

# PENNINGTON COUNTY *South Dakota*

## **TAX INCREMENT FINANCE DISTRICT #6**

## **APPLE VALLEY AFFORDABLE HOUSING**

Submitted by:  
Pink Cabin, LLC

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## INTRODUCTION – THE PROJECT

Tax Increment Financing (TIF) is an incentive utilized by local governments to attract private development and investment. New investment equals new jobs, more customers, and in turn, more investment opportunity. The incentive can also help attract and retain existing businesses and workers that might otherwise find more attractive options elsewhere. The jobs and additional investment, both private and public, mean more money for the community. Tax Increment Financing helps to overcome costs that often prevent redevelopment and private investment from occurring in the community. As a result, the TIF area itself improves and property values increase.

Specifically, money for improvements and other incentives comes from the growth in property valuations and the corresponding property tax revenues — the tax increment. A tax increment is the difference between the amount of property valuation present within the TIF district before TIF district designation and the amount of property valuation increase due to the creation of a TIF district. Property taxes collected on the original valuation existing in the TIF at the time of its designation continue to be distributed to the city, school district, county and all other taxing districts in the same manner as if the TIF district did not exist. Only property taxes collected as a result of the incremental increase in the value of these properties after formation of the TIF district are available for use by the counties or cities to fund projects costs in the TIF district.

In addition to increasing property valuation, creating a Tax Increment District for the benefit of economic development can mean retaining and creating more jobs. Today's business climate allows corporations the flexibility to call any state in the union their home. It is up to local communities to attract and retain companies to their communities. Using Tax Increment Financing is one of the most powerful economic development tools to help communities achieve their goals.

A local government, per South Dakota Codified Law, Chapter 11-9, can designate a specific area within its boundaries as a redevelopment area appropriate for a TIF district and prepare a plan for development. TIF projects must be recommended for approval by the County or City Planning Commission and the County or City Commission/Council.

The primary objective of TIF #6 is to make much needed infrastructure improvements along Anderson Road between Highway 44 and Long View Road to support housing developments east of Rapid City. The 120 acres of agriculture land is slotted to be developed into approximately 450 single family dwelling lots.

Affordable housing is important to the economic vitality of communities. It can attract and retain employees to a community, a selling point for area employers. Affordable homes also support the local workforce so they can live close to their jobs. Shorter commutes allow workers to spend more time with their families while the community benefits from reduction in traffic congestion, air pollution, and expenditures on roads. In revitalizing communities, the construction of affordable homes can also help to stimulate economic growth. A healthy mix of housing options ensures opportunities for all individuals to improve their economic situation and contribute to their communities.

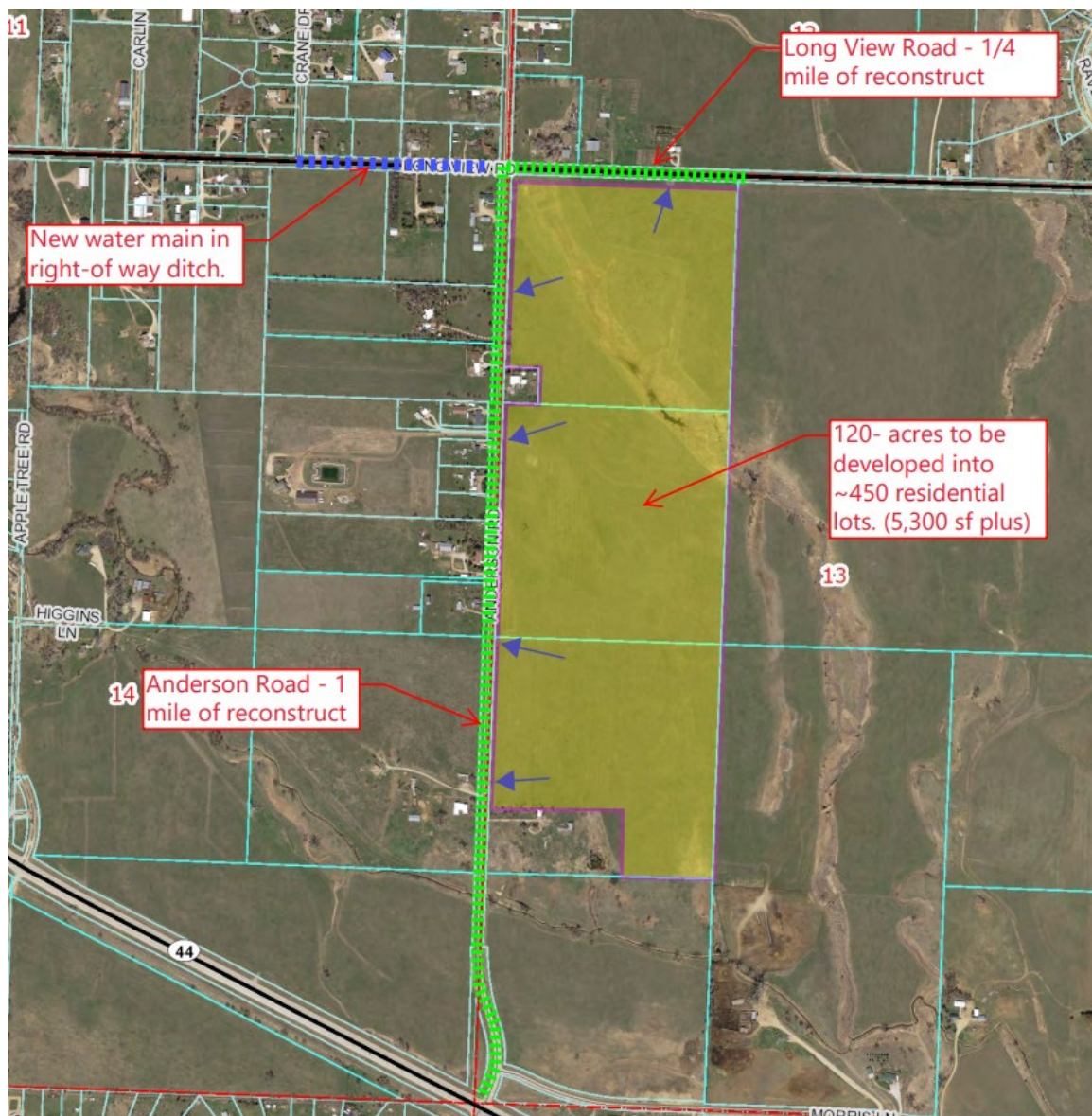
For many families, homeownership represents the American Dream. Aside from comprising their largest financial asset, homeownership provides security from unwanted moves and

control over features of their home. From a community's perspective, homeowners may provide stability to their neighborhoods in which they are invested.

Growth presents an abundance of opportunities but it comes with a certainty of change. A portion of this TIF will go toward updating the roads, sanitary sewer, and water main. Specifically, the improvements include:

- Reconstruction of Anderson Road (1 mile)
- New sanitary sewer main with connection to existing sewer manhole
- New driveways for future residential roads
- New water main
- Future sidewalks
- Reconstruction of Long View Road (1/4 mile)

It must be noted that the TIF will not directly benefit the building of the residential housing. Rather, it will be the increment from the homes that will generate the revenue to finance the needed infrastructure improvements to develop the area.



## PURPOSE & GENERAL DEFINITIONS

The property upon which this Tax Incremental District (TID) is proposed to be implemented is located within Pennington County, South Dakota.

As such, the creation of Pennington County TIF #6 shall be conditioned upon the creation of the District by resolution, and the establishment of the TID boundaries and approval of the TID Project plan by the Pennington County Planning and Zoning Commission.

The purpose of this Plan, to be implemented by Pennington County, South Dakota is to satisfy the requirements for a Tax Increment District Number #6 as specified in SDCL Chapter 11-9. The principal purpose of the Plan is to define eligible property and to define a Tax Increment Plan for funding eligible activities in an eligible area of the County. The Plan will describe the boundary, estimated costs, feasibility and fiscal impact of the District.

This Plan was prepared for adoption by the County Commissioners in recognition that the area requires a coordinated, cooperative strategy, with financing possibilities, to promote economic development and accomplish the County's development objectives for improving the continued viability by promoting economic development within the County.

The driving interest in the establishment of this Plan is to offer tax increment financing as a tool to stimulate and leverage private sector development and redevelopment, and to promote economic development throughout the District.

The intention of this TIF Project is to increase to increase the availability of affordable housing in the Rapid City area, as well as improve community infrastructure. The lots and homes will be less than \$300,000 for primary homeowners, which is based on South Dakota Housing Development Authority's guidelines. The economic vitality of area will be improved by updating the current infrastructure along Anderson and Long View Roads.

The development of affordable housing will provide necessary housing to meet the needs of the increasing attraction of the region. Affordable housing is important to the economic vitality of communities; access to affordable housing improves a community's ability to attract and retain residents and remain competitive the in global economy.

### **General Definitions**

The following terms found in this Plan are defined as the following:

***"Base" or "Tax Incremental Base"*** means the aggregate assessed value of all taxable property located within a Tax Incremental District on the date the district is created, as determined by SDCL § 11-9-20.



**"Blighted or Economic Development"** SDCL § 11-9-8.

- (1) Not less than twenty-five percent, by area, of the real property within the district is a blighted area or not less than fifty percent, by area, of the real property within the district will stimulate and develop the general 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.

