

OFFICIAL MINUTES

Chairperson Tanner Aiken called the meeting of the City Planning Commission to order on Tuesday, August 6, 2024, at 5:30 PM in the Council Chambers Room #310 on the third floor of the City & County Government Center. Members present were Tanner Aiken, Kyle Jamison, Scot Leddy, Nick Schmeichel, Richard Smith and Debra Spear. Jacob Limmer and Roger Solum were absent. Also present were Community Development Director Michael Struck and City Planner Ryan Miller. Also present were Phillip Altman, Nathan Traffie, Diane Nelson, Patrick Daly, Marty Syrstad, Ken Just, Tim Reid, Jim Burkhardt and Jacob Meshke.

Item #6e – The City of Brookings proposes to create a Tax Increment District Number Sixteen in the east central portion of the City of Brookings to support industrial development.

(Jamison/Schmeichel) Motion to approve the creation of Tax Increment District Number Sixteen. All present voted aye. **MOTION CARRIED.**

OFFICIAL SUMMARY

(Following is a summary of the meeting and not a word for word dictation. Please see the City's website to view the meeting video for full details. <https://cityofbrookings.legistar.com/calendar.aspx>)

Item #6e – The City of Brookings proposed to create Tax Increment District Number Sixteen in the east central portion of the City of Brookings to support industrial development at 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. The use of tax increment financing (TIF) to fund 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 #16 boundaries consist of the Solventum property along 22nd Ave. The proposed improvements consist of water, sanitary sewer, storm sewer, drainage facilities, site grading and street improvements for the development of industrial pad sites for the Solventum expansion. Solventum would front the costs associated with the industrial project improvements and would only be reimbursed the increment generated from the improvements. The eligible project costs are at \$5 million. The proposed improvements lie within the proposed boundaries of the district.

Schmeichel asked for a map of existing TIFS and how many the city was allowed to have. Struck said the quantity was unlimited but the valuation was limited to 10% of the assessed tax valuation of the city of Brookings. After this proposal the city would be at roughly 2%. Schmeichel asked how many

jobs this brings. Reid said the expansion would create 46 new jobs and about \$2.6 million in payroll. The investment was almost \$222 million and would have an economic output of \$289 million. Schmeichel said this was the first TIF he had seen where the project had already been started and did not want this to become common. Schmeichel said several large businesses in town have expanded without requesting a TIF and the job output of this project was not that high. Reid stated that there are not going to be as many new manufacturing jobs due to automation. This project replaced jobs that were lost when a line was sold off. Brookings Economic Development Corporation had been working with 3M before they sold to Solventum to try to keep them in Brookings. The expansion also had a one-time boost to the economy in sales tax and construction costs. This project may have already begun but the discussion began a year ago and took time to fine tune. Schmeichel explained that his inquiries were because he did not want to come close to the 10% threshold and limit future benefits. He also did not want to get into the habit of companies beginning construction and asking for money later similar to stadiums threatening to leave a community if the city does not provide funding. Jamison clarified that the first vote was on district boundaries and second vote is on the creation of the TIF.