

City Council Agenda Memo

From: Mike Struck, Community Development Director

Meeting: November 28, 2023

Subject: Resolution 23-108: Creating Boundaries of Tax Increment District #15

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

Summary:

The City of Brookings proposes to create a Tax Increment District #15 in the south-central portion of the City of Brookings.

Background:

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 TIF 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 TIF District, continues to be paid to the taxing authorities. Tax Increment Districts (TID) are created to help attract private development. In turn, these developments expand employment opportunities, increase sales tax, and expand businesses into the community.

Item Details:

Tax Increment District #15 boundaries consist of two undeveloped lots in the northwest quadrant of the intersection of Main Avenue South and Trail Ridge Road / 12th Street South as well as the Main Avenue South right-of-way from 8th Street South to Trail Ridge Road / 12th Street South. The proposed improvements consist of water, sanitary sewer, storm sewer, sidewalks, drainage facilities and site grading for the development of workforce housing.

The creation of Tax Increment District #15 is a public / private partnership as the City intends to capitalize on the private sector improvements and increased property tax increment revenue to improve sidewalk accessibility along Main Avenue between 8th Street South and Trail Ridge Road / 12th Street South. The developer will front the costs associated with the workforce housing project improvements while the City will utilize TIF revenue for a portion of the Main Avenue South improvements. The developer and City will only be reimbursed the increment generated from the improvements. The total project costs are at \$5 million. The proposed improvements lie within the proposed boundaries of the district.

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.

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 commercial structures and workforce housing to assist in expanding economic opportunities and labor force of business and industry.

Financial Consideration:

TIF 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 votes 8-0 recommending approval. Staff recommends approval.

Supporting Documentation:

Resolution

Map

Notice

Minutes