**"County Commission"** means the Pennington County Commission

**"Calendar Year"** means the starting date of January 1 to an ending date of December 31st.

**"Department of Revenue"** means the South Dakota Department of Revenue.

**"Developer"** Pink Cabin, LLC

**"Developer's Agreement"** means the agreement between Developer and Pennington County concerning this Tax Incremental District.

**"District"** means the Tax Incremental District.

**"Economic Development"** means all powers expressly granted and reasonably inferred pursuant to SDCL § 9-54.

**"Fiscal year"** means that fiscal year for Pennington County

**"Generally Applicable Taxes"** shall have the same meaning as set forth in 26 CFR § 1.141-4(e).

**"Governing body"** means Pennington County, South Dakota

**"Grant"** means the transfer for a governmental purpose of money or property to a transferee that is not a related party to or an agent of the municipality;

**"Infrastructure Improvements"** means a street, road, sidewalk, parking facility, pedestrian mall, alley, bridge, sewer, sewage treatment plant, property designed to reduce, eliminate, or prevent the spread of identified soil or groundwater contamination, drainage system, waterway, waterline, water storage facility, rail line, utility line or pipeline, or other similar or related structure or improvement, together with necessary easements for the structure or improvement, for the benefit of or for the protection of the health, welfare, or safety of the public generally.

**"Planning Commission"** means the Pennington County Planning Commission

**"Plan"** means this Project Plan.

***"Project Costs"*** means any expenditure or monetary obligations by the Developer or Pennington County, whether made, estimated to be made, incurred or estimated to be incurred, which are listed as Project Costs herein will include any costs incidental thereto but diminished by any income, special assessments, or other revenues, other than tax increments, received, or reasonably expected to be received, by Pennington County in connection with the implementation of this Plan.

***"Project Plan"*** means a properly approved Plan for the development or redevelopment of a tax incremental district including all properly approved amendments thereto as recommended pursuant to SDCL § 11-9-13.

***"Public Works"*** means the Infrastructure Improvements, the acquisition by purchase or condemnation of real and personal property within the Tax Incremental District and the sale, lease, or other disposition of such property to private individuals, partnerships, corporations, or other entities at a price less than the cost of such acquisition which benefit or further the health, safety, welfare and economic development of the County and Project Costs.

***"Taxable Property"*** means all real taxable property located in a Tax Incremental District.

***"Tax Incremental District"*** means a contiguous geographic area within a County defined and created by resolution of the governing body and named Pennington County Tax Incremental District #6.

***"Tax Increment Valuation"*** is the total value of the Tax Incremental District minus the tax incremental base pursuant to § 11-9-19.

***"Tax Increment Law"*** means South Dakota Codified Laws Chapter 11-9.

# CREATION OF PENNINGTON COUNTY TAX INCREMENT DISTRICT

## #6

Representatives of the Developer have approached officials of Pennington County regarding the possibility of creating a Tax Incremental Financing District ("TID") to assist in the Project Costs within the Plan on land located within Pennington County.

The TID will consist of creating a new development in Pennington County and all necessary infrastructure needed in an undeveloped area that is currently on the eastern side of the Rapid City, between the city and the airport. Sanitary sewer and water main expansion is required to accommodate the increase of future development of residential housing throughout the area.

Once developed, the 120-acre area will be the site of a much needed residential area, housing as many as 450 lots. Investing in the community and its infrastructure will make Pennington County desirable to live in and will become key components to the county's long-term success and viability.

### **Property Within Tax Increment #6**

The real property to be located within the Tax Increment District is within Pennington County, described as follows:

SW $\frac{1}{4}$ NW $\frac{1}{4}$ ; NW $\frac{1}{4}$ SW $\frac{1}{4}$ ; NW $\frac{1}{4}$ NW $\frac{1}{4}$  (including Lot A) Less ROW; Section 13, T1N, R8E, BHM, Pennington County, South Dakota.



## TAXABLE VALUE OF PENNINGTON COUNTY

State law requires that tax increment districts cannot exceed ten percent of the taxable value of a municipality. The 2021 Taxes Payable value for Pennington County is \$10,296,752,486. The base value of the taxable property for inclusion into this Tax Incremental District #6, as estimated but not yet verified by Pennington County Director of Equalization, is \$397,800.

11-9-7. Maximum percentage of taxable property in municipality permitted in districts. In order to implement the provisions of this chapter, the resolution required by § 11-9-5 shall contain a finding that the aggregate assessed value of the taxable property in the district plus the **tax incremental base of all other existing districts does not exceed ten percent** of the total assessed value of taxable property in the municipality.

PENNINGTON COUNTY		
Tax Increment District Base Values		
4	\$	35,580,400.00
5	\$	-
6	\$	397,800.00
		\$ 35,978,200.00
Pennington County Current Taxable Value		\$ 1,029,675,248
All TIF Base Values must be less than 10% of Taxable Value		\$ 102,967,525
TIF 5 had a \$0 base due to the land being owned by SDEDA		

The total value of all active TIF districts in Pennington County is less than ten (10) percent of total taxable value in the county. Using the estimates provided for TID #6, the value of all existing Tax Incremental Districts combined is less than 1% of the total 2021 Taxable Valuation.

### Debt Limit

The total indebtedness of **Pennington County** may not exceed 5% of the actual assessed value of property within the county. The tables below reflect current indebtedness and debt ratio for Pennington County.

Total Values Including utilities	\$ 10,296,752,486		
Percentage allowed by law	5.00%		
Maximum debt limit	\$514,837,624		
Less:			
Direct General Obligation Debt	0		
Certificates of Participation (including	52,125,000		
Lease Purchase Obligations			
Available Margin	\$ 462,712,624		
<b><u>Debt Ratios</u></b>			
	<b><u>Amount</u></b>	<b><u>(Per Capita)</u></b>	<b><u>% of Full &amp; True Value</u></b>
Direct General Obligation Debt	\$ 0	\$ 0.00	0.00%
Indirect General Obligation Debt	52,125,000	516.35	0.51
Total	\$ 52,125,000	\$ 516.35	0.51%

# KIND, NUMBER, LOCATION, AND DETAILED COSTS OF PROPOSED PUBLIC WORKS AND IMPROVEMENTS – SDCL § 11-9-13(1)

In order to implement the provisions of SDCL Chapter 11-9, the following are Project Costs and expenditures made or estimated to be made and the monetary obligations incurred or estimated to be incurred. The Project Costs include capital costs, financing costs, real property assembly costs, professional fee costs, imputed administration costs, relocation costs, organizational costs, discretionary costs and grants, plus any costs incidental thereto.

All Project Costs are found to be necessary and convenient to the creation of the Tax Incremental District and its implementation. The project constitutes economic development which is a proper public purpose of the County. The County exercises the powers expressly stated in and reasonably inferred by SDCL §11-9-15 and Chapter 9-54. The County shall enter into all contracts in accordance with South Dakota Law.

## Costs of Public Works and Improvements

In accordance with SDCL § 11-9-14 the following is the kind, number, location and dollar amount of estimated Project Costs, costs of public works and improvements.

The following are estimated costs of the Project:

Kind of Project	Location <sup>1</sup>	Amount	Reference <sup>2</sup>
Capital Costs (Street, Water & Sewer) (cleaning & grading of land & associated costs) <sup>2</sup>	District		11-9-15(1)
Financing Costs	District		11-9-15(2)
Real Property Assembly	District		11-9-15(3)
Professional Fees	District		11-9-15(4)
Administrative Costs	District		11-9-15(5)
Relocation Costs	District		11-9-15(6)
Organizational Costs	District		11-9-15(7)
Discretionary Costs and Grants	District	\$12,413,620	11-9-15(8)
<b>Eligible Project Costs</b>		<b>\$12,413,620</b>	

Itemization of Total TIF Amount	
Construction Costs	\$7,805,153
Sheriff Station	\$500,000
Imputed Interest @ 4.5%	\$4,108,467
<b>Total TIF Requested</b>	<b>\$12,413,620</b>

The above are estimates of the costs involved in the project; the final total may be greater or smaller. An itemized listing of the estimated costs is set forth on Schedule 1. Because the cost estimates are only projected expenditures, the total authorized TID costs is expected to be \$12,413,620. (Principle amount of \$7,805,153 plus \$500,000 for sheriff station) and imputed interest of \$4,108,467 from an estimated rate of 4.5%). This amount is the controlling value with respect to authorized TID Project Costs rather than the particular line item amounts contained in the above Chart and Schedule 1. The line item categories proposed are for guidance only, and actual costs will be determined upon completion of the improvements. The above total represents eligible Project Costs. Only such amounts as are feasible will be allowed by the County or by monetary obligation.

<sup>1</sup>District shall mean the Tax Increment District.

<sup>2</sup>SDCL §11-9-15 (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.

### **Conditions of the Developer Agreement relating to Constitutional Debt**

It is specifically a condition of the proposed Developer's Agreement that the County's obligation to pay is limited to the proceeds of the positive tax increment from the TID receipted into the TIF Fund. The obligation of the County to pay pursuant to the proposed Agreement does not constitute a general indebtedness of the County or a charge against the County's general taxing power. The provisions of SDCL 11-9-36 are specifically incorporated within the Agreement by reference. It is also to be specifically agreed that the County has made no representation that the proceeds from such Fund shall be sufficient to retire any indebtedness incurred by Developer. The parties further acknowledge that SDCL 11-9-25 limits the duration of allocation of the positive tax increment payments and the fund created by the TID.

