TAX INCREMENT DISTRICT
PROJECT PLAN

TAX INCREMENT DISTRICT #
E ANAMOSA STREET WATER MAIN EXTENSION
CITY OF RAPID CITY

Prepared by the
Rapid City Department of Community Development
December 2020
INTRODUCTION

Tax Increment Financing is a method of financing improvements and development in an area which has been determined to be blighted or which has been determined to create economic development according to the criteria set forth in SDCL 11-9. All this is done without incurring a general obligation for the taxpayers of the entire City.

The assessed value of a district is determined by the South Dakota Department of Revenue at the time the district is created by the City Council. This valuation is termed the Tax Increment Base Valuation for the district, or simply the “base valuation.”

When the assessed valuation of the district increases in succeeding years, the total property taxes paid by the owners of property in the district will increase accordingly. That increase in taxable valuation is the “increment.” When the tax bills are paid, only that portion of the tax bill which results from the Base Valuation, is paid to the taxing entities (City, County, School, etc.), which levy property taxes. The tax increment is deposited into a special fund. It is this plan which determines how these accumulated increment funds will be used. It is anticipated that one or more of the properties in this proposed Tax Increment District will be used for commercial purposes. The creation of this Tax Increment District for economic development purposes will not require an additional levy to make up for the School District’s share of the property taxes included in the Tax Increment.

This financing method is invaluable for encouraging economic growth since the amount of funds available for use by the project plan is directly related to the increase in valuation which a given project or development will create.

OVERVIEW

The purpose of this tax increment district is to assist in the development of commercial, industrial and residential property located between E North Street and Elk Vale Road north of Omaha Street (SD Highway 44). The increment generated from this district will fund portions of the city’s critical water distribution improvements within the district, grade that portion of E Anamosa Street, a principal arterial on the City’s Major Street Plan, in order to accommodate the installation of two water mains, and relocate the power line and private utilities existing on those power lines, all within the E Anamosa Street corridor.

The 16” and 20” water main extensions to be installed and located in E Anamosa Street between E Philadelphia Street and just east of Elk Vale Road will provide the needed connections to the water reservoir and the future elevated water tower located east of Elk Vale Road for both the Low and High Pressure Water Zones, all located in this proposed district. In addition to these two water main connections, the existing Utility System Master Plan identifies the need for a booster station located near the existing reservoir and tower, both located just outside this tax increment district. As part of the booster station proposal identified at E Philadelphia and E Anamosa Streets, the developer will provide funding to
the city for a feasibility study in order to determine the appropriate location of this needed infrastructure. If the study determines the booster station will meet the needs of the city’s water distribution system master plan, the developer will also provide funding to the city for the design and construction of the booster station. The developer has agreed to donate all document preparation of easements and land for the water mains and the booster station, if applicable, until the entirety of the E Anamosa Street and Mickelson Drive rights-of-way are secured in compliance with the city’s subdivision platting process; this includes the document preparation to transfer easement/land ownership rights at no cost to the taxpayers. These two water main extensions connecting both the low level and high level pressure zones between E North Street and the reservoir and the future tower located east of Elk Vale Road are extremely vital to the city’s distribution system, and the city’s ability to provide adequate water services to the proposed development within this district. Without both of these connections, water service to some or all of the proposed development may be restricted. To ensure water services can meet the needs of the proposed development, both water mains must connect at the existing termini near E Philadelphia/E Anamosa and east of Elk Vale Road.

As of this writing, there is approximately 375 lineal feet of Mickelson Drive without a drivable street connection. Incremental funds generated from this new development are also identified in the amount of $55,463 to fund paving this portion of Mickelson Drive near Western Dakota Tech’s northwestern most property corner; the installation of approximately 2,100 lineal feet of a 12" water main from the existing 8" water main terminus north to the new water main in E Anamosa Street, relocating private utilities in conjunction with the Mickelson Drive corridor for construction purposes, and grading and power line and private utility relocation as necessary for the extension of North Valley Drive between E Philadelphia Street to just east of N Creek Drive. All grading for the three corridors extend no more than 300 feet in each direction of the road centerline, based on the city approved road construction plans. All other improvements, e.g., base course, road pavement, curb and gutter, street lighting, sanitary sewer and storm sewer associated with the road construction and any utility extension for development purposes may be constructed as part of the grading and water main extension projects; however, those costs are not part of the increment funded construction projects.

