

Notice of Hearing: NA  
Date of Hearing: 03/19/12  
Date Adopted: 03/19/12  
Date Published: 03/23/12  
Date Effective: 04/12/12

RESOLUTION NO. 14-12

A RESOLUTION CREATING TAX INCREMENTAL DISTRICT NUMBER FIFTEEN, CITY OF SIOUX FALLS.

WHEREAS, the City Planning Commission has recommended the creation of Tax Incremental District Number Fifteen, City of Sioux Falls (the "District") and has submitted a proposed project plan for the District; and

WHEREAS, the City of Sioux Falls has the authority, pursuant to SDCL § 11-9-2(1), to create the District and define its boundaries; and

WHEREAS, the property within the District meets the qualifications and criteria set forth in SDCL 11-9; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF SIOUX FALLS, SD: That:

1. Declaration of Necessity and Enhancement. The City Council declares the necessity for the creation of the District pursuant to SDCL Chapter 11-9. Further, the City finds that the improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the district.
2. Findings of Economic Development. The City Council finds that not less than fifty percent (50%) of the real property in 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 that the improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the district.
3. Findings of Maximum Percentage of Tax Incremental Districts. The aggregate assessed value of the taxable property in the District, plus all other tax incremental districts, does not exceed ten percent (10%) of the total assessed valuation of the City.
4. Creation of District. There is hereby created, pursuant to SDCL Chapter 11-9, the District. The District is hereby created on the day this resolution becomes effective, which shall be 20 days after publication.
5. Designation of District Boundaries. The District shall have boundaries as shown and described on Exhibit A.

## Exhibit A

<b>LEGAL</b>	<b>PARCEL ID</b>
TR 1 HALL'S ADDN SE1/4 31-102-49	14598
SW1/4 W OF RIVER (EX HALL'S TRS 1 & 2 & EX LOT E-1 CAS & EX SANFORD SPORTS COMPLEX ADDN32-102-49	14608
HALL'S TR 2 (EX LOT E-10 & EX AIRPORT 5TH ADDN) SW1/4 32-102-49	66364
SE1/4 (EX TR 2 HALL'S ADDN & EX H-1 & EX N925 W942 LYING E OF LOT H1 & EX N450 E482 W1424LYING E OF LOT H1 & EX SANFORDSPORTS COMPLEX ADDN) 31-102-49	82446
LOT 2 BLK 1 SANFORD SPORTS COMPLEX ADDN	84947
LOT 3 BLK 1 SANFORD SPORTS COMPLEX ADDN	84948
LOT 2 BLK 1 SANFORD SPORTS COMPLEX ADDN	84949

Notice of Hearing: NA  
Date of Hearing: 3/19/12  
Date Adopted: 3/19/12  
Date Published: 3/23/12  
Date Effective: 4/12/12

RESOLUTION NO. 15-12

A RESOLUTION APPROVING THE PROJECT PLAN FOR TAX INCREMENTAL DISTRICT NUMBER FIFTEEN, CITY OF SIOUX FALLS.

WHEREAS, the City Planning Commission recommended approval of the project plan for Tax Incremental District Number Fifteen, City of Sioux Falls (the "District"), which identifies certain development activities and public improvements to be undertaken by the City or private developers and be paid for, in whole or in part, from the collection of tax increment revenues derived from the District; and

WHEREAS, the tax increment project plan is both economically feasible and in conformity with the adopted Sioux Falls 2035 Growth Management Plan; and

WHEREAS, it is anticipated that project costs, less the finance costs, in the plan will be expended prior to March 17, 2017, unless amended by proper City approval;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF SIOUX FALLS, SD:

That the project plan for the District is hereby approved.

BE IT FURTHER RESOLVED BY THE CITY OF SIOUX FALLS, SD:

That pursuant to SDCL 11-9-34, the Mayor is authorized to enter into and execute all necessary tax incremental bonds, contracts, and agreements for the implementation of the District project plan.

Date adopted: 03/19/12.

Mike T. Huether  
Mayor

ATTEST:

Denise D. Tucker, CMC  
Assistant City Clerk

## **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 and development risk 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, site clean-up, or the risk for private investment can make development prohibitive. In Sioux Falls, TIF funding has helped redevelop areas where blight or physical challenges would have made improvement cost prohibitive and where a significant portion of the project site or improvements benefit facilities owned, operated, and invested in by a local municipality.

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.

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 15 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 #15**

### **Boundaries**

TIF 15 is shown in the map below and also in the appendix section.

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.

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
TIF District #14	\$ 983,134
<b>Total</b>	<b>\$18,860,539</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 15 will promote economic, recreational and tourism growth in 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 the creation of TIF 15.