It is further understood that the amount of \$12,413,620 will be the maximum amount the County will ever pass on acting as a conduit for TIF #6. This amount will include any and all interest associated with the debt and the controlling value of the TIF will never pay more than

\$12,413,620. All TIF revenue will be passed onto the Developer until the full amount has been paid or 20 years from the year of creation, whichever happens first.

The payment of tax increment funds under this Agreement is a grant under Chapter 11-9 of the South Dakota Codified Laws (the "Grant"). The Grant is a personal property right vested with the Developer on the effective date of this Agreement. The County will grant this amount to the Developer and thus not have to account for any assets on the County's financial statement. The Developer will be responsible for obtaining their financing and the County will not be liable for any Developer debt.

Upon completion of the construction of the infrastructure improvements, the Developer shall certify to the County Auditor the costs of construction, including Capital Costs, Professional Fees, and Contingency Costs. The Developer shall provide contractor/supplier invoices or other supporting documentation upon request of the County Auditor. Upon certification and verification of costs, the County shall pay all available tax increment fund revenues not to exceed \$12,413,620, which includes the accrued interest for the TIF expenditures.

The Developer acknowledges that the County will not be accepting the interior roads as part of the County Road System. The Developer will implement a Road District to maintain and repair the roads within the development

A sheriff station will be constructed by the Developer within the development and donated back to Pennington County. The type of construction, size and layout will be further spelt out in the Developer Agreement.

### **Expenditures Exceeding Estimated Cost**

Any expenditure, which in sum would exceed the total amount of the TID amount of \$12,413,620 will require an amendment of this Plan. All amendments would be undertaken pursuant to SDCL §11-9-23.

When the expenditures within the Plan are increased in excess of more than 35 percent of the total above, the Department of Revenue will be required to reset the base, in accordance with SDCL §11-9-23.

If the Project Costs are not provided for in the original plan, the governing body would be required to amend the plan which requires the South Dakota Department of Revenue to re-determine the tax increment base when additional Project Costs are added to a plan. SDCL §11-9-23.

## **Detailed List of Estimated Project Costs**

Attached as Schedule 1 is a detailed list of estimated Project Costs for the project as per SDCL § 11-9-13(3). No expenditure for Project Costs is provided for more than five years after the District is created.

## **Feasibility Study**

An economic feasibility study per SDCL § 11-9-13(2) is attached as Schedule 2.

## **Economic Development Study**

Attached is Schedule 3 a Fiscal Impact Statement showing the impact of the Tax Increment District, until and after the bonds are repaid, upon all entities levying property taxes in the district. Required as per SDCL § 11-9-13(4).

## **Fiscal Impact Statement**

Attached is Schedule 4 a Fiscal Impact Statement showing the impact of the Tax Increment District, until and after the bonds are repaid, upon all entities levying property taxes in the district. Required as per SDCL § 11-9-13(4).

## METHOD OF FINANCING, TIMING OF COSTS AND MONETARY OBLIGATIONS

The payment of Project Costs is anticipated to be made by the County to Developer from the special fund of the Tax Incremental District. SDCL § 11-9-13(5). Pursuant to the Developer's Agreement, the County will pay to the Developer all available tax increment funds it receives from the District.

### **Maximum Amount of Tax Increment Revenue**

The maximum amount of tax increment revenue bonds or monetary obligations to be paid through Tax Increment District #6 shall be the amount sufficient to reimburse the Developer or County for the payments made for Project Costs and pay all tax increment bonds or monetary obligations in an amount not to exceed \$12,413,620 principal and interest or such lesser amount as may be feasible with the estimated revenue generated by the Tax Increment District. The final terms and conditions will be set forth in the Developer's Agreement.

### **Duration of Tax Increment Plan**

The duration of the Plan will extend to the number of years it will take for the reimbursement of the County, the extinguishment of bonds and the monetary obligation except that the Plan duration **shall not exceed 20 calendar years** of revenue from the year of creation of the District.



## ESTIMATED IMPACT OF TAX INCREMENT FINANCING ON REVENUES OF TAXING JURISDICTIONS

The site will generate taxes to the local jurisdictions at or above the assessed value of the base. All taxing districts shall receive the taxes from that base which will be the value set for the 2021 assessment year for taxes payable in 2022. The tax increment will be available to the taxing jurisdictions after dissolution, which is at or before twenty years after the creation of the District. Schedule 5 details the tax capture implications to each of the local taxing jurisdictions. After the repayment of all bonds and monetary obligations, taxing entities will receive their proportionate share of tax dollars for the base value and the tax incremental values.

### **GENERAL FUND**

Mechanisms are built within State Codified Law to ensure that school districts are held harmless by TIF districts for their General Fund. For these purposes, law (SDCL 13-13-10.9) defines three classifications of TIFs:

#### **13-13-10.9. Tax increment financing districts created for industrial, economic development, or affordable housing purposes after June 30, 2018.**

The provisions of subdivision 10-12-44(1) that require the county auditor to raise additional revenue from real property taxes for the general fund and special education fund of any school district located in a tax increment financing district and the provisions of § 13-13-10.8, do not apply to any tax increment financing district created for industrial, economic development, or affordable housing purposes, as those terms are defined in § 13-13-10.10.

For purposes of this chapter, the assessed value of any real property in a tax increment financing district created for industrial, economic development, or affordable housing purposes is the tax increment base as defined in § 11-9-19.

This section applies to tax increment financing districts created after June 30, 2018.

- Economic Development - Any area where there is or will be one or more businesses engaged in any activity defined as commercial or industrial by the governing body that has zoning authority over the land contained within the tax incremental district
- Industrial – Any factory or any business engaged primarily in the manufacturing or assembly of goods, the processing of raw materials, and the wholesale distribution of products for resale
- Affordable Housing – Includes an area where: 1. The original selling price of any house in the district will be at or below the first-time homebuyer purchase price limit being used by the South Dakota Housing Development Authority as of the date the house is sold; OR 2. The monthly rental rate of all multifamily housing units in the district will be at or below the calculated rent for the state's eighty percent area median income as of the date the district is created, for a minimum of five years following the date of first occupancy.
- Local – Any tax incremental districts that do not fall under Economic Development or Industrial

Public school districts are generally funded through the State Aid to Education formula. The two primary channels of the formula are State Aid and Local Effort. Multiple agencies of the State of South Dakota calculate the amount of General Fund monies to be distributed to school districts each year through the State portion. Local effort is considered the amount of revenue that is generated by local property taxes at maximum levies.

If a TIF is classified as Economic Development, Industrial, or Affordable Housing, the school funding that would be generated by the increment valuation is considered lost local effort and is paid through the State Aid side of the formula. If a TIF is classified as Local, the affected school district funding must be recouped through local effort in the form of an additional levy added to the General and Special Education Funds. In either scenario, the school district receives the financial need associated with the increment valuation.

Pennington County TIF #6 has already received the preliminary classification from the Department of Revenue. The TIF is considered Affordable Housing; therefore, any lost local effort of the General Fund will be covered through the State Aid to Education Formula.

### **CAPITAL OUTLAY FUND**

The impact of a TIF to the Capital Outlay Fund is minimal. Starting on July 1, 2020, a school district is limited to the amount of capital outlay dollars they can receive by either:

A. the previous year's maximum allowable can be increased by a growth factor plus 3%

Or

B. a per student amount.

The primary impact would be to the first scenario; a TIF would delay annual growth until the TIF is completed. However, once the TIF is dissolved, all increment value would be considered new growth for the school district.

If a school district falls under a per student limitation, they will see no impact to their funding due to the TIF.

### **SPECIAL EDUCATION FUND**

The Special Ed Fund has the potential to see the greatest negative impact from the creation of a TIF district.

If the school district requests their special education monies in the form of a levy, then the exclusion of the TIF increment in the tax base would mean the school district is not receiving as much as it could.

If the school district submits their request in a dollar amount, then the fund would see no impact from a TIF district.

### **BOND REDEMPTION FUND**

The school district is always able to ask for the needed money for the principal and interest of their bond repayment. The only impact a TIF would have on this fund is by holding back the increment value, lowering tax base for the spreading of the tax burden and creating a slightly higher levy for the local taxpayers.

## MAPS

The Conditions map, SDCL § 11-9-16(1), is included as Attachment 2.

The Improvements map, SDCL § 11-9-16(2), is included as Attachment 3.

The Zoning Change Map, SDCL § 11-9-16(3), is included as Attachment 4.

## SUPPLEMENTARY FINDINGS

### **CHANGES TO COUNTY COMPREHENSIVE/MASTER PLAN MAP, BUILDING CODES & COUNTY ORDINANCES PER SDCL §11-9-16 (4)**

No changes to County ordinances are required, however the County Comprehensive Plan must be amended to allow higher density housing.

### **LIST OF ESTIMATED NON-ELIGIBLE PROJECT COSTS**

The following is a list of the non-Project Costs per SDCL § 11-9-16(5). All costs are listed as taxable value; actual non-project costs will exceed the following amounts. This is based on 300 homes at \$275,000.

Item	Amount
Single Family homes	\$82,250,000
<b>TOTAL</b>	<b>\$82,250,000</b>

### **STATEMENT OF DISPLACEMENT AND RELOCATION PLAN**

No residents or families will be displaced by the Project. SDCL § 11-9-16(6)

### **PERFORMANCE BOND, SURETY BOND OR OTHER GUARANTY**

As security for its fulfillment of the agreement with the governing body, a purchaser or lessee of redevelopment property may furnish a performance bond, with such surety and in such form and amount as the governing body may approve or make such other guaranty as the governing body may deem necessary in the public interest. This additional security may be provided for in a Developer's Agreement.

