

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

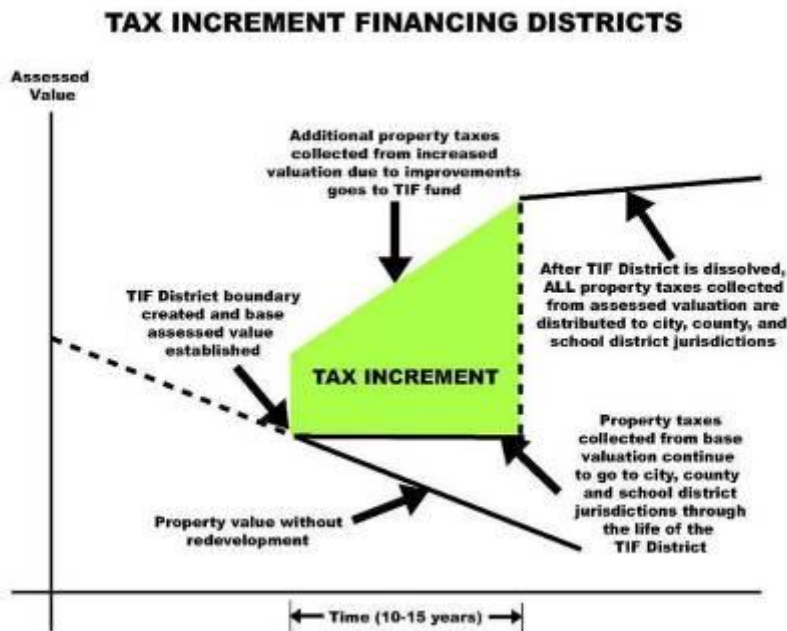
**Prepared by the
Sioux Falls Economic Development Division
January 2012**

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.



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 14

Tax Incremental Finance District Number 14, City of Sioux Falls (“TIF 14”) 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 demolition of the city-owned parking ramp, known as the “River Ramp” and the subsequent redevelopment of the city-owned surface parking lot and adjacent privately owned property into a hotel facility to include conference space, a restaurant, and potentially retail facilities.

TIF 14 will be used to fund costs associated with redevelopment of the site including the demolition of the River Ramp, excavation of the site, and remediation of environmental contamination on the site

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 14 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 #14

Boundaries

TIF 14 is shown in the map below and also in the appendix section.



The individual properties within TIF 14 are listed below by County Tax ID number and also show the legal description and current assessed value.

County ID	ADDRESS	Total ASSESSED VALUE	IMPROVEMENTS	LAND	SQ FT	LEGAL DESCRIPTION
53892	311 E 8th St	\$428,528	\$279,775	\$148,753	27046	Lot 1 Tuthill Subd, Tracks 9 & 13, Co Aud Subd
53860	201 E 8th St	0	0	0	58750	VAC ROW on Alley Lying Adj & TR 14 (Ex Lot 1) Co Aud Sub
53859	243 E 8th St	\$358,145	\$247,320	\$110,825	27467	VAC E1/2 ROW on alley Adj to & VAC ST & Lot 1 TR 14 SW1/4 & all that PT of CRI & P RR ROW lying E of W Line of COCO Aud Subd Lot 1 TR 14 SW 1/4 produce southerly across said ROW Thence northeasterly to S Line OF 8th ST

						(Ex ROW)
84953	305 E 8th St	\$196,461	0	\$196,461	32400	TR 8 (EX Lots 1 & 2 & Lumber Exchange I Addn) Co Aud Subd SW1/4 16-101-49
85075	NA	0	0	0	5257	TR D Downtown Center Urban Renewal Subd
65218	101 N Reid St	0	0	0	2065	Lot C Railroad Center Addn
Total		\$983,134	\$527,095	\$456,039	152,985	

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	\$ 11,415,324
TIF District #13	\$4,482,718

Total **\$17,877,405**

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 14 will promote economic growth and recreational and tourism enhancements 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 14.

