

**DRAFT**  
**Project Plan For**  
**Tax Incremental District**  
**Number Thirteen**  
**City of Sioux Falls**

**Prepared by the**  
**Sioux Falls Economic Development Division**  
**December 2011**

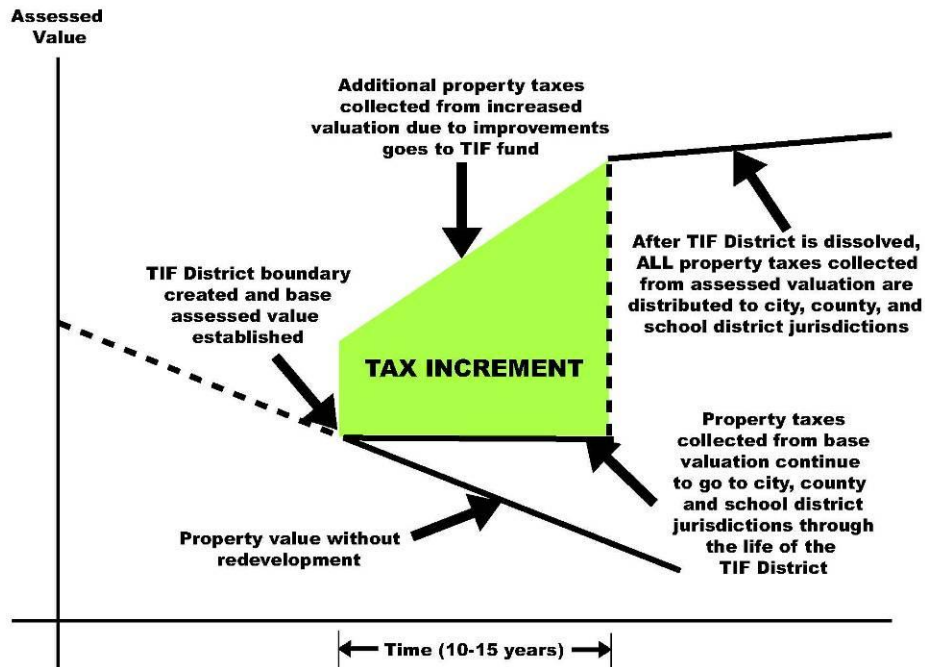
## **Introduction**

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 retain existing businesses that might otherwise find more attractive options elsewhere. The jobs and additional investment, both private and public, mean more money for the community. TIF helps to overcome the extraordinary costs that often prevent redevelopment and private investment from occurring in difficult to develop areas of the community. As a result, the TIF area itself improves and property values increase.

The benefits of TIF improvements occur where the costs for extensive infrastructure or site clean-up can make development prohibitive. In Sioux Falls, TIF funding has helped redevelop areas where blight or physical challenges would have made improvement cost prohibitive.

Specifically, money for improvements and other incentives comes from the growth in property tax revenues — the tax increment. A tax increment is the difference between the amount of property tax revenue generated from property within the TIF district before TIF district designation and the amount of property tax revenue generated from property within the TIF district after TIF designation. Property taxes collected on properties included in the TIF at the time of its designation continue to be distributed to the school districts, 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 City to fund projects costs in the TIF district. The graph that follows depicts this concept.

## TAX INCREMENT FINANCING DISTRICTS



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 City Planning Commission and the City Council.

### Overview of TIF District 13

Tax Incremental Finance District Number 13, City of Sioux Falls (“TIF 13”) is being created to stimulate reinvestment into existing downtown property and undertake projects that will increase the overall value of the properties in the district. The catalyst for the district’s creation is the renovation of the Raven Industries headquarters building from a manufacturing facility to a modern headquarters facility, renovation to the adjacent York building, and site work including the construction of a riverfront terrace on the south side of the Ravens headquarters building. TIF 13 will be used to fund costs associated with the riverfront terrace, improvements to the site and City’s recreation easement, façade easements, improvements to 6<sup>th</sup> Street from the Big Sioux River to Phillips Avenue, and river greenway construction on the west bank between 6<sup>th</sup> Street and the existing pedestrian bridge.