Incremental funds are also designated for the construction of four regional detention ponds within the district. These new ponds will detain storm water from the new development within the district and create needed drainage detention facilities to address downstream flows. The developer has also agreed to donate the land and all preparation of easements and/or drainage lots for conveyance to the city for these four regional detention ponds.

**Tax Increment Financing Committee**

The Tax Increment Financing Committee met on November 18, 2020 to discuss the E Anamosa Street Water Extension proposal. The recommendation to create a new tax increment district was based on the requirements of SDCL 11-9-8, wherein:
(1) “Not less than … fifty percent, by area, of the real property within the district will stimulate and develop the economic welfare and prosperity of the state through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources”; and

(2) The improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the district.

This new district will be financed by the Developer.

The Committee also confirmed that based on the information provided in the application, the proposed development meets the following local criteria:

(3) “The project must comply with the adopted Comprehensive Plan…”; and

(4) the improvements are likely to enhance the value of substantially all of the other real property in the district”

The City Finance Director will review and analyze the proposed financing terms and forward a recommendation for approval or disapproval to the City Council along with the Developer’s Agreement or proposal for refinancing. For purposes of developing the project plan, all interest expenses are to be calculated utilizing a fixed rate not to exceed 9 percent annual interest as directed by the adopted Tax Increment Financing Guidelines. However, the applicant has requested using a 7 percent annual interest rate to reduce the payoff timeline for the proposed TIF funded costs, estimated to be paid in full within 11 years and fully dependent on the projected revenue generating timeline provided by the applicant.

An Imputed Administrative Fee in the amount of $20,000 plus an additional $5,000 for phased certification shall be charged by the City of Rapid City to every tax increment district for which a Project Plan is approved. This fee is paid to the City as a project cost from the tax increment fund balance in year five of the District. However, the circumstances with the water distribution system within this district are unique. As such, both water mains constructed using the proposed incremental funding must be connected and operational at both termini before incremental funds can be distributed.

All public infrastructure projects identified for incremental reimbursement within this Project Plan shall be constructed and completed within five years of the creation of the district, including the City’s acceptance of those public improvement(s). If the tax increment revenues exceed the anticipated loan payments, the District debt would be retired early, resulting in the full value of the property returned more quickly back to the tax rolls.
Project Plan Summary

This plan establishes the total project costs, as well as the Tax Increment District funded costs. As required by SDCL 11-9-13, the Project Plan will address the following elements:

1) Public Works and Other Improvements;
2) Economic Feasibility Study;
3) Project Costs;
4) Fiscal Impact Statement; and,
5) Financing Method Description.

Additionally, the following exhibits are offered:
I. General Vicinity Map;
II. Aerial Photo with Tax Increment District Boundary Map;
III. Map of Existing Zoning;
IV. Map of Existing Land Use; and,
V. Map of Public and Other Improvements.

The Statement of Method for Relocating Displaced Persons, as well as the Statement of Changes Needed in the Master Plan, Building Codes and Ordinances do not apply to this Project Plan and have not been included in this document as there are no persons that will be displaced with approval of this Plan nor are there any changes needed in the City's Master Plan, existing Building Codes or Ordinances in order to implement this Plan.

ELEMENTS OF THE PROJECT PLAN

1. PUBLIC WORKS AND OTHER IMPROVEMENTS

The Project Plan includes $13,191,040 in capital costs associated with funding the costs for grading the location of E Anamosa Street in order to install a 16” and 20” water main, a 12” water main in Mickelson Drive, grading the location of N Valley Drive and grading to create four regional detention ponds. In addition, the Plan includes $2,638,208 in design/construction administration and contingency costs, and $10,125,912 for interest expenses.

