

City Council Agenda Memo

From: Mike Struck, Community Development Director

Meeting: September 22, 2020

Subject: Creating Boundaries of Tax Increment District # 9

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

Summary:

The City of Brookings proposes to create a Tax Increment Financing (TIF) District Number Nine in the northeast portion of the city.

Background:

The use of tax increment financing to fund public improvements within a specified area has become very popular in the state. Many communities throughout the state have utilized TIF to pay for extending roads, sewer, 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 improvement. The base, or property tax generated before the creation of the TIF District, continues to be paid to the taxing authorities. TIDs are created to help local governments attract private development. In turn, these developments bring more jobs and business into the community, and everyone benefits in the long term.

Item Details:

TIF District #9 proposes to construct 24th Street between 32nd Avenue and 34th Avenue in the Svennes Industrial Park along with the associated storm sewer improvements. The proposed 24th Street will enhance the transportation network in the northeast portion of the city and provide a much needed east/west street connection north of the Highway 14 Bypass. The estimated costs of constructing 1,650 lineal feet of street and storm sewer improvements is \$750,000 to \$1,000,000.

The legal description of the District is as follows:

Lots 1 & 2, Block 11, Freeland Addition and abutting rights-of-way of 32nd Avenue, City of Brookings, Brookings County, State of South Dakota, and

Block 11 excluding Lots 1 & 2, Freeland Addition and abutting rights-of-way of 32nd Avenue and 24th Street and 32nd Avenue, City of Brookings, Brookings County, State of South Dakota, and

Block 10 Exc Lot 1 & Exc ROW, Freeland Addition and abutting rights-of-way of 32nd Avenue, City of Brookings, Brookings County, State of South Dakota, and

N 40' of Lot 1, Shop Site Addition in NE ¼ SE ¼ in Section 18-T110N-R49W of the 5th P.M. and abutting rights-of-way of 24th Street and 34th Avenue, City of Brookings, Brookings County, State of South Dakota

The Planning Commission held a public hearing on the district boundaries on September 1, 2020. Once the district boundaries have been certified, a Project Plan will be brought forward for approval.

Legal Consideration:

None.

Financial Consideration:

The project is estimated to be \$750,000 - \$1,000,000, which is eligible for TIF reimbursement.

Strategic Plan Consideration:

Tax Increment Financing District #9 supports the economic development goal of recruiting industrial businesses for the build-out of the Svennes Industrial Park as it provides improved access with the proposed street.

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 work session
5. Do nothing

The Planning Commission voted 8 – 0 recommending approval of the creation of boundaries for Tax Increment Finance district #9. The Development Review Team (DRT) and staff recommend approval of the resolution certifying the boundaries of TIF #9.

Supporting Documentation:

Memo

Resolution

Notice

Planning Commission Minutes

Map