### Elements of the Project Plan

The project plan as required by SD codified law hereby addresses the following elements:

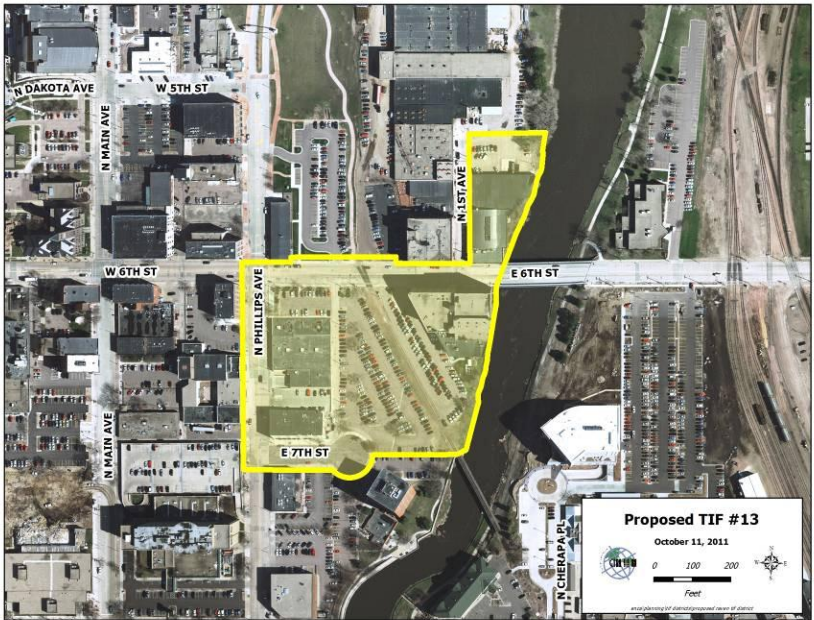
- A. Boundaries

1. The boundaries of the district must be contiguous.
  2. The boundaries cannot divide property used for a single use.
  3. A minimum of 25 percent of the real property located within the district must be classified as blighted or 50 percent of the real property within the district is likely to 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. .
  4. The aggregate assessed value of the taxable property in TIF 13 plus the tax incremental base of all other existing tax incremental districts in the City of Sioux Falls does not exceed ten percent (10%) of the total assessed value of taxable property in the City of Sioux Falls.
  5. The improvement of the area is likely to significantly enhance the value of substantially all of the other real property in the district.
- B. Project Plan
1. The kind, number, and location of all proposed public works or improvements within the district.
  2. Economic feasibility study.
  3. Estimated project costs; including capital, financing, real property assembly, professional services, computed administration, relocation, and organizational costs.
  4. A list of estimated non-project costs.
  5. Fiscal impact statements showing the impact of the tax increment district, both until and after the bonds are repaid, for all contributing taxing jurisdictions.
  6. Methods of financing and repayment schedule.
  7. A map showing the existing uses and conditions of real property in the district.
  8. A map showing the proposed improvements and uses therein.
  9. A map showing the proposed changes of zoning ordinances.
  10. A statement listing changes needed in the master plan, map, building codes, and municipal ordinances.
  11. A list of estimated non-project costs, if any.
  12. A statement of a proposed method for the relocation of persons to be displaced.

## **EVALUATION REPORT FOR SIOUX FALLS' TAX INCREMENT DISTRICT #13**

### **Boundaries**

TIF 13 is shown in the map below and also in the appendix section.



The individual properties within TIF 13 are listed below by County Tax ID number and also show the legal description and current assessed value.

