



Mike Dugan, Tax Increment Finance Planner
Finance Department

Phone: 605-394-4120
Email: Mike.Dugan@rcgov.org

MEMORANDUM

TO: Members of the Tax Increment Finance Committee

FROM: Mike Dugan

DATE: July 17, 2024

RE: Amendment #1 to the Project Plan for Tax Increment District #88 – Country Road West Extension

The purpose of this Tax Increment District was to construct a collector street at the current terminus of Country Road. The proposed tax increment district is 23 acres in size. The Project Plan includes one phase with total expenses of \$1,332,000.29. Capital Costs represent up to \$743,846.50 in project costs to construct approximately 900 lineal feet of a collector street and associated costs including public utilities, private utility extension fees, paving, subgrade preparation, minor grading and street lighting. This Tax Increment District is to support development of residential lots comprised of (7) 2-unit lots, (33) single family lots, and (72) multi-family units. The project is proposed to occur in one phase. This Tax Increment District is classified as Local.

Amendment #1 to the Project Plan will increase project costs by 33% from \$1,332,000.29 to \$1,773,086.1. 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 time limit. When the project was bid in 2024, the project costs were higher than the original 2023 engineer's estimate.

The applicant intends to use most of the 35% allowable increase per SDCL 11-9-23 for increasing contingency costs and interest expense. Having a project bid at this stage of the TIF process is unique. In this case with fixed cost estimates, contingency costs should be minimal. Per the Project Agent "the interest rate increased to get the TID amendment closer to the maximum of a 35% increase, which is allowable before redoing the TID's base valuation." This application includes an Interest expense increase of \$292,634.40. Only interest actually accrued will be paid by the TID and interest expense cannot be reallocated.



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Project Cost Description	TID Project Costs	TID Project Costs		
Item	Original	Amendment #1		Increase
Construction Costs	\$743,846.50	\$878,802.36		\$134,955.86
Contingency	\$74,384.65	\$87,880.23		\$13,495.58
Necessary & Convenient Costs	\$20,000.00	\$20,000.00		\$0.00
Subtotal	\$838,231.15	\$986,682.59		\$148,451.44
Financing	\$493,769.14	\$786,403.54		\$292,634.40
Total Project Costs	\$1,332,000.29	\$1,773,086.13		\$441,085.84