

Planning Commission Agenda Memo

From: Mike Struck, Community Development Director
Meeting: August 6, 2024
Subject: Creating Boundaries of Tax Increment District # 16
Person(s) Responsible: Mike Struck, Community Development Director

Summary:

The City of Brookings proposes to create a Tax Increment District Number Sixteen in the east central portion of the City of Brookings to support industrial development.

Item Details:

The use of tax increment financing (TIF) to fund improvements within a specified area has become popular in the state. Many communities throughout the state have utilized tax increment financing to pay for extending roads, sewer, water, trails, and other infrastructure into areas to expedite development. As the name implies, only the tax increment (future growth in property tax revenues) is used to fund the improvements. The base, or property tax generated before the creation of the Tax Increment Finance District, continues to be paid to the taxing authorities. Tax Increment Districts are created to help attract private development. In turn, these developments expand employment opportunities, increase sales tax, and expand businesses into the community.

Tax Increment District # 16 boundaries consist of the Solventum property along 22nd Avenue. The proposed improvements consist of water, sanitary sewer, storm sewer, drainage facilities, site grading and street improvements for the development of industrial pad sites for the Solventum expansion.

Solventum will front the costs associated with the industrial project improvements and will only be reimbursed the increment generated from the improvements. The eligible project costs are at \$5 million. The proposed improvements lie within the proposed boundaries of the district.

The legal description of the district is as follows:

- Outlots, That Portion of SW ¼ Lying S of C & NW RR, Inc. Meyers Subdiv, Exc Lot 5A, 5B, 6B, & 7B & Exc S .84 Ac of L H-11, Exc L H-8 Sec 30-110-49, Also N ½ NW ¼ Exc H-2 & Exc. .43 Acres of Lot H-5 in City of Brookings

The notice was published one time at least 10 days but not more than 30 days prior to the public hearing consistent with SDCL 11-9-3. The Planning Commission must provide a recommendation on the district boundaries to the City Council for creation of a TIF District.

Options and Recommendation:

The Planning Commission has the following options:

1. Approve as presented
2. Approve as amended
3. Deny

Staff recommends approval of the resolution creating the boundaries for Tax Increment District # 16.

Supporting Documentation:

1. Memo
2. Resolution
3. Notice
4. Map