## Project Plan

### Proposed Improvements and Financial Methods

The estimated cost of all improvements in TIF 15 is \$58,250,000. The improvements are related to new construction of public and private facilities in the district along with public and private site improvements. All improvements are scheduled to be completed in within five years. Of this total, approximately \$48,630,000 comprises non-TIF project costs.

These improvements will require private financing by each respective property owner. A detailed list of the improvements is included below. The City will enter into a development agreement with Sanford Health, the Ice Sports Association and the Community Indoor Tennis Center 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.

Project	Projected completion date	Total construction cost (including A/E and construction of improvements)
City-owned sports complex (existing)	Fall of 2016	\$1,250,000
Build-out of remaining sports fields		\$642,772
Power Center	09-2012	\$8,000,000
Pentagon	09-2013	\$19,000,000
Restaurant	09-2013	\$1,500,000
Entertainment Facility	09-2014	\$3,500,000

following project completion. The total post-construction estimated assessed value for the improvements is \$28,131,675. This compares to a private sector investment in excess of \$42,000,000 and a public sector investment in excess of \$16,250,000.

Given this information real property values in TIF 15 will increase and the corresponding taxes generated for all phases, will range from \$108,882.37 at the beginning of the district's creation to \$561,036.26 per year by 2016. This calculation is based upon a non-ag valuation factor of .886 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 \$9,653,799.

### **Fiscal Impact**

During this reimbursement phase (that can last up to twenty years from the date TIF 15 is created), the anticipated annual increase in taxes of \$108,882.37 at the beginning of the district's creation to \$561,036.26 per year by 2016, is expected to pay project costs and is expected to have a positive fiscal impact on all entities levying taxes upon property in TIF 15.

### **Miscellaneous**

Property within the proposed TIF 15 is currently zoned as Recreation Conservation, Agricultural, and the remainder is located within a Planned Development District. 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. It is also in compliance with current building codes, ordinances, and SDCL 11-9. This plan does not displace any residential uses, therefore no relocations are necessary.

Summary projections of TIF 15 Revenue

Summary of Projections		
Year	Pentagon & Power Center Facilities	Retail Component
2012		
2013		
2014	\$108,882.37	
2015	\$368,879.29	\$19,936.06
2016	\$368,879.29	\$204,670.71
2017	\$368,879.29	\$204,670.71
2018	\$368,879.29	\$204,670.71
2019	\$368,879.29	\$204,670.71
2020	\$368,879.29	\$204,670.71
2021	\$368,879.29	\$204,670.71
2022	\$368,879.29	\$204,670.71
2023	\$368,879.29	\$204,670.71
2024	\$368,879.29	\$204,670.71
2025	\$368,879.29	\$204,670.71
2026	\$360,460.25	\$199,999.45
2027	\$360,460.25	\$199,999.45
2028	\$360,460.25	\$199,999.45
2029	\$360,460.25	\$199,999.45
2030	\$360,460.25	\$199,999.45
2031	\$360,460.25	\$199,999.45
TOTAL	\$6,329,316.13	\$3,266,639.89



TIF 15 Value \*\*\* Present Value, Future Value, Cash Flow (Sports Center Retail Component)

1st Yr of Assessment 2013 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	\$1,376,327	0.886	\$1,219,425.72	\$251,327	\$968,098.72	20.593	\$19,936.06
2016	\$11,501,327	0.886	\$10,190,175.72	\$251,327	\$9,938,848.72	20.593	\$204,670.71
2017	\$11,501,327	0.886	\$10,190,175.72	\$251,327	\$9,938,848.72	20.593	\$204,670.71
2018	\$11,501,327	0.886	\$10,190,175.72	\$251,327	\$9,938,848.72	20.593	\$204,670.71
2019	\$11,501,327	0.886	\$10,190,175.72	\$251,327	\$9,938,848.72	20.593	\$204,670.71
2020	\$11,501,327	0.886	\$10,190,175.72	\$251,327	\$9,938,848.72	20.593	\$204,670.71
2021	\$11,501,327	0.886	\$10,190,175.72	\$251,327	\$9,938,848.72	20.593	\$204,670.71
2022	\$11,501,327	0.886	\$10,190,175.72	\$251,327	\$9,938,848.72	20.593	\$204,670.71
2023	\$11,501,327	0.886	\$10,190,175.72	\$251,327	\$9,938,848.72	20.593	\$204,670.71
2024	\$11,501,327	0.886	\$10,190,175.72	\$251,327	\$9,938,848.72	20.593	\$204,670.71
2025	\$11,501,327	0.886	\$10,190,175.72	\$251,327	\$9,938,848.72	20.593	\$204,670.71
2026	\$11,501,327	0.886	\$10,190,175.72	\$251,327	\$9,938,848.72	20.123	\$199,999.45
2027	\$11,501,327	0.886	\$10,190,175.72	\$251,327	\$9,938,848.72	20.123	\$199,999.45
2028	\$11,501,327	0.886	\$10,190,175.72	\$251,327	\$9,938,848.72	20.123	\$199,999.45
2029	\$11,501,327	0.886	\$10,190,175.72	\$251,327	\$9,938,848.72	20.123	\$199,999.45
2030	\$11,501,327	0.886	\$10,190,175.72	\$251,327	\$9,938,848.72	20.123	\$199,999.45
2031	\$11,501,327	0.886	\$10,190,175.72	\$251,327	\$9,938,848.72	20.123	\$199,999.45
						TOTAL	\$3,266,639.89
						=	