County ID	ADDRESS	ASSESSED VALUE	IMPROVEMENTS	LAND	SQ FT	LEGAL DESCRIPTION
53896	200 E 6th Street	\$588,869	\$254,711	\$334,158	60,756	N3' (EX E30') Vac 6th St & Legal X
43086	205 E 6th Street	\$960,470	\$753,835	\$206,635	37,570	Lots 1 -4 and Part Lots 6 & 7 Lying E Railroad ROW Block 25 Phillips, JL Addition
42918	203 E 6th Street	\$204,838	\$19,928	\$184,910	33,620	Lot 1 Co Auditor Subdivision Blocks 24 & 25 Phillips, JL Addition
43082	101 E 6th Street	\$697,314	\$281,514	\$415,800	39,600	Lots 1-6 Block 24 Phillips, JL Addition
43084	302 N Phillips Avenue	\$301,475	\$197,525	\$103,950	9,900	Lot 7 & N 1/2 Lot 8 Block 24 Phillips, JL Addition
43085	300 N Phillips Avenue	\$1,304,084	\$1,200,134	\$103,950	9,900	S 1/2 Lot 8 & All lot 9 Block 24 Phillips, JL Addition
29995	201 E 6th Street	\$388,835	\$20,003	\$368,832	67,060	Lot 7R4 Block 1 Downtown Center Urban Renewal Subdivision
84143	NA	\$36,833	\$0	\$36,833	24,555	Track A Downtown Center Urban Renewal Subdivision
<b>Total</b>		<b>\$4,482,718</b>	<b>\$2,727,650</b>	<b>\$1,755,068</b>	<b>282,961</b>	

State law requires that tax increment districts cannot exceed ten percent of the taxable value of the City of Sioux Falls. This value for Sioux Falls is approximately \$10 billion. The base value of the taxable property for inclusion into this Tax Increment Finance (TIF) District, as per the Director of Equalizations records is as follows:

Total base value of active TIF Districts in Sioux Falls is as follows:

TIF District #5	\$ 395,354
TIF District #7	\$ 510,088
TIF District #10	\$ 778,651
TIF District #11	\$ 295,270
TIF District #12	\$1,395,000
<b>Total</b>	<b>\$3,374,363</b>

The total value of all active TIF districts in Sioux Falls is significantly less than 10% of total taxable value in the City.

The proposed TIF 13 will promote economic growth, recreational and tourism enhancements, and historic preservation in downtown, Sioux Falls. It is anticipated that a majority of properties within the district will see increases in their property valuation as a result of improvements made possible through creation of TIF 13.

## Project Plan

### Proposed Improvements and Financial Methods

The estimated cost of all improvements in TIF 13 is \$24,036,349. The improvements are related to the renovation of existing structures in the district along with site improvements. All improvements are scheduled to be completed in three phases over the course of five years. Of this total, approximately \$18,622,000 comprises non-TIF project costs.

These improvements will require private financing by each respective property owner. The City will enter into a development agreement with each property owner to reimburse expenses identified within the plan. The maximum amount payable to any developer or owner will be determined based on the actual amount of increment generated or total eligible expenses, whichever is less.

### Estimated Project Costs

The City proposes the following public improvements within TIF #13:

These are estimated values with reimbursement based upon actual expenses. The bottom line of \$3,537,000 is the controlling factor.

### PUBLIC IMPROVEMENTS for DISTRICT

Parking and public recreation easement reconstruction	\$1,242,000
South Terrace construction	\$530,000
Façade easements	\$200,000
Public exterior meeting space - York building	\$50,000
Professional fees	\$15,000
Greenway improvements	\$1,500,000
<b>TOTAL</b>	<b>\$3,537,000</b>

These capital, financing, services, and other expenses are intended to be expended as grants as allowed by SDCL 11-9.

**Economic Feasibility Study**

An assessed value of 50 percent of the estimated construction costs for the TIF 13 renovation project was utilized to calculate the estimated value of the property following project completion. The total post-construction estimated assessed value for the improvements is \$10,268,324. This compares to a private sector investment in excess of \$20,000,000. Improvements are scheduled to occur in three phases as shown below.

	Total project cost	Schedule for completion	Taxes payable
Phase I	\$11,046,872	2012	2014
Phase II	\$ 4,959,022	2015	2017
Phase III	\$4,530,755	2016	2018

Given this information real property values in TIF 13 will increase and the corresponding taxes generated for all phases, will range from \$90,253 to \$176,826 per year. This calculation is based upon a non-ag valuation factor of .886, an increment value of \$10,268,324 and a tax levy per thousand starting at 20.593 and decreasing to 20.123. This is based upon the current opt-outs and general obligation bond levies. These, including the long-term financial benefits of the district are summarized in the Appendix. The taxes generated are able to support the costs identified above at a minimum amount of \$2,857,604.

