

City Council Agenda Memo

From: Mike Struck, Community Development Director

Council Meeting: January 25, 2022

Subject: Tax Increment Financing #11 Developer's Agreement

Presenter: Mike Struck, Community Development Director

Summary:

Action to approve a Developer Agreement between the City of Brookings and Prairie Hills, LLC, for Tax Increment Financing District #11.

Background:

Prairie Hills, LLC, requested Tax Increment Financing assistance for the development of infrastructure serving commercial lots in the Prairie Hills Addition. Tax Increment Financing District #11 is a partnership between the Developer and the City of Brookings as a portion of the eligible expenses are the responsibility of the Developer and the City intends to utilize a portion of the tax increment to construct drainage improvements, trail(s) and greenspace within the 20th Street South and Medary Avenue South right-of-ways.

Item Details:

The developer is requesting Tax Increment Financing assistance for the construction of public improvements within Tallgrass Parkway and Sweetgrass Drive right-of-ways. The public infrastructure will include water, sanitary sewer, storm sewer, and street improvements. The improvements will complete the street network looping through the Prairie Hills Addition and providing a connection from Main Avenue South and 20th Street South. The infrastructure will serve undeveloped commercial lots along Main Avenue South and 20th Street South as well as providing infrastructure to multi-family housing opportunities on the east side of Tallgrass Parkway and south side of Sweetgrass Drive.

The City is proposing to utilize Tax Increment Financing revenue to construct drainage improvements along and near the intersection of Medary Avenue South and 20th Street South.

The tax increment revenues are proposed to be shared equally between the Developer and the City, with the Developer capped at a maximum of one million (\$1,000,000) dollars or actual bid eligible expenses, whichever is less. The Developer will through their consulting engineer, submit bid tabulations to the City for review and approval. The Developer, through their consulting engineer, will submit draw down requests which

the City will maintain a tabulation of the totals and reimburse the Developer annual fifty percent (50%) of the tax increment revenues generated from improvements within the district.

Legal Consideration:

The City Attorney has reviewed the Developer Agreement.

Strategic Plan Consideration:

The Developer's Agreement is consistent with Goal 1 Fiscal Responsibility, Goal 2 Safe, Inclusive Connected Community, and Goal 5 Economic Growth of the 2018-2023 City Council Strategic Plan by creating a public/private partnership utilizing tax increment financing to encourage public and private sector investment to further the development of the community by connecting the street network, while providing infrastructure serving an undeveloped commercial corridor.

Financial Consideration:

This is a pay-as-you-go Tax Increment Financing project, whereby the Developer is responsible for fronting the cost of the public improvements associated with serving the development and the City is responsible for the drainage improvements in and near the intersection of 20th Street South and Medary Avenue South.

Options and Recommendation:

The City Council has the following options:

1. Approve as presented
2. Amend
3. Deny
4. Move the item to a Study Session
5. Discuss / take no action / table

Staff recommends approval.

Supporting Documentation:

Memo
Agreement