2. ECONOMIC FEASIBILITY STUDY

Current Valuation

The E Anamosa Street Water Extension Tax Increment District has been created in accordance with SDCL 11-9-2 to 11-9-11. A vicinity map as well as a boundary map is attached. The 2020 assessed valuation for the proposed district is projected at $31,700,600. In accordance with SDCL 11-9-20, the Finance Director will request that the South Dakota Department of Revenue certify the base valuation following creation and approval of the district by the City Council.
ANTICIPATED CERTIFIED BASE VALUATION OF PROPERTY - $31,700,600

Expected Increase in Valuation

ESTIMATED FUTURE VALUATION OF PROPOSED DISTRICT

| Estimated 2020 Assessed Value of District | $31,700,600 |
| Estimated 2030 Assessed Value of project (year 10) | $306,250,000 |
| Other Anticipated Increases in Assessed Value | $0 |
| Estimated Increase in Assessed Value of Land* | $0 |
| Estimated 2030 Total Valuation (year 10) | $331,950,600 |

*For purposes of this Tax Increment District, the increase in land value is not included in these estimates. Land valuation increases will pay off the loan earlier than anticipated. Any property sold to a non-profit facility will impact future land values as well as taxing revenue projections.

Revenue Estimates from Tax Increments

The Plan anticipates 23 semi-annual payments over 11.5 years beginning in 2023. The potential negative short-term impact on the various taxing entities will be offset by the increase in the tax base in future years.

2019 Non Agriculture Tax Levies and Percentage of Total Levy for 4D RC

City of Rapid City within the Rapid City Area School District

<table>
<thead>
<tr>
<th>Taxing Entity</th>
<th>Tax Levy</th>
<th>% of Total Levy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rapid City Area School District</td>
<td>11.546</td>
<td>59.13%</td>
</tr>
<tr>
<td>Pennington County</td>
<td>4.777</td>
<td>24.46%</td>
</tr>
<tr>
<td>City of Rapid City</td>
<td>3.181</td>
<td>16.29%</td>
</tr>
<tr>
<td>West Dakota Water District</td>
<td>0.024</td>
<td>0.12%</td>
</tr>
<tr>
<td>Total Mill Levy</td>
<td>19.528</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Anticipated 2019 Non Agriculture 4D RC Tax Rate: 0.019528

2019 Non Agriculture Tax Levies and Percentage of Total Levy for 4D RC VS

City of Rapid City within the Rapid City Area School District, including portions of the Rapid Valley Sanitary District

<table>
<thead>
<tr>
<th>Taxing Entity</th>
<th>Tax Levy</th>
<th>% of Total Levy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rapid City Area School District</td>
<td>11.546</td>
<td>57.77%</td>
</tr>
<tr>
<td>Pennington County</td>
<td>4.777</td>
<td>23.90%</td>
</tr>
<tr>
<td>City of Rapid City</td>
<td>3.181</td>
<td>15.92%</td>
</tr>
<tr>
<td>Rapid Valley Sanitary District</td>
<td>0.457</td>
<td>2.29%</td>
</tr>
<tr>
<td>West Dakota Water District</td>
<td>0.024</td>
<td>0.12%</td>
</tr>
<tr>
<td>Total Mill Levy</td>
<td>19.985</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
Anticipated 2019 Non Agriculture 4D RC VS Tax Rate: 0.019985

The estimated tax increment available to pay for Project Plan costs can be calculated by multiplying the anticipated tax rate by the increment in valuation, based on the location of the increment generator. This calculation results in the following tax increments, through one year beyond the anticipated payoff date, which become available as taxes are paid for the applicable periods.

