anticipated residential and commercial development in the area will generate revenues to repay the costs of the identified improvements.

TID Boundaries: The TID boundary is located along Catron Boulevard from Fifth Street to U.S. Highway 16, to the properties at the intersection of Catron Boulevard and Highway 16, south along U.S. Highway 16 to Sammis Trail, and east to the proposed Hyland Crossing Subdivision.

Existing Base Valuation: \$22,894,400 as determined by the South Dakota Department of Revenue as of October 30, 2008.

CHECKLIST

TAX INCREMENT FINANCING IN RAPID CITY A Guide for Applicants

Purpose of TIF. The City of Rapid City recognizes the following purposes for the use of Tax Increment Financing:

- | | Applies |
|---|-------------------------------------|
| 1. To encourage the redevelopment of deteriorated, or otherwise blighted real property in Rapid City through the investment of public funds; | <input checked="" type="checkbox"/> |
| 2. To stimulate economic development in the community by assisting projects that promote the long term economic vitality of the community; | <input checked="" type="checkbox"/> |
| 3. To stimulate increased private investment in areas that would have otherwise remained undeveloped or under-developed and which will, in the long term, provide a significant source of additional tax revenues to all taxing entities; | <input checked="" type="checkbox"/> |
| 4. To stimulate the construction of safe and affordable housing units for low and moderate income residents and workers in the community; and, | <input type="checkbox"/> |
| 5. To facilitate the reconstruction, maintenance and completion of the City's existing infrastructure network to support the existing growth and guide of the future growth of the community. | <input type="checkbox"/> |

Uses of TIF. Tax Increment Financing may be used for the following purposes in Rapid City:

- | | Applies |
|--|-------------------------------------|
| 1. Oversizing costs for sewer, water and streets required by the City of Rapid City; | <input checked="" type="checkbox"/> |
| 2. Extension of off-site sewer, water, street and public improvements to the development site; | <input checked="" type="checkbox"/> |
| 3. Oversizing costs for storm drainage detention and transmission facilities to accommodate storm water runoff beyond that generated by the development; | <input checked="" type="checkbox"/> |
| 4. Reconstruction of existing streets, water, sewer, sidewalks or other public infrastructure; | <input checked="" type="checkbox"/> |
| 5. Regional lift stations, pump stations or other public facilities to be owned by the City of Rapid City; | <input type="checkbox"/> |
| 6. Public playgrounds, parks and recreational improvements to be owned by the City of Rapid City; | <input type="checkbox"/> |
| 7. Demolition costs for the removal of existing structures or infrastructure; | <input type="checkbox"/> |
| 8. Interest and financing fees; | <input checked="" type="checkbox"/> |
| 9. Imputed administrative fees due to the City; | <input type="checkbox"/> |
| 10. Removal and replacement of contaminated soils; | <input type="checkbox"/> |
| 11. Professional service fees limited to engineering, design, survey and construction management associated with the allowable project costs; and | <input type="checkbox"/> |
| 12. Costs, at the discretion of the governing body, which are found to be necessary or convenient to the creation of the Tax Incremental District or the implementation of the Project Plan. | <input type="checkbox"/> |

Criteria for Evaluation. Projects applying for assistance through TIF must qualify by meeting certain criteria. Some criteria are mandatory and must be met in order for the Committee to consider the project for assistance. Others are discretionary, and enable the Committee to determine the benefits of the project. The project application must demonstrate how the project meets the required criteria.

- | | Applies |
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| 1. The project must be located within a proposed district in which a minimum of twenty-five percent (25%) of the area of the District is determined to be "blighted" and the improvements are likely to enhance the value of substantially all of the other real property in the district. For the purposes of TIF, a "blighted area" is defined as: | <input type="checkbox"/> |
| A. An area in which the structures, buildings, or improvements are conducive to ill health, the transmission of disease, infant mortality, juvenile delinquency, or crime, and which is detrimental to the public health, safety, morals, or welfare; or, | <input type="checkbox"/> |
| B. An area that substantially impairs or arrests the sound growth of the municipality, retards the provision of adequate housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, or morals, or welfare as a result of substandard, unsafe or deteriorating development; or, | <input type="checkbox"/> |
| C. An open area which because of the need for infill development and cost effective use of existing utilities and services, obsolete platting, diversity of ownership, deterioration of structures or site improvements, or otherwise is determined to be blighted, substantially impairs or arrests the sound growth of the community. | <input type="checkbox"/> |
| 2. The project must comply with the adopted Comprehensive Plan and all other appropriate plans and regulations. | <input checked="" type="checkbox"/> |
| 3. The use of TIF for the project will not result in the net loss of pre-existing tax revenues to the City and other taxing jurisdictions. | <input checked="" type="checkbox"/> |