## LIST OF SCHEDULES

SCHEDULE 1 - Estimated Project Cost

SCHEDULE 2 - Economic Feasibility Study & Estimated Captured Taxable Values

SCHEDULE 3 - Economic Development Study

SCHEDULE 4 - Fiscal Impact Statement

## LIST OF ATTACHMENTS

Attachment 1 - Descriptions of Real Property

Attachment 2 - Conditions map, SDCL § 11-9-16(1)

Attachment 3 - Improvements map, SDCL § 11-9-16(2)

Attachment 4 - Zoning Change Map SDCL § 11-9-16(3)



# SCHEDULE 1

## DETAIL OF PROJECT COSTS

### **Estimates TID Eligible of Project Costs Requested**

Pennington County has determined that this will be an economic development Tax Incremental District, thus the eligible cost will be in the form of an infrastructure Pennington that will not exceed \$12,413,620. This is a permitted use under SDCL 11-9-15.

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, permanent fixtures; the acquisition of equipment; the clearing & grading of land; & the amount of interest payable on tax incremental bonds 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 & interest on the tax incremental bonds 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, the implementation of project plans, or to stimulate and develop the general economic welfare and prosperity of the state.

<b>Owner</b>	Valley Development, LLC				
<b>Project:</b>	Anderson - Longview Road Infrastructure Improvements				
<b>Date:</b>	8/17/2021				
<b>Contractor:</b>					

TDG

Line Item	Description of Item	Qty.	Unit	Unit Cost	Extd. Cost
<b>General</b>					
100	Mobilization/Incidental Work	1.0	LS	\$ 50,000.00	\$ 50,000.00
101	Traffic Control/Signage	1.0	LS	\$ 50,000.00	\$ 50,000.00
102	Erosion and Sediment Control	1.0	LS	\$ 50,000.00	\$ 50,000.00
103	Wattle	12,000.0	LF	\$ 6.00	\$ 72,000.00
104	Track Out Pad	5.0	LS	\$ 2,500.00	\$ 12,500.00
105	Concrete Clean out	5.0	LS	\$ 1,000.00	\$ 5,000.00
106	Survey	1.0	LS	\$ 50,000.00	\$ 50,000.00
107	Material Testing	1.0	LS	\$ 50,000.00	\$ 50,000.00
<b>REMOVALS</b>					
200	Asphalt Removal	310,000.0	SF	\$ 1.25	\$ 387,500.00
201	Rubble Haul Off	150.0	LDS	\$ 500.00	\$ 75,000.00
<b>EXCAVATION</b>					
300	Grading	50,000.0	CY	\$ 4.00	\$ 200,000.00
301	Topsoil, Stockpile	10,000.0	CY	\$ 4.50	\$ 45,000.00
<b>WATER MAIN</b>					
400	12" PVC Water Main (C-900)	9,000.0	LF	\$ 85.00	\$ 765,000.00
401	12" Gate Valve	30.0	EA	\$ 4,000.00	\$ 120,000.00
402	12" Bends	20.0	EA	\$ 1,000.00	\$ 20,000.00
403	12"x 8" Tee	10.0	EA	\$ 1,200.00	\$ 12,000.00
404	8" PVC Water Main (C-900)	400.0	LF	\$ 45.00	\$ 18,000.00
405	8" Gate Valve	5.0	EA	\$ 2,000.00	\$ 10,000.00
406	8" Cap	5.0	EA	\$ 500.00	\$ 2,500.00
407	Fire Hydrant w/Aux Valve	20.0	EA	\$ 6,500.00	\$ 130,000.00
408	Cathodic Protection	1.0	LS	\$ 100,000.00	\$ 100,000.00
409	Bedding	7,000.0	Ton	\$ 22.00	\$ 154,000.00
410	Pressure Reducing Valve & Vault	1.0	LS	\$ 100,000.00	\$ 100,000.00
411	Highway 44 Bore and Casing - Water	160.0	LF	\$ 800.00	\$ 128,000.00
412	Water Connection to Green Valley	1.0	LS	\$ 25,000.00	\$ 25,000.00
413	Longview Water Services	7.0	EA	\$ 3,000.00	\$ 21,000.00
414	Anderson Water Services	13.0	Ea	\$ 3,000.00	\$ 39,000.00

<b>Sanitary Sewer</b>					
500	18" Sanitary Sewer Main	5,550.0	LF	\$ 120.00	\$ 666,000.00
501	Sanitary Sewer Manhole	23.0	EA	\$ 5,800.00	\$ 133,400.00
502	Highway 44 Bore and Casing	150.0	LF	\$ 1,000.00	\$ 150,000.00
503	Connect to 42" Sanitary Sewer	1.0	EA	\$ 15,000.00	\$ 15,000.00
504	8" Sanitary Sewer Main/Longview	4,600.0	LF	\$ 80.00	\$ 368,000.00
505	8" Sanitary Sewer Manholes/Longview	13.0	EA	\$ 5,800.00	\$ 75,400.00
506	LongView Sanitary Sewer Services	7.0	EA	\$ 5,000.00	\$ 35,000.00
507	Anderson Sanitary Sewer Services	13.0	EA	\$ 5,000.00	\$ 65,000.00
<b>STREET IMPROVEMENTS</b>					
600	1" Aggregate Base Course	15,000.0	Ton	\$ 26.00	\$ 390,000.00
601	Asphalt Paving	10,000.0	Ton	\$ 115.00	\$ 1,150,000.00
602	Geo Fabric	21,120.0	SY	\$ 3.50	\$ 73,920.00
603	Curb and Gutter	1,000.0	LF	\$ 24.00	\$ 24,000.00
604	Pans and Fillets	350.0	SY	\$ 135.00	\$ 47,250.00
<b>DRAINAGE IMPROVEMENTS</b>					
700	24" RCP Stormsewer	1440.0	LF	\$ 80.00	\$ 115,200.00
701	24" RCP Flared End	10.0	EA	\$ 2,000.00	\$ 20,000.00
702	Class II Riprap	400.0	Ton	\$ 150.00	\$ 60,000.00
703	Drainage Channel Construction	2000.0	LF	\$ 25.00	\$ 50,000.00
704	North Regional Detention Pond	1.0	LS	\$ 125,000.00	\$ 125,000.00
705	Outlet Structure and Piping	1.0	LS	\$ 25,000.00	\$ 25,000.00
706	Seeding - Drainage Channel & Pond	10.0	Acre	\$ 2,500.00	\$ 25,000.00
<b>MISC IMPROVEMENTS</b>					
800	Striping	42,000.0	LF	\$ 2.00	\$ 84,000.00
801	Traffic Study	1.0	LS	\$ 15,000.00	\$ 15,000.00
802	Warranty Bond	1.0	LS	\$ 50,000.00	\$ 50,000.00
<b>PROJECT COSTS</b>					
900	Engineering, Design Fees	1.0	LS	\$ 500,000.00	\$ 500,000.00
				Subtotal	\$ 6,953,670.00
		Contingency	10%		\$ 695,367.00
				Construction Total	\$ 7,649,037.00
		Excise Tax	2.0%		\$ 156,116.85
				Project Cost Total	\$ 7,805,153.85

In addition to the infrastructure costs, it is assumed the Sheriff Station will be approximately \$500,000

## SCHEDULE 2

### ECONOMIC FEASIBILITY STUDY & TAXABLE VALUE

The County has been asked to create a Tax Increment District to help offset the expansion associated with this project. This feasibility study provides that the Project Costs can be financed through tax increment financing under South Dakota Tax Incremental District Law (South Dakota Codified Laws Chapter 11-9). Tax increment financing is an indispensable self-financing tool used throughout the United States to help local governments successfully develop and redevelop areas and encourage economic development.

In tax increment financing, the current real property tax assessed value of all properties in a designated project area ("tax increment financing district") is established as the "base value." As development in the tax increment financing district increases the assessed values of the redeveloped properties, a portion of the additional tax revenue generated by the increase in assessed value over the base value is set aside and committed by the County to the reimbursement of approved project costs.

Tax increment financing is permitted only in connection with a "Project Plan" duly adopted by the County. The property is currently estimated to have a taxable value of \$397,800. The improvements to be made to the property are estimated to add to the assessed valuation. The estimated increment resulting from the improvements would be approximately \$82,250,000 in new value once fully developed. Since only positive tax increment will be applied, the proposed project is feasible.

All of the project costs are found to be necessary and convenient to the creation of the Tax Incremental District and the implementation of the project.

For purposes of this Project Plan, the Developer is projecting that the infrastructure and site improvements will be fully developed by calendar year 2023.

The County's role is to simply act as a conduit for the revenue and pass on all positive increment to the Developer, of which, will never exceed \$12,413,620 in total payments, or 20 years, whichever comes first.

It is assumed that all obligations incurred would be adequately secured as to allow the payment of principal and interest when due, whether by means of a taxable bond or loan. The actual repayment schedule may change, but all principal and interest shall be paid within the life of the TID. Utilizing the information regarding expected increment valuation and tax generation, it is possible to estimate an expected revenue stream that can be utilized to retire debt that will be created as a result of implementing the Project Plan.

Pennington County TID #6 is proven feasible based upon the projections made by the Developer, projecting a total in excess of \$12,413,620 in tax revenue during the life of the 20-year TIF.