### PROJECTED TAX INCREMENT INCOME

<table>
<thead>
<tr>
<th>TIF YR</th>
<th>Assessment Year</th>
<th>Year Taxes Paid</th>
<th>Estimated Cumulative Increase in Taxable Value</th>
<th>TOTAL Cumulative Yearly Tax Increment Payments</th>
<th>TOTAL 6 Month Total</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Nov 2021</td>
<td>2023</td>
<td>$42,000,000</td>
<td>$690,657</td>
<td>$345,329</td>
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<tr>
<td>2</td>
<td>Nov 2022</td>
<td>2024</td>
<td>$67,000,000</td>
<td>$1,103,474</td>
<td>$551,737</td>
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<td>3</td>
<td>Nov 2023</td>
<td>2025</td>
<td>$121,250,000</td>
<td>$2,105,060</td>
<td>$1,052,530</td>
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<tr>
<td>4</td>
<td>Nov 2024</td>
<td>2026</td>
<td>$149,250,000</td>
<td>$2,570,603</td>
<td>$1,285,301</td>
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<tr>
<td>5</td>
<td>Nov 2025</td>
<td>2027</td>
<td>$177,250,000</td>
<td>$3,059,579</td>
<td>$1,529,789</td>
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<tr>
<td>6</td>
<td>Nov 2026</td>
<td>2028</td>
<td>$200,750,000</td>
<td>$3,448,962</td>
<td>$1,724,481</td>
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<tr>
<td>7</td>
<td>Nov 2027</td>
<td>2029</td>
<td>$224,250,000</td>
<td>$3,762,186</td>
<td>$1,881,093</td>
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<tr>
<td>8</td>
<td>Nov 2028</td>
<td>2030</td>
<td>$252,250,000</td>
<td>$4,251,162</td>
<td>$2,125,581</td>
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<tr>
<td>9</td>
<td>Nov 2029</td>
<td>2031</td>
<td>$280,250,000</td>
<td>$4,740,138</td>
<td>$2,370,069</td>
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<tr>
<td>10</td>
<td>Nov 2030</td>
<td>2032</td>
<td>$306,250,000</td>
<td>$5,190,058</td>
<td>$2,595,029</td>
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<tr>
<td>11</td>
<td>Nov 2031</td>
<td>2033</td>
<td>$322,250,000</td>
<td>$5,444,698</td>
<td>$2,722,349</td>
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<tr>
<td>12</td>
<td>Nov 2032</td>
<td>2034</td>
<td>$335,850,000</td>
<td>$5,661,142</td>
<td>$2,830,571</td>
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<tr>
<td>13</td>
<td>Nov 2033</td>
<td>2035</td>
<td>$345,050,000</td>
<td>$5,840,799</td>
<td>$2,920,400</td>
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<tr>
<td>14</td>
<td>Nov 2034</td>
<td>2036</td>
<td>$345,050,000</td>
<td>$5,840,799</td>
<td>$2,920,400</td>
</tr>
<tr>
<td>15</td>
<td>Nov 2035</td>
<td>2037</td>
<td>$345,050,000</td>
<td>$5,840,799</td>
<td>$2,920,400</td>
</tr>
</tbody>
</table>

TOTAL TAX INCREMENT EXPECTED TO ACCRUE BY 12/31/32: **$30,921,878**

NOTE: Tax increment payments are calculated using 100% of estimated future property valuation and 100% of expected 2019 mill levy for both the City of Rapid City levy (4D RC) and the City of Rapid City levy with land area also located within the Rapid Valley Sanitary District (4D RC VS). The Estimated Cumulative Increase in Taxable Value is an estimate based on the incremental revenue generated from the proposed valuation increase.
3. **PROJECT COSTS**

**E Anamosa Street Sixteen (16) inch and Twenty (20) inch Water Main Extensions**
This project plan includes funding in the amount of $7,391,909 to grade E Anamosa Street approximately 300 feet each side of the approved road centerline; the installation of a 16” water main from the existing terminus near the southeast corner of E Anamosa and E Philadelphia extending east approximately 6,100 linear feet connecting to the existing 16” water main in Concourse Drive; the installation of a 20” water main extending approximately 7,400 lineal feet in the E Anamosa Street corridor between E Philadelphia connecting to the north/south 16” main in Elk Vale; the relocation of the overhead power line and the private utilities existing on the line to accommodate these two water main installations; ten percent for design/construction administration in the amount of $739,191; and ten percent for contingencies in the amount of $739,191, for a total cost of $8,870,291. This project cost, however, does not include reimbursement of any road surfacing for E Anamosa Street.

**Regional Booster Station**
The two mains identified above will provide the needed connections to the water reservoir and the future elevated water tower located east of Elk Vale Road for both the Low and High Pressure Water Zones located in this district. For both of these mains to function efficiently, a regional booster station is also necessary. Funding in the amount of $2,796,000 is included for the construction of a regional booster station; a feasibility study in the amount of $75,000 in order to determine the appropriate location of the regional booster station; ten percent for design/construction administration in the amount of $279,600; and ten percent for contingencies in the amount of $279,600, for a total cost of $3,355,200. The developer has agreed to provide the city funding for this project cost. The city will administer all aspects of the study; if the feasibility study determines that the best location of the proposed regional booster station is inside the district, the developer will also provide the city funding for design and construction/construction administration per the Infrastructure Design Criteria Manual, and shall be eligible for incremental funding reimbursement of the costs associated with the regional booster station. Incremental tax funding identified for this project cost is not eligible for reallocation to other project costs.