Project Plan

Proposed Improvements and Financial Methods

The estimated cost of all improvements in TIF 14 is \$23,700,000. The improvements are related to new construction in the district along with site improvements and river greenway improvements. All improvements are scheduled to be completed in within two years. Of this total, approximately \$20,070,000 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 River Greenway Hospitality, LLC to reimburse expenses identified within the plan. The maximum amount payable 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 #14:

(These are estimated values with reimbursement based upon actual expenses. The bottom line of \$4,108,740 is the controlling factor.)

PUBLIC IMPROVEMENTS for DISTRICT

Demolition (305 E 8 th Street and 50% of River Ramp est.)	\$395,500
Site Excavation	\$300,000
Site earthwork and fill	\$380,000
Environmental Remediation including dewatering	\$734,000
Landscaping and public greenway access	\$200,000
8 th Street streetscape enhancements and reconstruction	\$250,000
Financing costs at 3% of \$2,224,000	\$1,134,240
A&E Fees (greenway, hotel, site landscaping, and public easements)	\$200,000
Legal Fees	\$15,000
River Greenway	\$500,000
Total	\$4,108,740

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 70 percent of the estimated construction costs for the TIF 14 construction 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 \$12,016,800. This compares to a private sector investment in excess of \$21,200,000.

Given this information real property values in TIF 14 will increase and the corresponding taxes generated for all phases, will range from \$148,625.15 to \$152,096.49 per year. This calculation is based upon a non-ag valuation factor of .886, an increment value of \$7,371,463.68 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 \$2,528,588.67.

Fiscal Impact

During this reimbursement phase (that can last up to twenty years from the date TIF 14 is created), the anticipated annual increase in taxes of \$148,625.15 to \$152,096.49 is expected to pay project costs and is expected to have a positive fiscal impact on all entities levying taxes upon property in TIF 14.

Miscellaneous

Property within the proposed TIF 14 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 14 Summary projections of TIF 14 Revenue

TIF 14 Value * Present Value, Future Value, Cash Flow (Hotel)**

TIF 14 Value * Present Value, Future Value, Cash Flow (311 E 8th Street)**

Notice of Hearing including Legal Description

TIF #14 Boundary

TIF #14 Zoning Map

TIF #14 Land Use Map

TIF #14 Improvements Map

TIF #14 Improvement Images

TIF #14 Proposed Greenway Improvements

Summary projections of TIF 14 Revenue

1st Yr of Assessment 2013 Payable in 2015	Taxes Payable for TIF District	Taxes Payable for TIF District	Total project revenue per year
2015	\$141,110.11		\$141,110.11
2016	\$141,110.11	\$7,720.75	\$148,830.86
2017	\$141,110.11	\$7,720.75	\$148,830.86
2018	\$141,110.11	\$7,720.75	\$148,830.86
2019	\$141,110.11	\$7,720.75	\$148,830.86
2020	\$141,110.11	\$7,720.75	\$148,830.86
2021	\$141,110.11	\$8,016.69	\$149,126.80
2022	\$141,110.11	\$8,016.69	\$149,126.80
2023	\$141,110.11	\$8,016.69	\$149,126.80
2024	\$144,079.81	\$8,016.69	\$152,096.49
2025	\$144,079.81	\$8,016.69	\$152,096.49
2026	\$140,791.43	\$7,833.72	\$148,625.15
2027	\$140,791.43	\$7,833.72	\$148,625.15
2028	\$140,791.43	\$7,833.72	\$148,625.15
2029	\$140,791.43	\$7,833.72	\$148,625.15
2030	\$140,791.43	\$7,833.72	\$148,625.15
2031	\$140,791.43	\$7,833.72	\$148,625.15
	\$2,402,899	\$125,689.48	\$2,528,588.67

