

City Council Agenda Item Memo

From: Mike Struck, Community Development Director

Meeting: August 27, 2024

Subject: Resolution 24-080: Tax Increment District # 16 Project Plan

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

Summary and Recommended Action:

Resolution adopting a project plan detailing the proposed improvements, associated costs, and the plan for financing the improvements for Tax Increment District #16. The Planning Commission votes 6-0 recommending approval. Staff recommends approval of the resolution adopting the project plan for Tax Increment District #16.

Item Details:

The City of Brookings is proposing the creation of Tax Increment District #16 to construct improvements in the east-central portion of the community for an industrial development project. Solventum is planning an expansion at their current location and grading and infrastructure improvements are necessary to accommodate the expansion projects.

State law (SDCL 11-9-13) requires the Planning Commission adopt a Project Plan for each Tax Increment District and submit the plan to the governing body. The plan must contain specific information as stated in SDCL Chapter 11-9.

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 District #16, plus the tax increment base of all other existing districts is less than two (2%) 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 District #16 proposes to construct improvements consisting of water, sanitary sewer, storm sewer, drainage facilities, and site grading for the expansion of industrial development. The Project Plan identifies eligible project costs as \$5,000,000 and the Tax Increment Financing District shall be decertified at such time as the project costs have been reimbursed or 20 years has expired from the date the district was created, whichever occurs first.

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

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

The Planning Commission must provide a recommendation on the project plan to the City Council.

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:

1. Memo
2. Resolution
3. Project Plan