

City Council Agenda Memo

From: Mike Struck, Community Development Director

Council Meeting: November 10, 2020

Subject: Tax Increment District #1 Project Plan Amendment

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

Summary:

The City is proposing an amendment to Tax Increment District #1 Project Plan to allow for utilization of the project costs funds for public improvements within the district boundaries as well as extending the duration of the tax increment district to twenty (20) years.

Background:

Tax Increment District #1 was created in May, 2007 for the infrastructure associated with developing a 125-acre research park. As part of the creation of a tax increment district, a project plan is required to address items such as the eligible project costs, district boundaries, economic feasibility and more.

The Project Plan for Tax Increment District #1 established total project costs of \$4,399,000 for infrastructure improvements. The City fronted the costs of the infrastructure improvements and to date a total of \$2,484,727.60 has been expended. The City is proposing to utilize the remaining \$1.9 million in project costs for street improvements on 25th Avenue and 10th Street, two streets within the Tax Increment District #1 boundaries as well as future mil and overlay of streets as needed within the research park.

An amendment to the Project Plan for Tax Increment District #1 is proposed. The procedure for amending a project plan is provided in SDCL 11-9-18.

11-9-18. Amendment to project plan – Procedure.

The planning commission may at any time adopt an amendment to a project plan which shall be subject to approval by the governing body in the same manner as an initial project plan.

State law allows tax increment districts to be established for a specified period of time, however, in no instance shall it extend beyond twenty (20) years. Tax Increment District #1 was established as a fifteen (15) year district within the project plan.

Discussion:

The City is proposing an amendment to the Tax Increment District #1 Project Plan. The proposed amendments would extend the duration of Tax Increment District #1 from fifteen (15) years to twenty (20) years as well as expand the project costs to include public improvements within the district not specified in the original Project Plan.

Legal Consideration:

None.

Financial Consideration:

TIF #1 has \$1,914,272.40 available for eligible project costs. These funds would assist with capital needs and augment the needed revenues from the second penny sales tax.

Strategic Plan Consideration:

Tax Increment Financing District #1 supports the economic development goal of the City by providing public streets improvements which aid if retail development at Wilbert Square and business opportunities in the Research Park.

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 Tax Increment District #1 Project Plan amendment. The Development Review Team (DRT) recommends approval of the amendment to Tax Increment District #1 Project Plan.

Supporting Documentation:

Memo

Resolution

Minutes

Project Plan

Map