TIF 14 Value * Present Value, Future Value, Cash Flow (Hotel)**

1st Yr of Assessment 2013 Payable in 2015	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
2012	0						
2013	0						
2014	0						
2015	\$8,138,238.00	0.886	\$7,210,478.87	\$358,145.00	\$6,852,333.87	20.593	\$141,110.11
2016	\$8,138,238.00	0.886	\$7,210,478.87	\$358,145.00	\$6,852,333.87	20.593	\$141,110.11
2017	\$8,138,238.00	0.886	\$7,210,478.87	\$358,145.00	\$6,852,333.87	20.593	\$141,110.11
2018	\$8,138,238.00	0.886	\$7,210,478.87	\$358,145.00	\$6,852,333.87	20.593	\$141,110.11
2019	\$8,138,238.00	0.886	\$7,210,478.87	\$358,145.00	\$6,852,333.87	20.593	\$141,110.11
2020	\$8,138,238.00	0.886	\$7,210,478.87	\$358,145.00	\$6,852,333.87	20.593	\$141,110.11
2021	\$8,138,238.00	0.886	\$7,210,478.87	\$358,145.00	\$6,852,333.87	20.593	\$141,110.11
2022	\$8,138,238.00	0.886	\$7,210,478.87	\$358,145.00	\$6,852,333.87	20.593	\$141,110.11
2023	\$8,138,238.00	0.886	\$7,210,478.87	\$358,145.00	\$6,852,333.87	20.593	\$141,110.11
2024	\$8,301,002.00	0.886	\$7,354,687.77	\$358,145.00	\$6,996,542.77	20.593	\$144,079.81
2025	\$8,301,002.00	0.886	\$7,354,687.77	\$358,145.00	\$6,996,542.77	20.593	\$144,079.81
2026	\$8,301,002.00	0.886	\$7,354,687.77	\$358,145.00	\$6,996,542.77	20.123	\$140,791.43
2027	\$8,301,002.00	0.886	\$7,354,687.77	\$358,145.00	\$6,996,542.77	20.123	\$140,791.43
2028	\$8,301,002.00	0.886	\$7,354,687.77	\$358,145.00	\$6,996,542.77	20.123	\$140,791.43
2029	\$8,301,002.00	0.886	\$7,354,687.77	\$358,145.00	\$6,996,542.77	20.123	\$140,791.43
2030	\$8,301,002.00	0.886	\$7,354,687.77	\$358,145.00	\$6,996,542.77	20.123	\$140,791.43
2031	\$8,301,002.00	0.886	\$7,354,687.77	\$358,145.00	\$6,996,542.77	20.123	\$140,791.43
						* TOTAL	\$2,402,899.19

TIF 14 Value * Present Value, Future Value, Cash Flow (311 E. 8th Street)**

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
2012							
2013							
2014							
2015	\$430,000						
2016	\$1,081,378	0.886	\$958,101	\$583,180.00	\$374,920.91	20.593	\$7,720.75
2017	\$1,081,378	0.886	\$958,101	\$583,180.00	\$374,920.91	20.593	\$7,720.75
2018	\$1,081,378	0.886	\$958,101	\$583,180.00	\$374,920.91	20.593	\$7,720.75
2019	\$1,081,378	0.886	\$958,101	\$583,180.00	\$374,920.91	20.593	\$7,720.75
2020	\$1,081,378	0.886	\$958,101	\$583,180.00	\$374,920.91	20.593	\$7,720.75
2021	\$1,097,598	0.886	\$972,472	\$583,180.00	\$389,291.83	20.593	\$8,016.69
2022	\$1,097,598	0.886	\$972,472	\$583,180.00	\$389,291.83	20.593	\$8,016.69
2023	\$1,097,598	0.886	\$972,472	\$583,180.00	\$389,291.83	20.593	\$8,016.69
2024	\$1,097,598	0.886	\$972,472	\$583,180.00	\$389,291.83	20.593	\$8,016.69
2025	\$1,097,598	0.886	\$972,472	\$583,180.00	\$389,291.83	20.593	\$8,016.69
2026	\$1,097,598	0.886	\$972,472	\$583,180.00	\$389,291.83	20.123	\$7,833.72
2027	\$1,097,598	0.886	\$972,472	\$583,180.00	\$389,291.83	20.123	\$7,833.72
2028	\$1,097,598	0.886	\$972,472	\$583,180.00	\$389,291.83	20.123	\$7,833.72
2029	\$1,097,598	0.886	\$972,472	\$583,180.00	\$389,291.83	20.123	\$7,833.72
2030	\$1,097,598	0.886	\$972,472	\$583,180.00	\$389,291.83	20.123	\$7,833.72
2031	\$1,097,598	0.886	\$972,472	\$583,180.00	\$389,291.83	20.123	\$7,833.72
						TOTAL =	\$125,689.48