**Fiscal Impact**

During this reimbursement phase (that can last up to twenty years from the date TIF 13 is created), the anticipated annual increase in taxes of \$90,253 to \$176,826 is expected to pay project costs and is expected to have a positive fiscal impact on all entities levying taxes upon property in TIF 13.

**Miscellaneous**

Property within the proposed TIF 13 is currently located within a Planned Development District and conventional C-3 zoning. This is proper zoning for all proposed land-use activities in the district. This is depicted on a map in the Appendix.

This tax increment district plan is in compliance with the City’s 2035 Growth Management Plan, the 2015 Downtown Plan and the Design Review Overlay District Guidelines. It is also in compliance with current building codes and ordinances. This plan does not displace any residential uses, therefore no relocations are necessary.

# Appendix

**TIF 13 Value \*\*\* Present Value, Future Value, Cash Flow**

**Notice of Hearing including Legal Description**

**TIF #13 Boundary**

**TIF #13 Zoning Map**

**TIF #13 Land Use Map**

**TIF #13 Improvements Map**

**TIF #13 Improvement Images**

**TIF #13 Proposed Greenway Improvements**



**TIF 13 Value \*\*\* Present Value, Future Value, Cash Flow**

1st Yr of Assessment 2012 Payable in 2014	Estimated Value of the Property	Non-Ag Valuation Factor	Assessed Value for the Tax Levy	Base Value of the Property for Redevelopment	Incremental Growth for the TIF	Tax levy Per \$1,000 Value	Taxes Payable for TIF District
2014	\$10,006,154	0.886	\$8,865,452	\$4,482,718.00	\$4,382,734.44	20.593	\$90,253.65
2015	\$10,006,154	0.886	\$8,865,452	\$4,482,718.00	\$4,382,734.44	20.593	\$90,253.65
2016	\$10,006,154	0.886	\$8,865,452	\$4,482,718.00	\$4,382,734.44	20.593	\$90,253.65
2017	\$12,485,665	0.886	\$11,062,299	\$4,482,718.00	\$6,579,581.19	20.593	\$135,493.32
2018	\$14,751,042	0.886	\$13,069,423	\$4,482,718.00	\$8,586,705.21	20.593	\$176,826.02
2019	\$14,751,042	0.886	\$13,069,423	\$4,482,718.00	\$8,586,705.21	20.593	\$176,826.02
2020	\$14,751,042	0.886	\$13,069,423	\$4,482,718.00	\$8,586,705.21	20.593	\$176,826.02
2021	\$14,751,042	0.886	\$13,069,423	\$4,482,718.00	\$8,586,705.21	20.593	\$176,826.02
2022	\$14,751,042	0.886	\$13,069,423	\$4,482,718.00	\$8,586,705.21	20.593	\$176,826.02
2023	\$14,751,042	0.886	\$13,069,423	\$4,482,718.00	\$8,586,705.21	20.593	\$176,826.02
2024	\$14,751,042	0.886	\$13,069,423	\$4,482,718.00	\$8,586,705.21	20.593	\$176,826.02
2025	\$14,751,042	0.886	\$13,069,423	\$4,482,718.00	\$8,586,705.21	20.593	\$176,826.02
2026	\$14,751,042	0.886	\$13,069,423	\$4,482,718.00	\$8,586,705.21	20.123	\$172,790.27
2027	\$14,751,042	0.886	\$13,069,423	\$4,482,718.00	\$8,586,705.21	20.123	\$172,790.27
2028	\$14,751,042	0.886	\$13,069,423	\$4,482,718.00	\$8,586,705.21	20.123	\$172,790.27
2029	\$14,751,042	0.886	\$13,069,423	\$4,482,718.00	\$8,586,705.21	20.123	\$172,790.27
2030	\$14,751,042	0.886	\$13,069,423	\$4,482,718.00	\$8,586,705.21	20.123	\$172,790.27
2031	\$14,751,042	0.886	\$13,069,423	\$4,482,718.00	\$8,586,705.21	20.123	\$172,790.27
						TOTAL	\$2,857,604.04

