

City Council Agenda Item Memo

From: Mike Struck, Community Development Director

Meeting: February 25, 2025

Subject: Resolution 25-020: Approving Tax Increment Financing District #17 Project Plan

Presenter(s): Mike Struck, Community Development Director

Summary and Recommended Action:

Staff recommends approval of the proposed resolution approving the Tax Increment Financing District #17 Project Plan detailing the proposed improvements, associated costs, and the plan for financing the improvements.

Item Details:

The City of Brookings is proposing the creation of Tax Increment Financing District #17 to construct improvements associated with an economic development project. State law (SDCL 11-9-13) requires the Planning Commission adopt a Project Plan for each Tax Increment Financing 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 Financing District #17 plus the tax increment base of all other existing districts is one and a half (1.5%) percent of the total assessed value of all taxable property in the City. State law restricts the maximum percentage to ten (10%) percent.

Tax Increment Financing District # 17 proposes to construct improvements consisting of water, sanitary sewer, storm sewer, drainage facilities, sidewalks, site grading, curb and gutter, street surfacing, parking pavement, and median improvements associated with an economic development project.

The creation of Tax Increment Financing District # 17 is a public/private partnership as the developer will construct the necessary improvements and South Dakota State University intends to construct public improvements enhancing Campanile Avenue between 6th Street and 7th Street. The developer and South Dakota State University are responsible for fronting their respective portions of the project costs and will be reimbursed only to the extent positive tax increment is generated. The total project costs are estimated at \$9.48 million. The proposed improvements lie within the proposed boundaries of the district.

The legal description of the district is as follows:

- Lot 1A in Block 4 of Hill Park Addition, an addition to the City of Brookings, Brookings County, South Dakota
- Lot 13A in Block 2 of Sanderson's Addition to the City of Brookings, Brookings County, South Dakota
- S 40-foot Lot 4, Lot 5, N 15-foot Lot 6, Block 1 of Sanderson's Addition to the City of Brookings, Brookings County, South Dakota

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

The TIF Review team evaluated the TIF request and project plan per the Tax Increment Financing Guidelines updated in August 2024. Criteria evaluated include but are not limited to:

- But For
- Equity Requirement
- TIF Cap
- Taxable Increase
- Minimum Project Size
- Discretionary Formula
- Market Demand
- Residential Developments
- Financing Method

Legal Consideration:

None.

Strategic Plan Consideration:

Economic Growth – The City of Brookings will support effective diversified community investment and equitable opportunities for prosperity.

Financial Consideration:

Tax Increment Financing is pay-as-you-go in which the developer fronts the costs of the improvements and is only reimbursed by the positive tax increment revenue generated as a result of the project.

Supporting Documentation:

Resolution

Minutes

Project Plan