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:

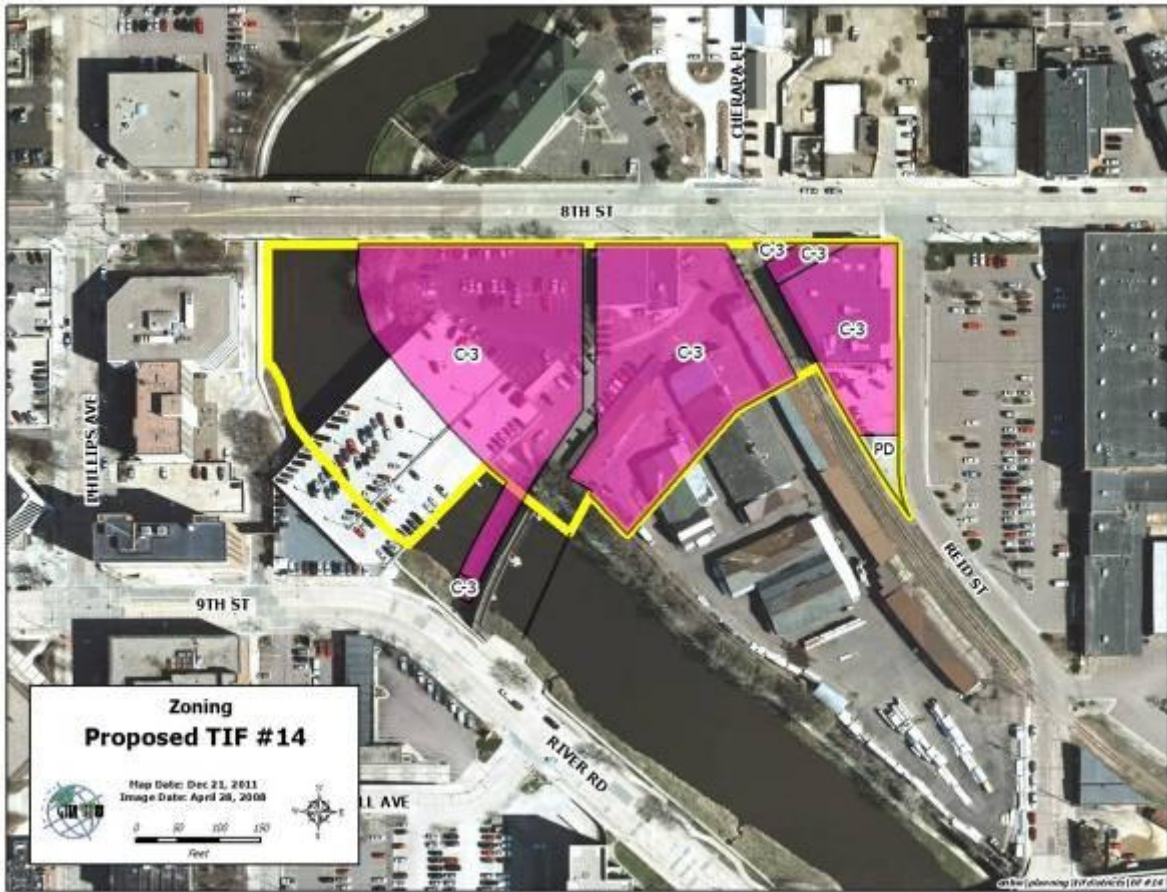
- N3' (Ex. E30') Vac. 6th St. & Lot 2 & S115' Lot 3 Tr. 1 Equitable Realty Co. Subd. NW1/4 16-101-49
- Lots 1 thru 4 & Part of Lots 6 & 7 Lying E. Railroad ROW Blk. 25 Phillips, J. L. Addition
- Lot 1 Co. Aud. Subd. Blks. 24 & 25 Phillips, J. L. Addition
- Lots 1 thru 6 Blk. 24 Phillips, J. L. Addition
- 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 #14 Boundary