## Notice of Hearing

PUBLISH: October 21, 2011

### NOTICE OF HEARING CITY PLANNING COMMISSION

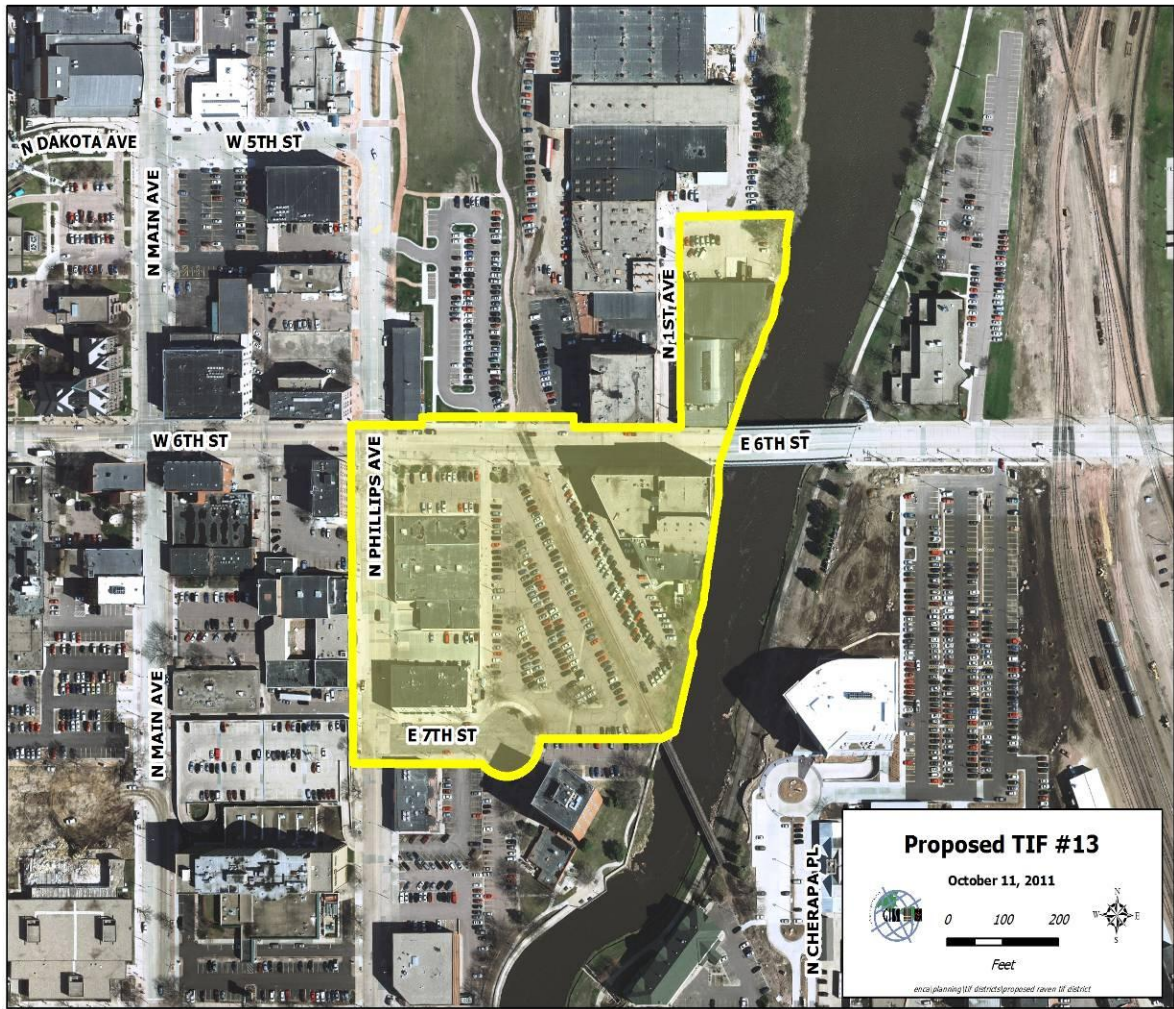
Notice is given that at the regular meeting of the Sioux Falls City Planning Commission to be held at 7 p.m. on Wednesday, November 2, 2011, at the Carnegie Town Hall, 235 W. 10th St., there will be a public hearing on the proposed creation of Tax Incremental District No. 13, City of Sioux Falls, and its proposed boundaries.