Support of this project is driven by the regional water and drainage improvements proposed. Not only is the proposed booster station important to the critical water distribution system referenced in the Project Plan, but the 16” water main connecting to Concourse and the 20” main connecting to Elk Vale are vital pieces to the City’s water distribution system in order to ensure the high level water zone is feasible and functions as part of the whole system. Without the booster station and these connections to the Elk Vale reservoir, this option severely limits the water capacity not only for the domestic fire flows but also for development purposes within this boundary.

Chapter 16 of the Rapid City Municipal Code identifies typical subdivision costs borne by the developer that include road construction (including water, sewer, storm sewer, paving, curb/gutter, etc.), to a collector standard, for any collector and/or arterial street located adjacent to any proposed platting action, i.e., N Valley Drive and E Anamosa Street. Staff
supported the inclusion of non-regional improvements within this tax increment financing proposal, e.g., 600 feet of grading both N Valley Drive and E Anamosa Street, in order to secure the installation of both water mains for the entire length necessary to connect both mains at E Philadelphia and Concourse/Elk Vale and the potential regional booster station within this boundary.

Once the 16” and 20” water mains as well as the booster station are connected at E Philadelphia and Concourse Dr and/or Elk Vale Road, these three regional public improvements completes three of the four critical regional water distribution system components for Rapid City. However, if these two water mains are not connected at E Philadelphia Street and Concourse Drive/Elk Vale Road, the booster station is not a regional facility and becomes ineligible for TID incremental reimbursement.

**Mickelson Drive**
Incremental funding is also identified to fund paving approximately 375 lineal feet of Mickelson Drive, located near Western Dakota Tech’s northwestern most property corner. This project cost also provides funding to extend a 12” water main approximately 2,100 lineal feet from the northern terminus at Western Dakota Tech north to the new water main in E Anamosa Street and relocate private utilities in conjunction with that 375 foot portion of the newly paved Mickelson Drive corridor. The construction, design/construction administration (10%) and contingency (10%) for the Mickelson Drive project totals $975,682.

**North Valley Drive Grading**
The project plan also includes $1,047,900 for grading costs up to 300 feet from the centerline of N Valley Drive and power line and private utility relocation as necessary for the extension of North Valley Drive between E Philadelphia Street to just east of N Creek Drive. This project plan line item also includes the associated ten percent or $104,790 for design/construction administration and ten percent or $104,790 for contingency. All other improvements, e.g., base course, road pavement, curb and gutter, street lighting, sanitary sewer or drainage appurtenances associated with the road construction and any utility extension for development purposes may be constructed as part of the grading and power line / private utility relocation; however, costs identified in the estimate unless connecting to a specific project plan line item approved herein are not part of the increment funded construction projects.

**Regional Detention Ponds**
Incremental funds are also designated for the construction of four regional detention ponds within the district at a cost of $1,142,164 plus $114,217 each for design/construction administration and contingency for a total cost of $1,370,598. These new ponds will detain upstream and downstream storm water flows as well and storm water generated from the new development within the district by creating needed regional drainage detention facilities. The developer has also agreed to donate the design of all easements and/or drainage lots for conveyance to the city for these four regional detention ponds. The project costs include the storm water detention and appurtenances flowing to and from the four ponds identified on the public improvements map.
The developer may realize cost efficiencies for extending private utilities and services, separate from those TIF funded items listed above, to adjacent future lots by constructing and installing any necessary private utilities and associated appurtenances concurrently with the above-referenced construction projects. However, those services are not a part of the incremental tax funding.

**Professional Service Costs** – Professional service costs for design and construction administration fees in the amount of $1,319,104, including funding for the Regional Booster Station Feasibility Study, are anticipated in the Project Plan.

**Relocation Costs** – No relocation costs are anticipated in the Project Plan.

**Organizational Costs** – No organizational costs are anticipated in the Project Plan.

**Contingency Costs** – Contingency costs in the amount of $1,319,104 are anticipated in the Project Plan.

**Necessary and Convenient Payments** – No necessary and convenient costs are anticipated in the Project Plan.

**Financing Costs** – The financing costs for this Project Plan are dependent on the interest rate obtained and the project construction timeline as well as the anticipated development generating the tax increment. The interest rate used for this project plan is 7.0%. It is estimated that the financing costs will total $10,125,911.70. If a lower interest rate is obtained, the project costs will be repaid more quickly and the property will be returned to the tax rolls sooner. Incremental tax funding for this project cost is not eligible for reallocation to other project costs.