The calculations of the estimated tax increment valuation and tax generated for the TID can be found in the following tables. For purposes of this Project Plan, it is anticipated no increment generated by County TID #6 will be available until the earliest of calendar year 2023 and thereafter.

## TID Tax Revenue Estimates Available for Pennington County

This project will have properties that are classified as Owner-Occupied. The build out schedule was provided by the developer and is for projection purposes only.

Pennington County TIF #6 - Anderson Road					
Assumed Mill Rate for 2020		15.736 estimated			
School "OO"	8.857	0.015736			
Pennington County	5.033				
Fire	0.655				
Ambulance	0.905				
Library	0.179				
Water	0.024				
Fire Admin	0.083				
Assumed Percentage of Assessment		90%			
Year 2023					
# of Twin Homes	Avg Price	Total	Mill Rate	TIF Revenue	
0	\$ -	\$ -	0.015736	\$ -	
# of Houses	Avg Price	Total	Mill Rate		
50	\$ 270,000.00	\$ 13,500,000.00	0.015736	\$ 191,192.40	
Other	Avg Price	Total	Mill Rate		
0	\$ -	\$ -	0.015736	\$ -	
		\$ 13,500,000.00			
Year 2024					
# of Twin Homes	Avg Price	Total	Mill Rate	TIF Revenue	
0	\$ -	\$ -	0.015736	\$ -	
# of Houses	Avg Price	Total	Mill Rate		
50	\$ 275,000.00	\$ 13,750,000.00	0.015736	\$ 194,733.00	
Apartments	\$ -				
0	\$ -	\$ -	0.015736	\$ -	
		\$ 13,750,000.00			
Year 2025					
# of Twin Homes	Avg Price	Total	Mill Rate	TIF Revenue	
0	\$ -	\$ -	0.015736	\$ -	
# of Houses	Avg Price	Total	Mill Rate		
50	\$ 275,000.00	\$ 13,750,000.00	0.015736	\$ 194,733.00	
		\$ 13,750,000.00			
Year 2026					
# of Twin Homes	Avg Price	Total	Mill Rate	TIF Revenue	
0	\$ -	\$ -	0.015736	\$ -	
# of Houses	Avg Price	Total	Mill Rate		
50	\$ 275,000.00	\$ 13,750,000.00	0.015736	\$ 194,733.00	
		\$ 13,750,000.00			
Year 2027					
# of Twin Homes	Avg Price	Total	Mill Rate	TIF Revenue	
0	\$ -	\$ -	0.015736	\$ -	
# of Houses	Avg Price	Total	Mill Rate		
50	\$ 275,000.00	\$ 13,750,000.00	0.015736	\$ 194,733.00	
		\$ 13,750,000.00			



The following chart demonstrates the total increment that would be generated IF the TIF were to be in existence for the full 20 years.

Year	New Amt Avail. For D/S			Total Amount Available for Debt Service	
				Annual	Semi
2023	\$	191,192.40		\$ 191,192.40	\$ 95,596.20
2024	\$	385,925.40		\$ 385,925.40	\$ 192,962.70
2025	\$	580,658.40		\$ 580,658.40	\$ 290,329.20
2026	\$	775,391.40		\$ 775,391.40	\$ 387,695.70
2027	\$	970,124.40		\$ 970,124.40	\$ 485,062.20
2028	\$	970,124.40		\$ 970,124.40	\$ 485,062.20
2029	\$	970,124.40		\$ 970,124.40	\$ 485,062.20
2030	\$	970,124.40		\$ 970,124.40	\$ 485,062.20
2031	\$	970,124.40		\$ 970,124.40	\$ 485,062.20
2032	\$	970,124.40		\$ 970,124.40	\$ 485,062.20
2033	\$	970,124.40		\$ 970,124.40	\$ 485,062.20
2034	\$	970,124.40		\$ 970,124.40	\$ 485,062.20
2035	\$	970,124.40		\$ 970,124.40	\$ 485,062.20
2036	\$	970,124.40		\$ 970,124.40	\$ 485,062.20
2037	\$	970,124.40		\$ 970,124.40	\$ 485,062.20
2038	\$	970,124.40		\$ 970,124.40	\$ 485,062.20
2039	\$	970,124.40		\$ 970,124.40	\$ 485,062.20
2040	\$	970,124.40		\$ 970,124.40	\$ 485,062.20
2041	\$	970,124.40		\$ 970,124.40	\$ 485,062.20
				<b>\$ 16,485,033.60</b>	\$ 8,242,516.80

The following is the projected increase in valuation resulting from the Tax Increment District #6

Year	Increase in Valuation		Total Increase in Valuation	
2023	\$	13,500,000.00	\$ 13,500,000.00	
2024	\$	13,750,000.00	\$ 27,250,000.00	
2025	\$	13,750,000.00	\$ 41,000,000.00	
2026	\$	13,750,000.00	\$ 54,750,000.00	
2027	\$	13,750,000.00	\$ 82,250,000.00	

The projected amortization shows an approximate of when the TIF would generate enough revenue to fully payoff the TIF. The build out schedule was provided by the developer and is for projection purposes only.

Note Date:	01/01/22	Current Valuation	\$	397,800
Note Rate:	4.50%	Developed Valuation	\$	82,250,000
Proceeds:	\$8,305,153	Increment Value		\$81,852,200
Reserve Fund	\$191,192	Percent of Value		90.00%
Cap Interest	\$898,859	Adjusted Valuation	\$	73,666,980
		Mill Levy		0.015736

NOTE AMORTIZATION						
Date	Principle	Interest	P & I	Semi-Annual Net Revenue	Capitalized Interest	Loan Balance Outstanding
						8,305,153.00
12/01/22	0.00	0.00	0.00	0.00	342,587.56	8,305,153.00
06/01/23	0.00	0.00	0.00	0.00	186,865.94	8,305,153.00
12/01/23	0.00	0.00	0.00	0.00	186,865.94	8,305,153.00
06/01/24	0.00	95,596.20	95,596.20	95,596.20	91,269.74	8,305,153.00
12/01/24	0.00	95,596.20	95,596.20	95,596.20	91,269.74	8,305,153.00
06/01/25	6,096.76	186,865.94	192,962.70	192,962.70	0.00	8,299,056.24
12/01/25	6,233.93	186,728.77	192,962.70	192,962.70	0.00	8,292,822.31
06/01/26	103,740.70	186,588.50	290,329.20	290,329.20	0.00	8,189,081.61
12/01/26	106,074.86	184,254.34	290,329.20	290,329.20	0.00	8,083,006.75
06/01/27	205,828.05	181,867.65	387,695.70	387,695.70	0.00	7,877,178.70
12/01/27	210,459.18	177,236.52	387,695.70	387,695.70	0.00	7,666,719.52
06/01/28	312,561.01	172,501.19	485,062.20	485,062.20	0.00	7,354,158.51
12/01/28	319,593.63	165,468.57	485,062.20	485,062.20	0.00	7,034,564.88
06/01/29	326,784.49	158,277.71	485,062.20	485,062.20	0.00	6,707,780.39
12/01/29	334,137.14	150,925.06	485,062.20	485,062.20	0.00	6,373,643.25
06/01/30	341,655.23	143,406.97	485,062.20	485,062.20	0.00	6,031,988.02
12/01/30	349,342.47	135,719.73	485,062.20	485,062.20	0.00	5,682,645.55
06/01/31	357,202.68	127,859.52	485,062.20	485,062.20	0.00	5,325,442.87
12/01/31	365,239.74	119,822.46	485,062.20	485,062.20	0.00	4,960,203.13
06/01/32	373,457.63	111,604.57	485,062.20	485,062.20	0.00	4,586,745.50
12/01/32	381,860.43	103,201.77	485,062.20	485,062.20	0.00	4,204,885.07
06/01/33	390,452.29	94,609.91	485,062.20	485,062.20	0.00	3,814,432.78
12/01/33	399,237.46	85,824.74	485,062.20	485,062.20	0.00	3,415,195.32
06/01/34	408,220.31	76,841.89	485,062.20	485,062.20	0.00	3,006,975.01
12/01/34	417,405.26	67,656.94	485,062.20	485,062.20	0.00	2,589,569.75
06/01/35	426,796.88	58,265.32	485,062.20	485,062.20	0.00	2,162,772.87
12/01/35	436,399.81	48,662.39	485,062.20	485,062.20	0.00	1,726,373.06
06/01/36	446,218.81	38,843.39	485,062.20	485,062.20	0.00	1,280,154.25
12/01/36	456,258.73	28,803.47	485,062.20	485,062.20	0.00	823,895.52
06/01/37	466,524.55	18,537.65	485,062.20	485,062.20	0.00	357,370.97
12/01/37	357,370.97	8,040.85	365,411.82	365,411.82	0.00	0.00
	8,305,153.00	3,209,608.22	11,514,761.22	11,514,761.22	898,858.92	
					12,413,620.14	

The following amortization represents what a “normal” repayment would look like with level debt service.