**Notice of Hearing**

PUBLISH: February 24, 2012

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, March 7, 2012, at the Carnegie Town Hall, 235 W. 10th St., there will be a public hearing on proposed creation of a tax incremental district and its proposed boundaries.

Legal Description: SW1/4 West of River (ex. Hall's Addition Tracts 1 and 2 and ex. Lot E-1 CAS and ex. Sanford Sports Complex Addition in Section 32-102-49 and Tract 1 Hall's Addition in the SE1/4 of Section 31-102-49 and Hall's Addition Tract 2 (ex. Lot E-10 and ex. Airport 5th Addition) in the SW1/4 of Section 32-102-49 and a portion of the SE1/4 (ex. Tract 2

Hall's Addition and ex. H-1 and ex. N925 W942 lying East of Lot H1 and ex. N450 E482 W1424 lying East of Lot H1 and ex. Sanford Sports Complex Addition) in Section 31-102-49, and Lots 2 and 3, Block 1, Sanford Sports Complex Addition; all properties being located within Minnehaha County

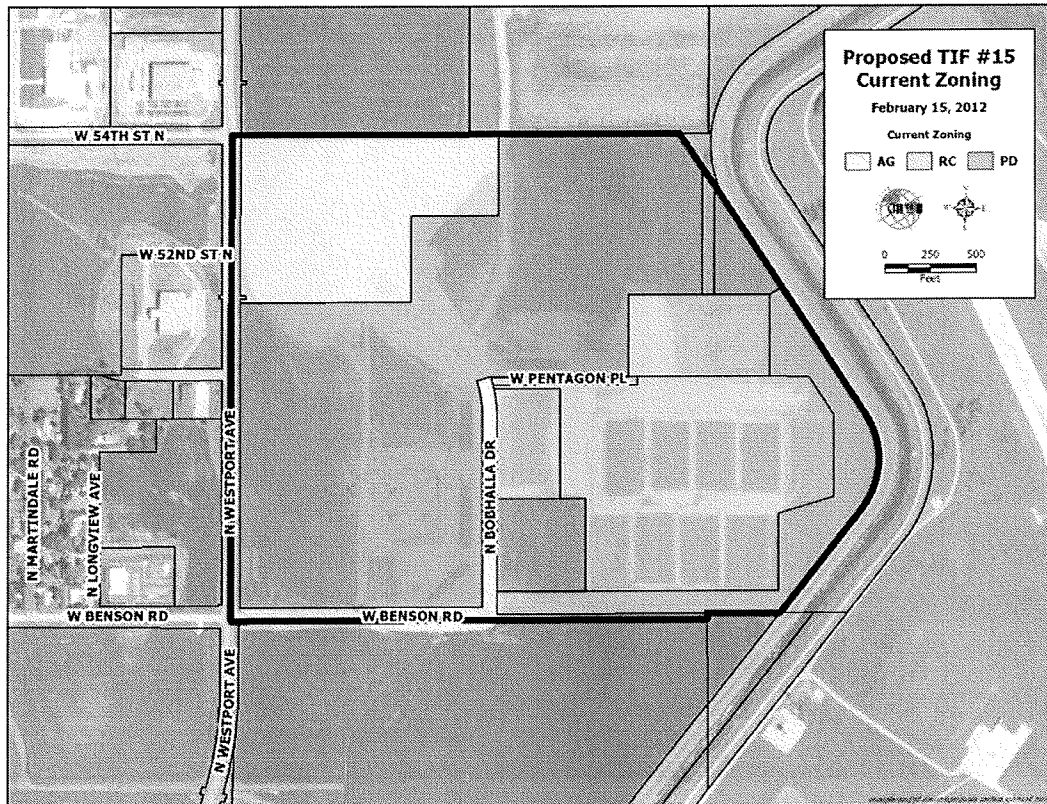
(W. Benson Rd. and N. Bobhalla Dr.)

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02/23/2012

TIF #15 Zoning Map



TIF District #15 Improvements Site Plan