**Imputed Administrative Costs** – An Imputed Administrative Fee in the amount of $20,000 plus an additional $5,000 for phased certification shall be charged by the City of Rapid City to every tax increment district for which a Project Plan is approved. This interest free fee is paid to the City as a project cost from the tax increment fund balance in year five of the District. The City shall be reimbursed on January 4, 2026, for its administrative costs in the amount of $25,000. However, the water distribution system circumstances within this District are unique.

<table>
<thead>
<tr>
<th>DESCRIPTION OF ITEM</th>
<th>Total Estimated Project Costs</th>
<th>Non-TIF Funded</th>
<th>TIF Funded Project Costs</th>
<th>TIF Funded %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Phase I</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E Anamosa Str (offsite, grading &amp; water mains)</td>
<td>$5,908,008.90</td>
<td>$1,625,000.00</td>
<td>$4,283,008.90</td>
<td>72.49%</td>
</tr>
<tr>
<td>N Valley Dr Grading</td>
<td>$1,597,900.00</td>
<td>$550,000.00</td>
<td>$1,047,900.00</td>
<td>65.58%</td>
</tr>
<tr>
<td>Mickelson Dr (offsite, grading &amp; 12” water main)</td>
<td>$1,213,068.00</td>
<td>$400,000.00</td>
<td>$813,068.00</td>
<td>67.03%</td>
</tr>
</tbody>
</table>
### Regional Drainage Improvements
- Cost: $809,726.65
- Other Development Costs: $0.00
- Total: $809,726.65
- Percentage: 100.00%

### Regional Booster Station
- Cost: $2,796,000.00
- Other Development Costs: $0.00
- Total: $2,796,000.00
- Percentage: 100.00%

### Offsite Sanitary Sewer
- Cost: $515,000.00
- Other Development Costs: $515,000.00
- Total: $515,000.00
- Percentage: 0.00%

### Offsite Water Main
- Cost: $170,000.00
- Other Development Costs: $170,000.00
- Total: $170,000.00
- Percentage: 0.00%

### Philadelphia Str from Creek Dr to E Anamosa
- Cost: $375,000.00
- Other Development Costs: $375,000.00
- Total: $375,000.00
- Percentage: 0.00%

### Local Streets and Utilities
- Cost: $29,600,000.00
- Other Development Costs: $29,600,000.00
- Total: $29,600,000.00
- Percentage: 0.00%

#### Capital Costs - Phase I
- Total: $42,984,703.55
- Percentage: 22.68%

#### Other Development Costs
- Prof / Const Admin Fees: $4,298,470.36
- Contingency: $4,298,470.36
- Total: $8,596,940.72
- Percentage: 22.68%

#### TOTAL COSTS - PHASE I
- Total: $51,581,644.26
- Percentage: 22.68%

### Phase II

#### Capital Costs
- E Anamosa Str Grading & Water Mains
  - Cost: $4,733,899.50
  - Other Development Costs: $1,625,000.00
  - Total: $3,108,899.50
  - Percentage: 65.67%

- Regional Drainage Improvements
  - Cost: $332,437.10
  - Other Development Costs: $0.00
  - Total: $332,437.10
  - Percentage: 100.00%

- Total: $5,066,336.60
- Percentage: 67.93%

#### Other Development Costs
- Prof / Const Admin Fees: $506,633.66
- Contingency: $506,633.66
- Total: $1,013,267.32
- Percentage: 67.93%

#### TOTAL COSTS - PHASE II
- Total: $6,079,603.92
- Percentage: 67.93%

### Phase I and II

#### Capital Costs
- E Anamosa Str (offsite, grading & water mains)
  - Total: $10,641,908.40
- N Valley Dr Grading
  - Total: $1,597,900.00
- Mickelson Dr (offsite, grading & 12" water main)
  - Total: $1,213,068.00
- Regional Drainage Improvements
  - Total: $1,142,163.75
- Regional Booster Station*
  - Total: $2,796,000.00
- Offsite Sanitary Sewer
  - Total: $515,000.00
- Offsite Water Main
  - Total: $170,000.00
- Philadelphia Str from Creek Dr to E Anamosa
  - Total: $375,000.00
- Local Streets and Utilities
  - Total: $29,600,000.00

