

STAFF REPORT  
September 24, 2020

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**No. 20TI005 – Application to create Homestead Street Extension Tax Increment District and approve Project Plan**      **Item #8**

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GENERAL INFORMATION:

APPLICANT	City of Rapid City and Homestead Street Project, LLC
PROPERTY OWNER	Multiple property owners
REQUEST	20TI005 – Create Homestead Street Tax Increment District and approve Project Plan
LEGAL DESCRIPTION	Lots 2 thru 13 and Drainage Lot A of Block 9, Lots 2 thru 14 of Block 10, all of Avenue A Subdivision; Lots 1, 2, 3A, 3B, 3C, and 4 thru 6 of Block 1, Lots 1 thru 3 of Block 2, Lots 1 and 2R of Block 3, Lots 1B, 2 and 3 of Block 4, Lots 1 thru 4 of Block 5, all of Big Sky Business Park; Tract A less Tract BR of Neff Subdivision #4, less Avenue A Subdivision and less ROW, of F and N Subdivision; W1/2SW1/4NW1/4 less Big Sky Business Park, less Lot H2 and less ROW; S1/2 GL 3 less Big Sky Subdivision, less Big Sky Business Park and less ROW, S1/2 GL4 less Big Sky Business Park, less Lot H1, H2, and ROW; SE1/4NW1/4 less Big Sky Subdivision and less ROW; and dedicated right-of-way adjacent to said lots, all located in Section 3, T1N, R8E, BHM, Rapid City, Pennington County, South Dakota
PARCEL ACREAGE	Approximately 103.91 acres
LOCATION	East of Elk Vale Road north of Berniece Street and south of Avenue A
EXISTING ZONING	Medium Density Residential District / Office Commercial District / General Commercial District (Planned Development Designation), Medium Density Residential District (Planned Residential Development), Office Commercial District / General Commercial District (Planned Commercial Development), Medium Density Residential District, General Commercial District and Public District
SURROUNDING ZONING	
North:	Medium Density Residential District / Office Commercial District / General Commercial District (Planned Development Designation)
South:	Low Density Residential District and Suburban Residential District (PC)
East:	Low Density Residential District, Medium Density Residential District, Medium Density Residential District (Planned Development Designation and Planned Residential District) and Public

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West: General Commercial District, Light Industrial District, Office Commercial District (Planned Development Designation and Planned Commercial Development) and Limited Agriculture (PC)

DATE OF APPLICATION August 20, 2020

REVIEWED BY Patsy Horton / Todd Peckosh

**RECOMMENDATION:** The TIF Committee determined that the proposal met the intent of the TIF Policy and directed staff to develop the associated Project Plan (as identified in the TIF Policy) for presentation to the Planning Commission for review and approval.

**GENERAL COMMENTS:** The purpose of the proposed Tax Increment District (TID) is to fund the design and construction of approximately 900 feet of Homestead Street between Missoula Street and Timmons Boulevard in compliance with the City’s Infrastructure Design Criteria Manual as well as the Standard Specifications.

The City of Rapid City desires the Homestead Street connection between Timmons Boulevard and Missoula Street and joined as co-applicant with Homestead Street Project, LLC. (Developer) to accomplish this community benefit for the Rapid City Area School District (RCAS) and the residents to the east of Elk Vale Road. The Developer has agreed to donate all of the necessary 68 foot right-of-way and provide funding for this Homestead Street connection.

Homestead Street is currently identified as a collector-level roadway. The approximate 900-foot long segment between Missoula Street and Timmons Boulevard is not currently constructed, and the completion of this project eliminates this gap in the City’s road network.

The district boundary is located east of Elk Vale Road between Avenue A and Anamosa Street and incorporates approximately 103.91 acres. The estimated developer funded, TIF fund reimbursable project costs are \$1,714,680.78, excluding interest.

**STAFF REVIEW:** The proposed Homestead Street connection will remove the existing circuitous route from the terminus of Homestead north along Timmons Boulevard, east along DeGeest Street connecting to Homestead Street. This new connection will improve emergency response east of Elk Vale Road as well as provide a direct road connection from Elk Vale Road east to Valley View Elementary School and East Middle School and the area residents located east of Elk Vale Road.

The joint application proposal includes the following estimated costs:

DESCRIPTION OF ITEM	Total Estimated Project Costs	Non-TIF Funded	TIF Funded Project Costs	TIF Funded %
<b>Capital Costs</b>				
Street	\$929,702.82	\$20,402.45	\$909,300.37	97.81%

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Water	\$291,335.03	\$16,191.53	\$275,143.50	94.44%
Sanitary Sewer	\$106,099.47	\$16,191.53	\$89,907.95	84.74%
Storm Sewer	\$170,432.68	\$0.00	\$170,432.68	100.00%
<b>Public Improvements Total</b>	<b>\$1,497,570.00</b>	<b>\$52,785.50</b>	<b>\$1,444,784.50</b>	<b>96.48%</b>
<b>Other Development Costs</b>				
Professional Fees	\$130,000.00	\$4,582.17	\$125,417.83	96.48%
Contingency	\$149,757.00	\$5,278.55	\$144,478.45	96.48%
Financing Costs	\$1,093,380.16	\$25,959.03	\$1,067,421.13	97.63%
<b>Subtotal</b>	<b>\$1,373,137.16</b>	<b>\$35,819.74</b>	<b>\$1,337,317.42</b>	<b>97.39%</b>
Imputed Administrative Fee				
City of Rapid City	\$20,000.00		\$20,000.00	100.00%
<b>TOTAL</b>	<b>\$2,890,707.16</b>	<b>\$88,605.24</b>	<b>\$2,802,101.92</b>	<b>96.93%</b>

It is anticipated that the proposed TID will be fully repaid in June 2033. The developer / co-applicant anticipates a 7.0% interest rate associated with this proposal.

**RECOMMENDATION:** On August 25, 2020, the TIF Committee determined that the proposal met the intent of the TIF Policy and directed staff to develop the associated Project Plan (as identified in the TIF Policy) for presentation to the Planning Commission for review and approval.