In addition, a project must meet two of the following six criteria:

- | | Applies |
|--|-------------------------------------|
| 1. The project must demonstrate that it is not economically feasible without the use of TIF. In addition, if the project has site alternatives, the proposal must demonstrate that it would not occur in Rapid City without TIF. | <input checked="" type="checkbox"/> |
| 2. The project will eliminate actual or potential hazard to the public. Hazards may include condemned or unsafe buildings, sites, or structures. | <input type="checkbox"/> |
| 3. The project will not provide direct or indirect assistance to retail or service businesses competing with existing businesses in the Rapid City trade area. | <input type="checkbox"/> |
| 4. The project will bring new or expanded employment opportunities as demonstrated by proposed wage scales, employee benefits and mixture of full and part-time employees. | <input checked="" type="checkbox"/> |
| 5. The project will result in additional redevelopment in the following Tax Increment Financing Target Areas: | <input type="checkbox"/> |
| A. Downtown District (see Appendix A for description) | <input type="checkbox"/> |
| 6. The project will result in the construction of affordable housing units defined as housing where the occupant is paying no more than thirty percent (30%) of gross income for housing costs including utilities | <input checked="" type="checkbox"/> |

and complies with the following requirements:

A. Affordable housing projects must target residents at or below eighty percent (80%) of median income with rents at thirty percent (30%) of the tenants income or the Fair Market Rent (FMR) for the Section 8 Program whichever is greater. A minimum of 51% of the dwelling units of the proposed development shall be occupied by households meeting this income guideline;

B. Affordable housing is required to remain affordable as defined above for ten (10) years. If affordability is less than ten (10) years, repayment of prorata share of increment benefit will be due and payable to the City.

Discretionary Criteria. In addition, the project should meet several of the following criteria. The project will be evaluated relative to the criteria outlined below. The extent to which a project meets these criteria will be used in evaluation of the project including the length of time a district may run.

- | | Applies |
|--|-------------------------------------|
| 1. The project will generate at least one full-time job for each \$10,000 in principal value of the TIF; or would create a minimum of 50 new jobs. | <input type="checkbox"/> |
| 2. All TIF proceeds are used for the construction of public improvements. | <input checked="" type="checkbox"/> |
| 3. The project involves the rehabilitation of a building listed on or eligible for listing on the National Register of Historic Places. | <input type="checkbox"/> |
| 4. The project will directly benefit low and moderate income people, as defined by the U.S. Department of Housing and Urban Development as applied to the Community Development Block Grant Program. A project will meet this criterion if at least 51% of the jobs created will be held by or available to low and moderate income people. | <input type="checkbox"/> |
| 5. The building or site that is to be redeveloped itself displays conditions of blight as established by the provisions of SDCL 11-9. | <input type="checkbox"/> |
| 6. The project involves the start-up of an entirely new business or business operation within the City of Rapid City. | <input type="checkbox"/> |
| 7. The project involves the expansion of an existing business located within Rapid City. | <input type="checkbox"/> |
| 8. The project site has displayed a recent pattern of declining real property assessments, as measured by the Pennington County Director of Equalization. | <input type="checkbox"/> |
| 9. The project costs are limited to those specific costs associated with a site that exceed the typical or average construction costs (i.e. excessive fill, relocation costs, additional foundation requirements associated with unusual soil conditions, extension of sewer or water mains, on-site or off-site vehicular circulation improvements, etc.) | <input type="checkbox"/> |
| 10. The developer agrees to waive the five-year tax abatement. | <input type="checkbox"/> |