#### Legal Description:

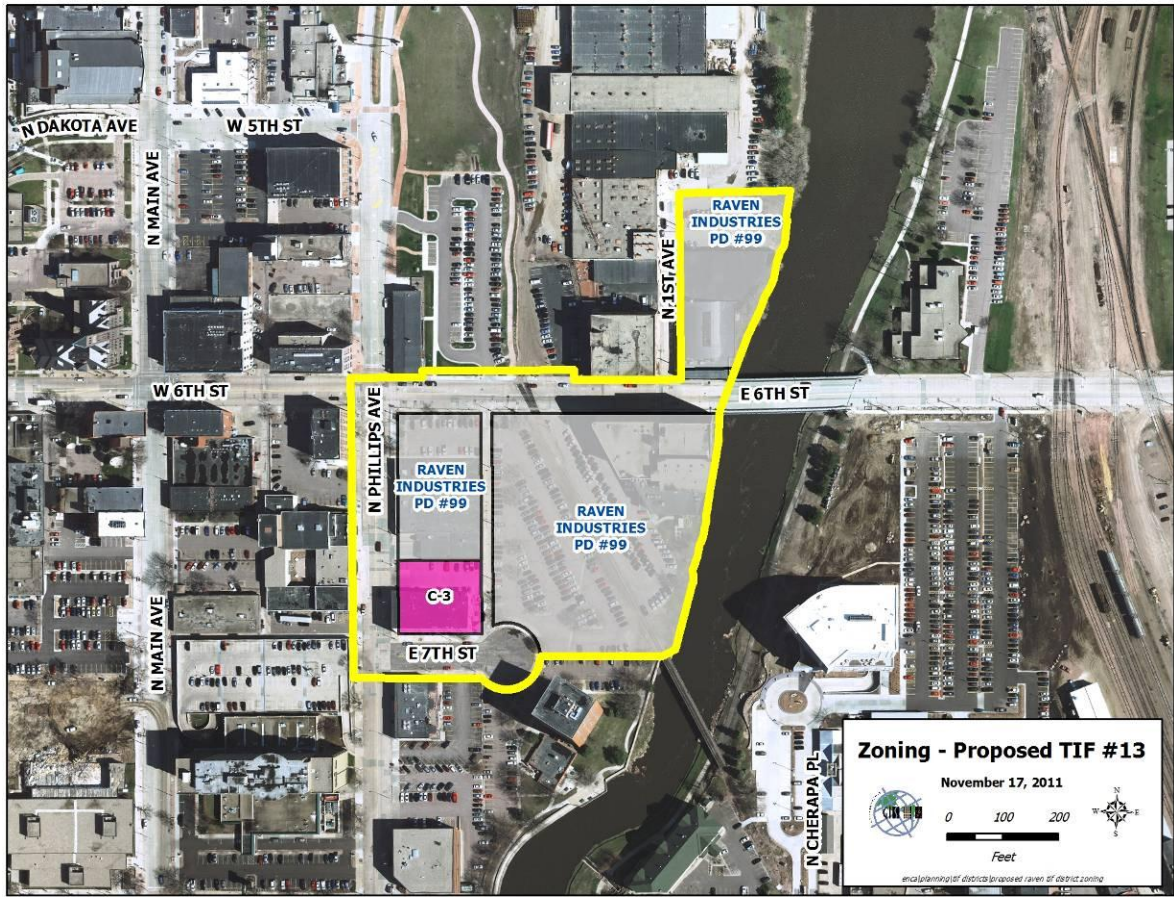
- N3' (Ex. E30') Vac. 6th St. & Lot 2 & S115' Lot 3 Tr. 1 Equitable Realty Co. Subd. NW1/4 16-101-49
- Lots 1 thru 4 & Part of Lots 6 & 7 Lying E. Railroad ROW Blk. 25 Phillips, J. L. Addition
- Lot 1 Co. Aud. Subd. Blks. 24 & 25 Phillips, J. L. Addition
- Lots 1 thru 6 Blk. 24 Phillips, J. L. Addition
- Lot 7 & N1/2 Lot 8 Blk. 24 Phillips, J. L. Addition
- S1/2 Lot 8 & all Lot 9 Blk. 24 Phillips, J. L. Addition
- Lot 7R4 Blk. 1 Downtown Center Urban Renewal Subd.
- Tr. A Downtown Center Urban Renewal Subd.