Anderson Road						
TIF Semi-Annual Amortization Schedule						
8/31/2021						
			Rate	Payment		
			5.500%	\$322,713.86		
Original Amortization Schedule						
Payment Date	Balance	Days	Interest	Payment	Principal Paid	Payment Number
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1/1/2022	7,805,153.00					
6/1/2022	7,661,307.23	150	178,868.09	322,713.86	143,845.77	1
12/1/2022	7,549,279.33	180	210,685.95	322,713.86	112,027.91	2
6/1/2023	7,434,170.65	180	207,605.18	322,713.86	115,108.67	3
12/1/2023	7,315,896.49	180	204,439.69	322,713.86	118,274.16	4
6/1/2024	7,194,369.79	180	201,187.15	322,713.86	121,526.70	5
12/1/2024	7,069,501.10	180	197,845.17	322,713.86	124,868.69	6
6/1/2025	6,941,198.53	180	194,411.28	322,713.86	128,302.58	7
12/1/2025	6,809,367.63	180	190,882.96	322,713.86	131,830.90	8
6/1/2026	6,673,911.39	180	187,257.61	322,713.86	135,456.25	9
12/1/2026	6,534,730.09	180	183,532.56	322,713.86	139,181.29	10
6/1/2027	6,391,721.32	180	179,705.08	322,713.86	143,008.78	11
12/1/2027	6,244,779.80	180	175,772.34	322,713.86	146,941.52	12
6/1/2028	6,093,797.38	180	171,731.44	322,713.86	150,982.41	13
12/1/2028	5,938,662.96	180	167,579.43	322,713.86	155,134.43	14
6/1/2029	5,779,262.33	180	163,313.23	322,713.86	159,400.62	15
12/1/2029	5,615,478.19	180	158,929.71	322,713.86	163,784.14	16
6/1/2030	5,447,189.99	180	154,425.65	322,713.86	168,288.21	17
12/1/2030	5,274,273.86	180	149,797.72	322,713.86	172,916.13	18
6/1/2031	5,096,602.53	180	145,042.53	322,713.86	177,671.32	19
12/1/2031	4,914,045.25	180	140,156.57	322,713.86	182,557.29	20
6/1/2032	4,726,467.63	180	135,136.24	322,713.86	187,577.61	21
12/1/2032	4,533,731.64	180	129,977.86	322,713.86	192,736.00	22
6/1/2033	4,335,695.40	180	124,677.62	322,713.86	198,036.24	23
12/1/2033	4,132,213.17	180	119,231.62	322,713.86	203,482.23	24
6/1/2034	3,923,135.18	180	113,635.86	322,713.86	209,077.99	25
12/1/2034	3,708,307.54	180	107,886.22	322,713.86	214,827.64	26
6/1/2035	3,487,572.14	180	101,978.46	322,713.86	220,735.40	27
12/1/2035	3,260,766.52	180	95,908.23	322,713.86	226,805.62	28
6/1/2036	3,027,723.74	180	89,671.08	322,713.86	233,042.78	29
12/1/2036	2,788,272.29	180	83,262.40	322,713.86	239,451.45	30
6/1/2037	2,542,235.92	180	76,677.49	322,713.86	246,036.37	31
12/1/2037	2,289,433.56	180	69,911.49	322,713.86	252,802.37	32
6/1/2038	2,029,679.12	180	62,959.42	322,713.86	259,754.43	33
12/1/2038	1,762,781.44	180	55,816.18	322,713.86	266,897.68	34
6/1/2039	1,488,544.08	180	48,476.49	322,713.86	274,237.37	35
12/1/2039	1,206,765.18	180	40,934.96	322,713.86	281,778.89	36
6/1/2040	917,237.37	180	33,186.04	322,713.86	289,527.81	37
12/1/2040	619,747.54	180	25,224.03	322,713.86	297,489.83	38
6/1/2041	314,076.75	180	17,043.06	322,713.86	305,670.80	39
12/1/2041	(0.00)	180	8,637.11	322,713.86	314,076.75	40
		7,805,153.00	5,103,401.22			
	Total P&I	12,908,554.22				

# Schedule 3

## Economic Development Study

### Introduction

Pennington County has been approached concerning the creation of a tax increment district (TID) located within the County limits. Per South Dakota Codified Law 11-9-8, the governing body must make a finding that not less than 50%, by area, of the real property within the district will stimulate and develop the general economic welfare and prosperity of the State through the promotion and advancement of industrial, commercial, manufacturing, agricultural and natural resources, and the improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the district.

### Study Area Boundary

The Project boundaries are described and depicted on the maps in Attachments 1 and 2 of this Plan.

### Establishing Economic Development

South Dakota law describes economic development as activity that stimulates and develops the general economic welfare and prosperity of the state through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources. The definition of Economic Development for State Aid to Education Formula purpose is any area where there is or will be one or more businesses engaged in any activity defined as commercial or industrial. The proposed Pennington County TID #6 meets both of these criteria.

The area within the boundaries of the TIF is generally located east of Rapid City, between the city and the airport. The project includes the portion of Anderson Road that runs between Highway 44 and Long View Road. It includes 120 acres of agricultural land to be development into a 450 single-family housing lots.

The infrastructure related to this project is expected to be completed by 2022-23 calendar year.

### Finding That the Improvements to the Area Are Likely to Enhance Significantly the Value of Substantially All of The Other Real Property in The District

It is definitively found that once the improvements set forth within the Project Plan are initiated, the improvements will enhance significantly the value of substantially all of the other real property in the district. Pennington County TID #6 will have a tremendous economic impact on the region's infrastructure advancement and the labor force by providing for affordable housing

## Conditions Within the Study Area: Land Use and Planning Land Use, Planning and Comprehensive Plan

The Pennington County Comprehensive Plan is consistent with the proposed residential use of the District.

### Findings within the Project Area Analysis

It is found that not less than 50%, by area, of the real property within the District will stimulate and develop the general economic welfare and prosperity of the State of South Dakota through the promotion and advancement of industrial, commercial, manufacturing, agricultural, and natural resources. It is also found that the improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the District in accordance with SDCL 11-9-8.

The Project area is 120 acres east of Rapid City in Pennington County. It is to be used for improving infrastructure, including sanitary sewer and water, along Anderson and Long View Roads to promote future development of residential neighborhood properties.

The investment in the Project area will stimulate and develop the general economic welfare and prosperity of the State through the promotion of employment and advancement of commerce during the construction period. The Project will enhance Pennington County by creating housing and will have a substantial annual economic impact to the region and state.

## SCHEDULE 4

### FISCAL IMPACT STATEMENT FOR PENNINGTON COUNTY TID #6

#### Introduction

A fiscal impact statement shows the impact of the TID, both until and after the bonds or obligations are repaid, upon all entities levying taxes upon property in the District. The following fiscal impact statement is intended to provide only a brief analysis of the estimated impact of the Tax Increment District to the public pursuant to SDCL § 11-9-13(4). It is not intended to challenge a more detailed, complete financial analysis.

#### Definitions

***"Assumptions"*** means factors or definitions used in the fiscal analysis. Assumptions may include facts and figures identified by the District and educated guesses that are sometimes necessary when not all of the information is available. Assumptions are often used to extrapolate an estimate. Assumptions may include an estimate of tax levies of each taxing entity, the school aid formula contribution, the value of the real property, etc.

***"Base Revenues"*** means the taxes collected on the base value.

***"Fiscal Impact"*** means the increase or decrease in revenues and generally refers to an impact to revenues caused by the district.

***"Revenue"*** means ad valorem taxes.

***"Tax Increment District"*** means Pennington County Tax Increment District Number 6.

***"Taxing Districts"*** means all political subdivisions of the state which have ad valorem taxing power over property within the boundaries of the Tax Increment District.

***"Tax Increment Revenues"*** means all revenues above the Base Revenues.

#### Assumptions

1. The property will have improvements, which at completion, are estimated at taxable purposes up to \$82,250,000
2. The average tax levy of all taxing districts will be \$15.736 per thousand dollars of taxable valuation.
3. Tax increment will start to be collected in 2023 and end prior to 2041.
4. The discretionary formula will be waived by Developer.



## SCHEDULE 5

### ESTIMATED CAPTURED TAXABLE VALUES

For purposes of this Project Plan, Developer assumes that **Developer will elect not to use the real property tax discretionary formula** currently utilized in Pennington County, South Dakota, pertaining to payment of real property taxes (i.e., 20% Year 1; 40% Year 2; 60% Year 3; 80% Year 4; and 100% Year 5).

\* Actual valuation shall depend upon the value determined by the Pennington County Director of Equalization when assessed, with the application of dollars-per-thousand from local taxes. All tax increment revenues shall be from Generally Applicable Taxes attributable to the improvements to be constructed in the TID. The potential for total increment collections are estimated to be at the maximum range of \$12,413,620 covering a span of captured tax years not to exceed 20. Collection is anticipated to begin in 2021, and the schedule carries out the tax captured 20 years from the date of Plan adoption.