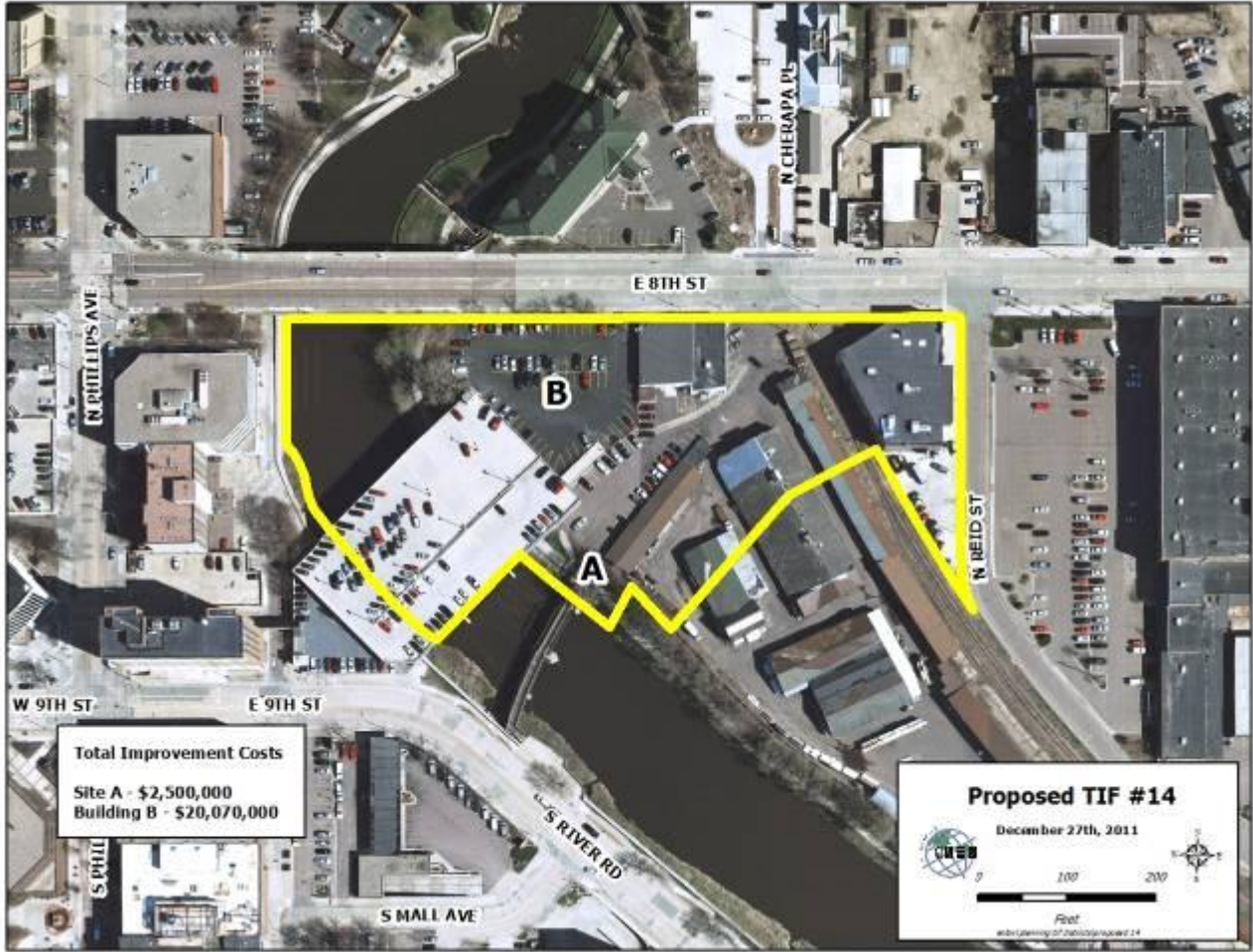
TIF #14 Zoning Map



TIF District #14 Land Use Map



TIF District #14 Improvements Map



TIF #14 Improvement Images



TIF #14 Proposed Greenway Improvements