All properties legally described are located in Minnehaha County, SD. The proposed district includes a portion of right-of-way abutting these properties.

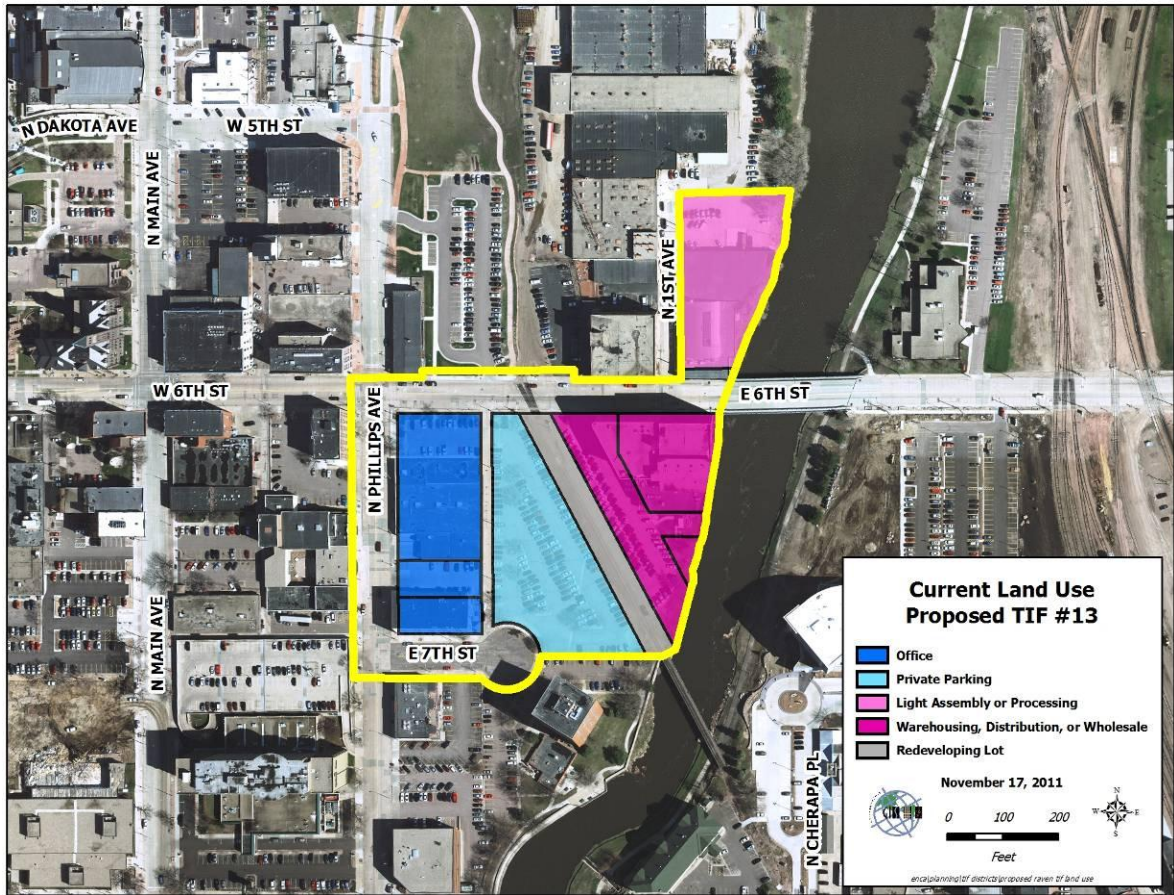
TIF District #13 Boundary