The following dollars-per-thousand rates are the current taxing rates of the local taxing jurisdictions for Non-AG Other property types:

#### 2021 Property Tax Rate

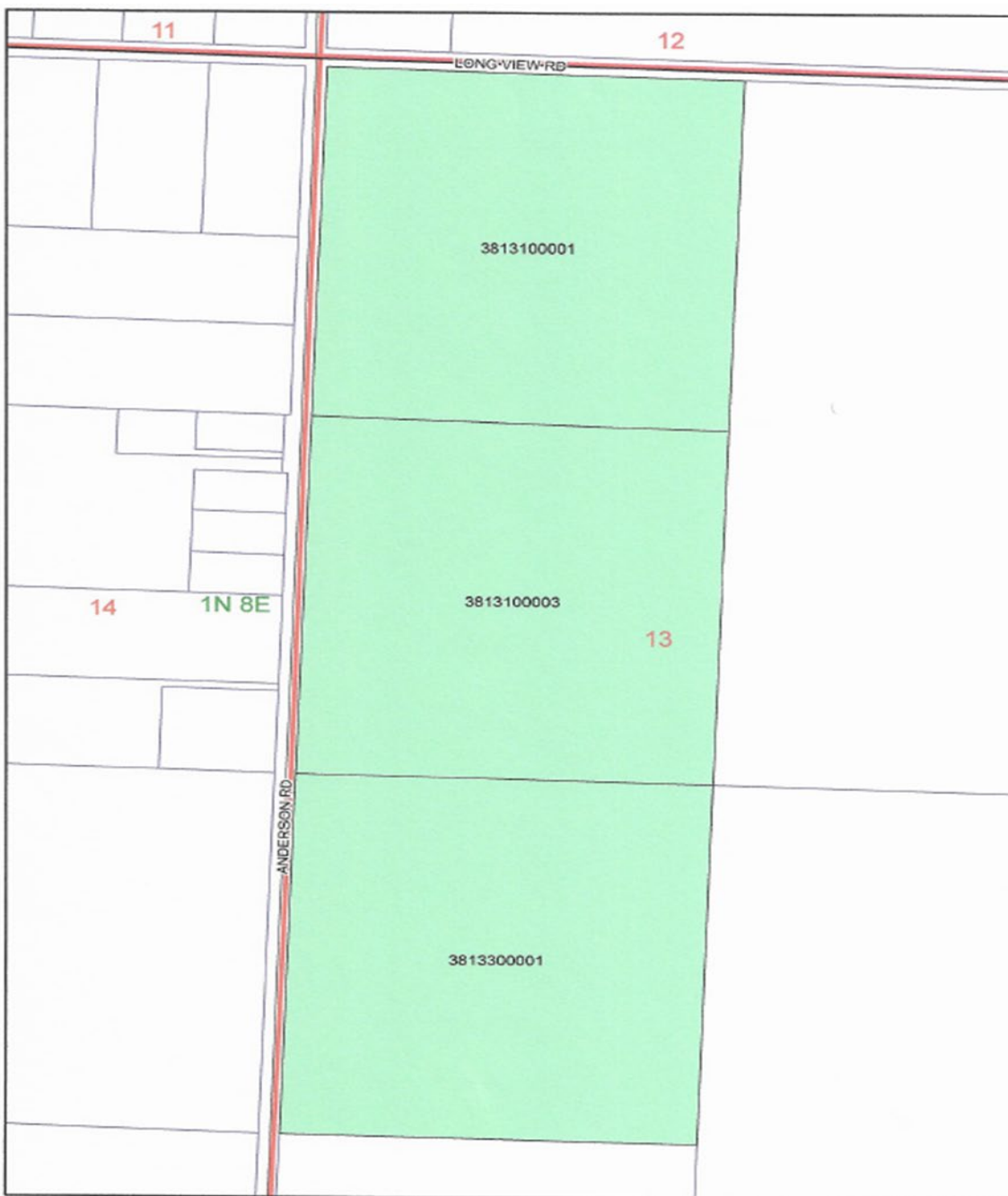
Assumed Mill Rate for 2021	
School "OO"	8.857
Pennington County	5.033
Fire District	0.655
Ambulance	0.905
Fire Admin	0.083
Library	0.179
Water	0.024

Utilizing the information regarding expected increment valuation and tax generation, it is possible to generate an expected revenue stream that can be utilized to retire debt that will be created as a result of implementing the Project Plan.

## ATTACHMENT 1

### DESCRIPTIONS OF REAL PROPERTY:

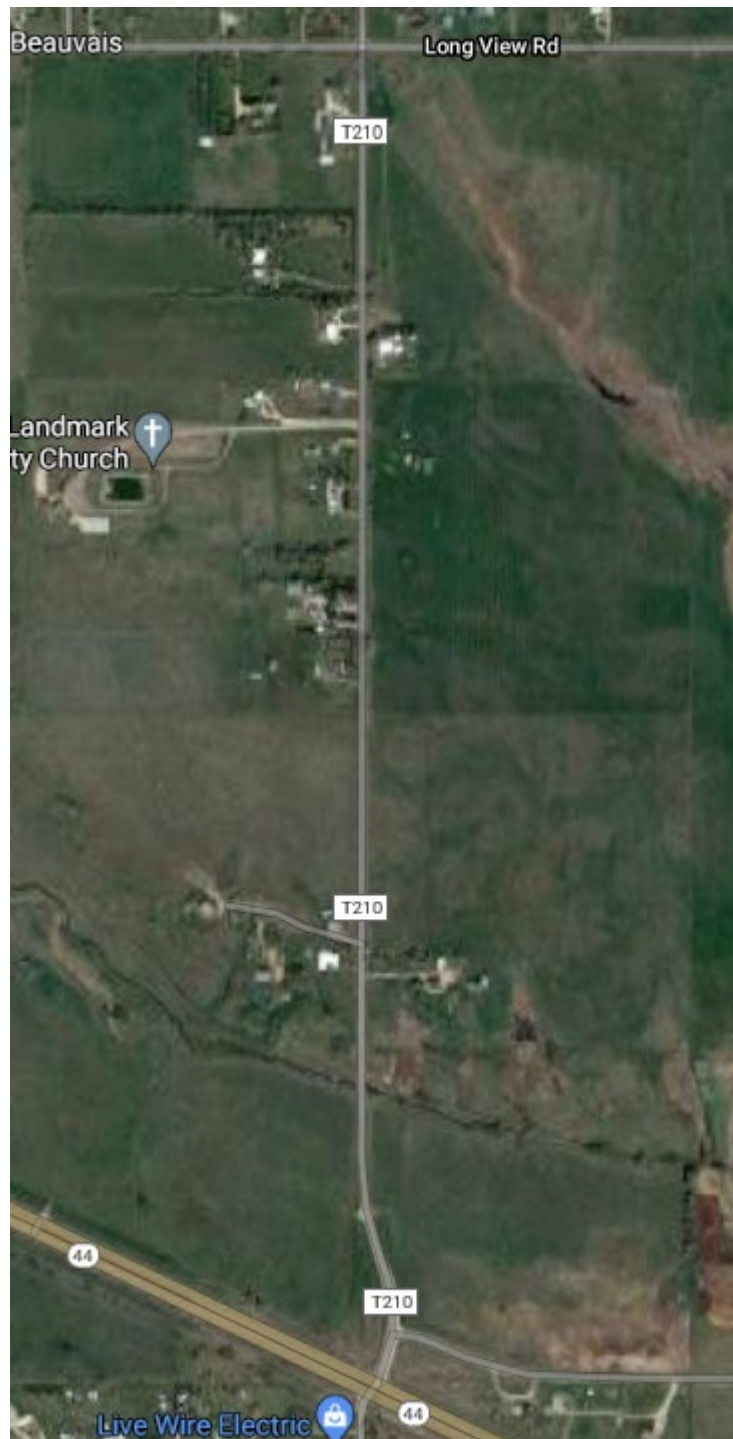
SW $\frac{1}{4}$ NW $\frac{1}{4}$ ; NW $\frac{1}{4}$ SW $\frac{1}{4}$ ; NW $\frac{1}{4}$ NW $\frac{1}{4}$  (including Lot A) Less ROW; Section 13, T1N, R8E, BHM, Pennington County, South Dakota.



## ATTACHMENT 2

Conditions picture for Pennington County Tax Incremental District #6, SDCL § 11-9-16(1)

The following is a picture showing the current conditions of the proposed location of TIF #6

