

City Council Agenda Memo

From: Mike Struck, Community Development Director

Meeting: November 12, 2024

Subject: Resolution 24-102: Creating Boundaries of Tax Increment District #13

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

Summary:

The City of Brookings proposes to create Tax Increment District Number Thirteen in the Wiese Addition for economic development. Action on this Resolution creates the boundaries of Tax Increment District #13. The Planning Commission voted 9-0 recommending approval of the creating the boundaries of Tax Increment District #13. Staff recommends approval of the resolution creating the boundaries of Tax Increment District #13.

Item Details:

The use of tax increment financing (TIF) to fund public 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 #13 boundaries consist of the area at the northeast quadrant of Interstate 29 and 6th Street, commonly referred to as the Brookings Marketplace. The proposed public improvements consist of water, sanitary sewer, storm sewer, streets, drainage facilities, sidewalks, landscaping, and site grading for the development of a big box retailer pad site and supplemental outlots for retail, restaurants, and office locations.

The creation of Tax Increment District #13 is a public/private partnership, as the City intends to transfer ownership of the property to a private developer to complete the proposed improvements. The developer will front the costs associated with the project improvements and only be reimbursed the increment generated from the improvements. The total project costs are estimated in excess of \$9 million. The proposed improvements lie within the proposed boundaries of the district.

The legal description of the district is as follows:

Lot 2, Block 1, Wiese Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota

West 134 feet of Lot 3, Block 1, Wiese Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota

Block 9, Wiese Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota

32nd Avenue rights-of-way from 6th Street north 600 feet

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.

State Law requires that tax increment districts cannot exceed ten percent of the taxable value of a municipality. Estimating the base value of proposed Tax Increment District #13 and all existing Tax Increment Districts combined is less than 2.0% of the total 2024 taxable valuation for the City of Brookings.

Legal Consideration:

None

Strategic Plan Consideration:

- 1) Fiscal Responsibility – The City of Brookings will responsibly manage resources through transparency, efficiency, equity, and exceptional customer service.
- 2) Economic Growth – The City of Brookings will support effective diversified community investment and equitable opportunities for prosperity.

Financial Consideration:

None. 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.

Supporting Documentation:

Memo

Resolution

Notice

Minutes

Map