- Total Capital Costs: $48,051,040.15
- Percentage: 27.45%

#### Other Development Costs
- Prof / Const Admin Fees: $4,805,104.02
- Contingency: $4,805,104.02
- Total: $9,610,208.04
- Percentage: 27.45%
Costs of Public Works or Improvements. In accordance with SDCL § 11-9-13, the following table represents the kind, number, location and dollar amount of estimated Project Costs, costs of public works and improvements.

### DETAIL OF PROJECT COSTS

<table>
<thead>
<tr>
<th>Kind of Project</th>
<th>Number of Projects</th>
<th>Location(1)</th>
<th>Amount</th>
<th>Reference(2)</th>
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<tr>
<td>Capital Costs</td>
<td>1</td>
<td>District</td>
<td>$13,191,040.15</td>
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<tr>
<td>Financing Costs</td>
<td>1</td>
<td>District</td>
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<td>11-9-15(2)</td>
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<tr>
<td>Real Property Assembly</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Professional Fees</td>
<td>1</td>
<td>District</td>
<td>$1,319,104.02</td>
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<tr>
<td>Administrative Costs</td>
<td>1</td>
<td>District</td>
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<td>11-9-15(4)</td>
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<tr>
<td>Relocation Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discretionary Costs and Grants</td>
<td></td>
<td></td>
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</tr>
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</table>

Eligible Project Costs: $25,980,159.88

(1) District shall mean the Tax Increment District

(2) SDCL §11-9-14. Project costs defined. “Project costs” are any expenditures made or estimated to be made, or monetary obligations incurred or estimated to be incurred, by a municipality which are listed in a project plan as grants, costs of public works, or improvements within a tax incremental district, plus any costs incidental thereto, diminished by any income, special assessments, or other revenues, other than tax increments, received, or reasonably expected to be received, by the municipality in connection with the implementation of the plan.

SDCL 11-9-15. Specific items included in project costs. Project costs include:

1. Capital costs, including the actual costs of the construction of public works or improvements, buildings, structures, and permanent fixtures; the demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and permanent fixtures; the acquisition of equipment; the clearing and grading of land; and the amount of interest payable on tax incremental bonds or notes issued pursuant to this chapter until such time as positive tax increments to be received from the district, as estimated by the Project Plan, are sufficient to pay the principal of and interest on the tax incremental bonds or notes when due;

2. Financing costs, including all interest paid to holders of evidences of indebtedness issued to pay for Project Costs, any premium paid over the principal amount thereof because of the redemption of such obligations prior to maturity and a reserve for the payment of principal of and interest on such obligations in an amount determined by the governing body to be reasonably required for the marketability of such obligations;

3. Real property assembly costs, including the actual cost of the acquisition by a municipality of real or personal property within a tax incremental district less any proceeds to be received by the municipality from the sale, lease, or other disposition of such property pursuant to a Project Plan;

4. Professional service costs, including those costs incurred for architectural, planning, engineering, and legal advice and services;

5. Imputed administrative costs, including reasonable charges for the time spent by municipal employees in connection with the implementation of a Project Plan;

6. Relocation costs;

7. Organizational costs, including the costs of conducting environmental impact and other studies and the costs of informing the public of the creation of tax incremental districts and the implementation of project plans; and

8. Payments and grants made, at the discretion of the governing body, which are found to be necessary or convenient to the creation of tax incremental districts or the implementation of project plans.
4. FISCAL IMPACT STATEMENT

The impact on taxing entities can be derived from determining the tax increment anticipated during the life of the district. The true impact on taxing entities of the Plan is the increase in valuation of the property within the Tax Increment District. The taxing entities are only foregoing that income during the life of the district and will realize that income as soon as the debt from the project costs in the Plan is retired. The purpose of this Plan is to encourage that increase in valuation.

At first glance it may appear that the negative impact on the various entities is notable. But when it is considered that without the use of the Tax Increment Finance proposed in this plan it is very likely that there would be no increase in the taxable value of the property within this district or, at least, any increase would be significantly delayed, the impact can be considered truly positive.