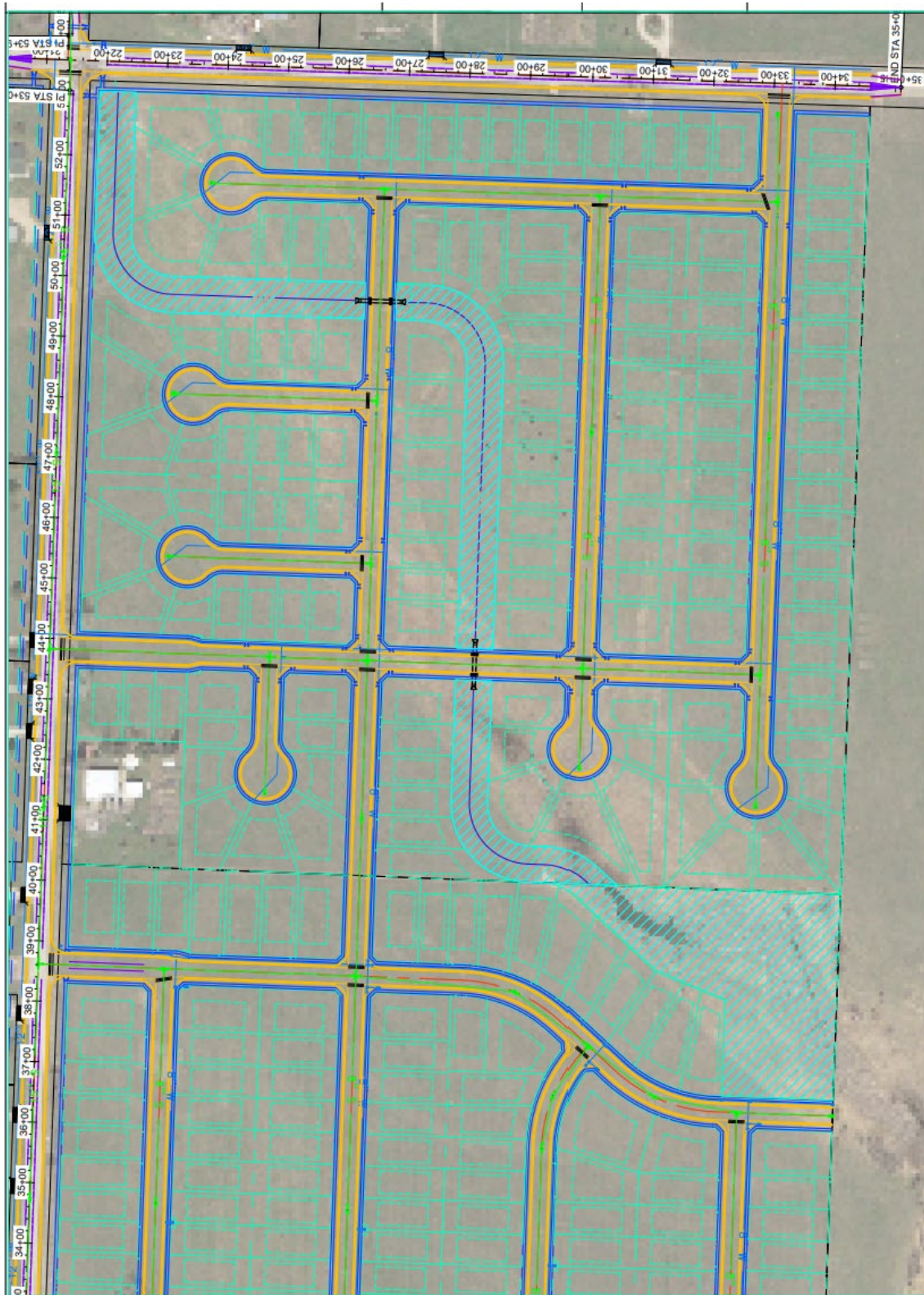


## ATTACHMENT 3



Improvements map for Pennington County Tax Incremental District #6, SDCL § 11-9-16(2).

The following is a plat map of the Tax Increment District:







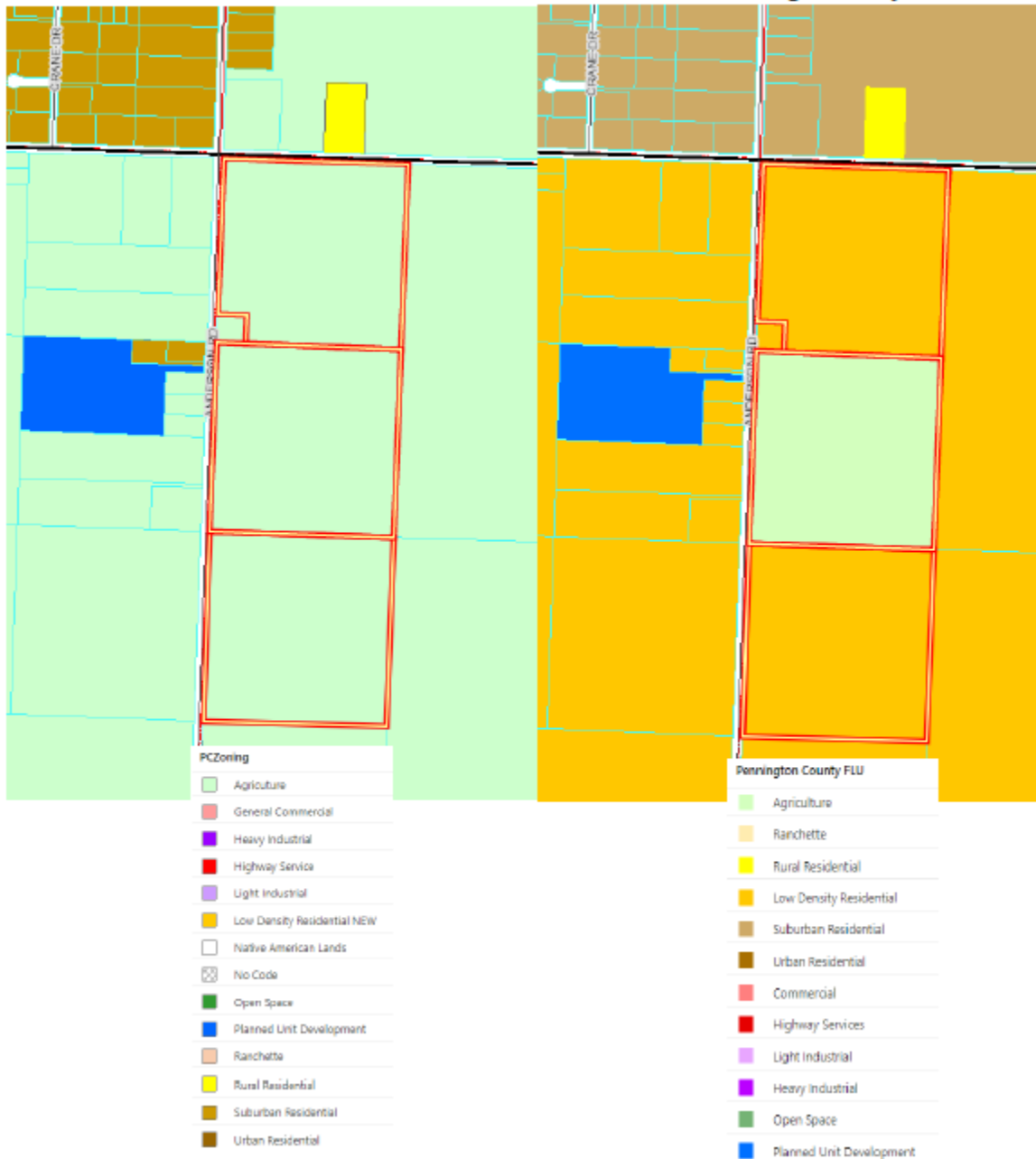
# ATTACHMENT 4

Zoning Change Map for Pennington County Tax Incremental District #6, SDCL § 11-9-16(2).

The proposed development will be zoned for residential.

Current Zoning

Future Land Use



Examples of Homes that will be built in the proposed Tax Increment District #6. The price listed is for demonstration and not actual price of the homes.

*SIX floor plan options!*



**FLOOR PLAN: "Tri Level"**

**TOTAL SQFT: 1,257**

**\$207,500** (2 beds, 1 bath / unfinished lower level)

**\$222,500** (full finish / 3 beds, 2 baths)



**FLOOR PLAN: "1015 Split Level"**

**TOTAL SQFT: 2,012**

**\$219,000** (2 beds, 1 bath / unfinished lower level)

**\$249,500** (full finish / 4 beds, 2 baths)



**FLOOR PLAN: "906 Split Level"**

**TOTAL SQFT: 1,770**

**\$234,998** (2 beds, 1 bath / unfinished lower level)

**\$259,526** (full finish / 4 beds, 2 baths)



**FLOOR PLAN: "XL Tri Level"**

**TOTAL SQFT: 1,548**

**\$244,904** (2 beds, 1 bath / unfinished lower level)

**\$259,368** (full finish / 3 beds, 2 baths)



**FLOOR PLAN: "1057 Split Level"**

**TOTAL SQFT: 2,045**

**\$250,924** (2 beds, 1 bath / unfinished lower level)

**\$279,596** (full finish / 5 beds, 2 baths)



**FLOOR PLAN: "1176 Split Level"**

**TOTAL SQFT: 2,343**

**\$262,856** (2 beds, 2 bath / unfinished lower level)

**\$293,320** (full finish / 4 beds, 3 baths)



SOUTH DAKOTA DEPARTMENT OF REVENUE  
445 East Capitol Avenue • Pierre, SD 57501  
(605) 773-3311 • dor.sd.gov

September 7, 2021

County Auditor  
130 Kansas City St  
Rapid City SD 57701

RE: Preliminary Classification of Pennington County # 6

Dear Cindy Mohler:

The Department of Revenue hereby acknowledges receipt of your request for Preliminary Classification of Tax Increment Financing District submitted on 09/07/2021.

Upon review of the provided information the Department has determined the preliminary classification for the TIF District "Pennington County # 6" to be Affordable Housing for the purposes of the State Aid to Education formula.

If you have any questions or concerns, please do not hesitate to contact this office.

Sincerely,

A handwritten signature in blue ink, appearing to read 'W. Semmler', is written over a light blue horizontal line.

Wendy Semmler, Director  
Property Tax Division





August 25, 2021

Pink Cabin, LLC  
Attn: Jim Scull & Andy Scull  
803 Industrial Avenue  
Rapid City, SD 57702

Re: Anderson Road TIF

Dear Jim & Andy:

I would like to provide you with this Letter of Interest (LOI) in financing the proposed TIF through the City of Rapid City, South Dakota for the Anderson Road development.

The financing would be approximately \$10,000,000 at a rate equal to New York Prime + 1% at closing. The rate would be variable every five years, with the floor rate equal to the initial rate at closing. We would have a maximum amortization of 15 years, with the first two years as interest only minimum required with any additional tax revenues received applied to principal reduction. The loan will have a 1% origination fee.

If this is acceptable, please provide the proposed budget, TIF agreement, and estimated repayment schedule anticipated with the TIF. We will finalize conditional approval very shortly.

If you have any questions, please feel free to contact me.

Sincerely,

Robert L. DeWald, SVP  
Black Hills Community Bank  
Office: 605-791-5383