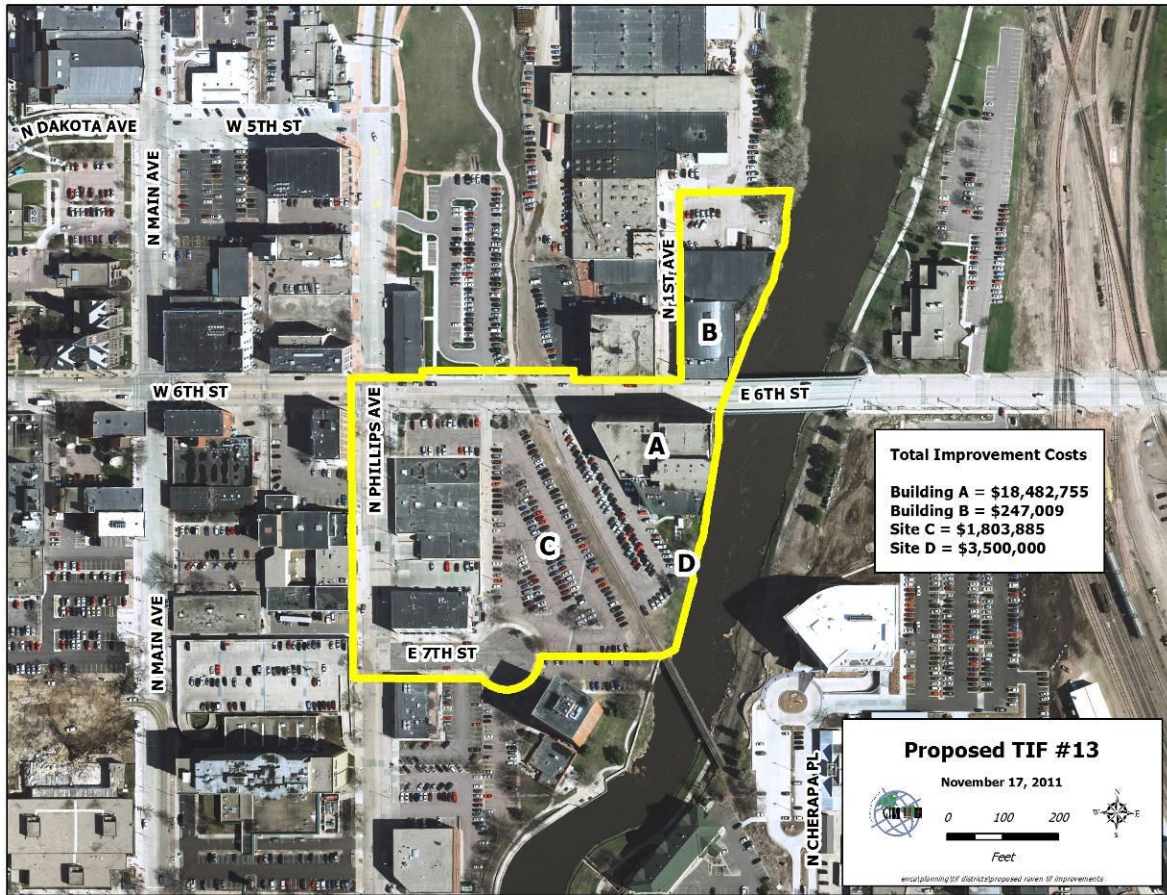
TIF #13 Zoning Map



# TIF District #13 Land Use Map



# TIF District #13 Improvements Map



TIF #13 Improvement Images



TIF #13 Proposed Greenway Improvements

