

## Preliminary Review of Proposed Tax Increment Project

**Applicant:** Dream Design International

**Proposed Project Title:** TID #54 – Second Revised Rainbow Ridge Reallocation

**Purpose of Tax Increment District:** The purpose of the approved Tax Increment District #54 was to assist in the development of public water and park improvements. The Tax Increment Funds were to be utilized for a booster station, water mains, grading and park improvements. The Project Plan was funded by the developer. A Revised Project Plan was submitted to reallocate \$750,000 from the Well line item and add \$750,000 to the Necessary and Convenient line item for a Reservoir. The Tax Increment Financing Committee approved this reallocation at their February 14, 2008 meeting and a subsequent revised reallocation at their March 14, 2008 meeting. The revised Tax Increment reallocation was approved by the City Council on April 7, 2008.

The Developer is requesting a second revised Rainbow Ridge reallocation to remove funding from financing costs to pay for capital and professional service costs.

**The proposed change would reallocate the project costs, removing the following amounts from the Capital Costs line items: \$38,388.81 - Water Main in Bunker Drive, and \$575,494.62 – Financing Interest. The change would add \$285,467.73 Capital Costs line item for the Water Main, and add \$328,415.70 to the Professional Services costs for: \$167,538.59 – Booster Station, \$15,608.59 – Water Main in Bunker Drive, and \$145,268.52 – Water Main.**

The residential development in the area will generate over \$422,000 incremental revenues to repay the costs of the proposed amendment.

**Proposed Boundaries:** The existing boundaries are located north of Mall Drive and west of Haines Avenue.

**Existing Base Valuation:** \$547,190 as determined by the South Dakota Department of Revenue; the 2016 assessed value is 28,648,300.

### Proposed Project Cost Reallocation:

<u>Project Costs</u>	<u>Approved Costs</u>	<u>Changes</u>	<u>Amended Costs</u>
Booster Station	\$ 540,000.00		\$ 540,000.00
<b>Water Main in Bunker Dr</b>	<b>\$ 135,000.00</b>	<b>(\$ 38,388.81)</b>	<b>\$ 96,611.19</b>
<b>Water Main</b>	<b>\$ 315,000.00</b>	<b>\$ 285,467.73</b>	<b>\$ 600,467.73</b>
Grading - water mains	\$ 270,000.00		\$ 270,000.00
Well*	0		0
Park Improvements	\$ 400,000.00		\$ 400,000.00
<b>Professional Service Costs :</b>			
<b>Booster Station</b>	<b>\$ 60,000.00</b>	<b>\$ 167,538.59</b>	<b>\$ 227,538.59</b>
<b>Water Main/Bunker</b>	<b>\$ 15,000.00</b>	<b>\$ 15,608.59</b>	<b>\$ 30,608.59</b>

<b>Water Main</b>	<b>\$ 35,000.00</b>	<b>\$ 145,268.52</b>	<b>\$ 180,268.52</b>
Grading/WaterMain	\$ 30,000.00		\$ 30,000.00
Reservoir	\$ 75,000.00		\$ 75,000.00
Park Improvements and Admin	\$ 100,000.00		\$ 100,000.00
Financing Costs:			
<b>Financing interest</b>	<b>\$2,456,456.72</b>	<b>\$(575,494.62)</b>	<b>\$1,880,962.10</b>
Contingency Costs:	\$ 0		\$ 0
Relocation Costs:	\$ 0		\$ 0
Organizational Costs: \$	\$ 0		\$ 0
Other Nec/Convnt Costs:			
Reservoir*	<u>\$ 675,000.00</u>		<u>\$ 675,000.00</u>
<b>TOTAL</b>	<b>\$5,106,456.72</b>	<b>0</b>	<b>\$5,106,456.72</b>

Imputed Administrative Costs  
City of Rapid City \$ 2,050

The imputed administrative costs are interest-free, are not included in the total project costs, and are to be paid from the balance remaining in the TID #54 fund available to the City Finance Officer on October 15, 2010. Based on the current TIF Policy, an additional \$20,000 will be included as a Project Cost if the amendment moves forward.

\* This line item includes the reallocation of \$750,000 previously approved by the Tax Increment Financing Committee.

**Identified Funding Sources:**

Financed by the developer

**Anticipated Time Frame:** 17 years

**Comments:** Anticipated interest rate is 7% for the developer