

City Council Agenda Memo

From: Mike Struck, Community Development Director

Meeting: August 22, 2023

Subject: Resolution 23-074: Tax Increment District # 14 Project Plan

Person(s) Responsible: Mike Struck, Community Development Director

Summary:

Adoption of Tax Increment District #14 Project Plan, detailing the proposed improvements, associated costs, and the plan for financing the improvements.

Background:

The City of Brookings is proposing the creation of Tax Increment District #14 to construct improvements in southern portion of the community for a workforce housing project. The City of Brookings is proposing to partner with a private developer and potentially utilize a portion of the tax increment revenue for park enhancements at the Fishback Soccer Park.

State law (SDCL 11-9-13) requires the Planning Commission adopt a project plan for each Tax Increment District and submit the plan to the governing body. The plan must contain specific information as stated in SDCL Chapter 11.

The Developer is responsible to front the costs of the project improvements and will only be reimbursed property tax increment generated from development occurring within the district. The aggregate assessed value of the taxable property in Tax Increment District #14, plus the tax increment base of all other existing districts, is less than two (2%) percent of the total assessed value of all taxable property in the City. State law restricts the maximum percentage to ten (10%) percent.

Item Details:

Tax Increment District #14 proposes to construct public improvements consisting of water, sanitary sewer, storm sewer, streets, drainage facilities, sidewalks, and site grading for the development of workforce housing meeting the needs of the 2022 Brookings Area Housing Study.

The creation of Tax Increment District #14 is a public / private partnership as the developer will construct the necessary improvements for workforce housing project and the City intends to construct public improvements enhancing the Fishback Soccer Park as revenues allow. The developer is responsible for fronting the project costs and will be reimbursed only to the extent positive tax increment is generated. The total project

costs are estimated in excess of \$8 million. The proposed improvements lie within the proposed boundaries of the district.

The legal description of the district is as follows:

North ½ of the Northwest ¼, excepting the East 650 feet, and excepting the West 1,600 feet, and excepting Substation Addition, and excepting the West 150 feet, and excepting the North 40 feet in Section 1-T109N-R50W, 7.05 Acres

West 390 feet of the East 1,040 feet in the Southeast ¼ of the Northwest ¼ in Section 1-T109N-R50W, 7.27 Acres

Lots 12A & 12B, Block 9, Bluegill Addition

West 1,600 feet of the South ½ of the Northwest ¼, excepting Trail Addition Block 2 in Section 1-T109N-R50W

Trail Addition, Block 2, excepting the North 490 feet

All Located in the City of Brookings, Brookings County, South Dakota including within and adjacent rights-of-ways.

The Planning Commission must provide a recommendation on the project plan to the City Council for creation of a TIF District.

Legal Consideration: None

Strategic Plan Consideration:

- 1) Fiscal Responsibility – Tax Increment Financing is a mechanism to utilize property tax increment to assist in funding infrastructure improvements benefitting the economic well-being of the City.
- 2) Economic Growth – Infrastructure improvements allow development of workforce housing to assist in meeting labor force needs of business and industry.

Financial Consideration:

Tax Increment Financing is a pay-as-you-go financing mechanism in which the developer fronts the costs of improvements and is only reimbursed what the district generates in tax increment revenue.

Options and Recommendation:

The City Council has the following options:

1. Approve as presented
2. Approve as amended
3. Deny
4. Move the item to a study session
5. Discuss / take no action / table

The Planning Commission voted 6-0 recommending approval. Staff recommends approval of the Tax Increment District #14 Project Plan.

Supporting Documentation:

Memo

Resolution

Minutes

Project Plan