NET IMPACT ON TAXING ENTITIES

<table>
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<tr>
<th>Year Paid</th>
<th>Valuation Increase</th>
<th>School</th>
<th>County</th>
<th>City</th>
<th>Water</th>
<th>RVSD</th>
<th>Yearly Total</th>
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<td>$690,657</td>
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<td>$3,459</td>
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</tr>
<tr>
<td>2036</td>
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<td>$0</td>
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<tr>
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<tr>
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<td>$1,427,948</td>
<td>$950,870</td>
<td>$7,174</td>
<td>$3,459</td>
<td>$5,840,799</td>
</tr>
<tr>
<td>2039</td>
<td>$345,050,000</td>
<td>$0</td>
<td>$1,427,948</td>
<td>$950,870</td>
<td>$7,174</td>
<td>$3,459</td>
<td>$5,840,799</td>
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<tr>
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<td>$7,174</td>
<td>$3,459</td>
<td>$5,840,799</td>
</tr>
</tbody>
</table>
5. FINANCING METHOD

The financing method to be used in the funding of this Plan is to be obtained by the Homestead Street Project, LLC, the developer and co-applicant. The developer will be responsible for any interest payments due that are not available from the Homestead Street Extension Tax Increment District. If the tax increment revenues exceed the anticipated loan payments, the debt will be retired early.

The debt on the Tax Increment District Project Costs covered in the Plan will be retired by deposits made into the Tax Increment District fund as property taxes are paid in succeeding years. The City of Rapid City Finance Director will make the disbursements from that fund in accordance with this Plan. According to SDCL 11-9-25, positive tax increments will be allocated to that fund until the debt from the project costs is retired or fifteen years following the last expenditure from the Project Plan whichever comes first. The final payment from this Plan is anticipated to be made on June 1, 2033.

The projected amortization rate schedule is listed below showing the amount to be financed by the Developer/co-applicant using a 7.0% interest rate as requested by the co-applicant.

PROJECTED AMORTIZATION TABLE

<table>
<thead>
<tr>
<th>Pmt Date</th>
<th>Days Outstanding</th>
<th>Beginning Balance</th>
<th>Payment Amount</th>
<th>Interest Amount</th>
<th>Principal Amount</th>
<th>Ending Balance</th>
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<td>-</td>
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</table>

As of January 4, 2021 - Phase I

Annual Interest Rate 7.00%
Expires 1/4/2041 (1)
## E Anamosa Street Water Main Extension TID - Project Plan

<table>
<thead>
<tr>
<th>Date</th>
<th>Pmt</th>
<th>Beginning Balance</th>
<th>Payment Amount</th>
<th>Interest Amount</th>
<th>Principal Amount</th>
<th>Ending Balance</th>
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Max Interest: $6,535,354.60

### 20TI006 - E Anamosa Street Water Extension Proposed TID - Public Infrastructure Financing Costs

As of January 4, 2021 - Phase II

Annual Interest Rate: 7.00%  
Expires: 1/4/2041

Date based on Council approving resolution to create district at the January 4, 2021 meeting.

<table>
<thead>
<tr>
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<th>Days Outstanding</th>
<th>Payment Balance</th>
<th>Payment Amount</th>
<th>Interest Amount</th>
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<td>3,590,557.11</td>
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Max Interest: $3,590,557.11
E Anamosa Str Water Extension Tax Increment District - Public Improvements Map

**PHASE 1**
- North Valley Drive Grading
- Power and Private Utility Relocation
- 12" Watermain (LP) & Grading

**PHASE 2**
- East Anamosa St.
- Power and Private Utility Relocation 16" Watermain (HP), 20" Watermain (LP) & Grading

**PHASE 1 - MICKELSON ST.**
- Dream Design Construction, 12" Watermain (LP)

**PHASE 1 - REGIONAL DETENTION ELEMENT POND #120**

**PHASE 1 - REGIONAL DETENTION ELEMENT POND #320**

**PHASE 2 - REGIONAL DETENTION ELEMENT POND #300**

**PHASE 2 - EAST ANAMOSA ST.**
- 16" Watermain (HP), 20" Watermain (LP) & Grading

**PRELIMINARY FOR REVIEW ONLY**