January 22, 2008

Ms. Marcia Elkins  
Rapid City Growth Management Department  
300 6th Street  
Rapid City, SD 57701

Re: Tax Increment District for Rainbow Ridge, City of Rapid City

Dear Ms. Elkins:

The Rapid City Public Works Department is requesting consideration for reallocation of project costs for the above-mentioned TID. The Public Works Department requests a reallocation of project component costs based on the recommendations of the City’s Water Advocacy Task Force and other recently acquired master planning information.

Based on the above-mentioned information the construction of a new Madison water well is not recommended. The well expenditures would be better expended toward a new water reservoir. The reservoir should be located in the southwest corner of the TID boundary at the highest elevation in the TID boundary. (Refer to attached drawing.) After discussions with the developer’s engineer the Public Works Department is also requesting decreasing the cost allocated toward the water booster station and reallocating this cost toward the reservoir.

The Public Works Department requests the $750,000 identified for the Madison water well be reallocated for a water reservoir and the $600,000 identified for the water booster station be reduced to $500,000 with the $100,000 balance reallocated toward the water reservoir. This results in a total cost allocation of $850,000 for a water reservoir.

The Public Works Department requests the water reservoir design, bidding, and construction services be administered by the Public Works Department. The water booster station design is suggested to be completed by the developer’s engineer and the design review, project bidding, and construction services administered by the Public Works Department.
Works Department. The other TID project components are suggested to be designed, bid, and constructed by the developer's engineer. The Public Works Department would anticipate that the water booster station and water reservoir could be operational by the fall of 2009.

Thank you, and if you have any questions please call Mr. Robert Ellis, Mr. Stacey Titus, or myself.

Sincerely,

[Signature]

Dirk Jablonski, P.E.
Public Works Director

ST/st

Cc: Robert Ellis, P.E., City Engineer
    Stacey Titus, P.E., Engineering Design Coordinator
    Doyle Estes
    Hani Shafai, P.E.
MINUTES
TAX INCREMENT FINANCE COMMITTEE
February 14, 2008

MEMBERS PRESENT: Tom Johnson, Bill Okreplkie, Gary Brown, Michael Kenton, Bob DeMersseman, Marcia Elkins, Pauline Sumpion, Joel Landeen

OTHERS PRESENT: Kale McNaboe, Joe Muth, Dirk Jablonski, Robert Ellis Stacey Titus, Mike Schad, Karen Bulman, Sharlene Mitchell

Call to Order
Elkins called the meeting to order at 11:37 a.m.

Approve Minutes
Brown moved, DeMersseman seconded and carried unanimously to approve the minutes of the November 29, 2007 meeting.

Rainbow Ridge TID #54-Project Plan Revision (08TIF002)
Bulman provided a brief review of the request to reallocate funding from the Well project line item to the Reservoir costs as a Necessary and Convenient line item.

Titus addressed the water storage capacities of the reservoirs on the east and west side of the hogback noting that the increased storage capacity of the east side reservoir will reduce the required storage capacity of the west side reservoir. Elkins advised that the developer supports the funding reallocation and requested that the City bring the application forward.

In response to a question from Landeen, Jablonski indicated that the developer would fund his portion of the reservoir project and would process the booster station bids. Discussion followed regarding the completion timetable for the well and reservoir.

In response to a question from Okreplkie, Jablonski addressed the need for the water reservoir.

Okreplkie moved, DeMersseman seconded and carried unanimously to recommend approval of the proposed reallocation of project costs from the Well line item to the Reservoir costs as a Necessary and Convenient line item and for a one year extension of the reservoir completion date.

Homestead (08TIF001)
Bulman provided a brief review of the Homestead request noting that the project will be jointly funded by the City and the developer. Bulman indicated that while the preliminary review was completed using a 9% interest rate the Developer Agreement would contain the language “interest rate to be Prime plus 1/2%, not to exceed 9%”.

Bulman presented the staff recommendation to increase the City project costs to include the City’s engineering costs. Bulman stated that staff also recommends increasing the Developer necessary and convenient project costs.

In response to questions from Landeen, Bulman addressed the location of the commercial property within the District boundaries, the repayment percentages between the City and the developer and the utilization of the residential development to calculate the District repayment.