

TAX INCREMENTAL DISTRICT
NUMBER TEN,
CITY OF BROOKINGS



TAX INCREMENTAL
PROJECT PLAN

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INTRODUCTION AND PURPOSE

The purpose of this Plan, to be implemented by the City of Brookings, is to satisfy the requirements for a Tax Incremental District Plan Number Ten, City of Brookings as specified in SDCL Chapter 11-9. There are 11 mandated requirements of the Plan, each to be addressed in this Plan. The principal purpose of the Plan is to define eligible property and to define a Tax Increment Plan for funding eligible activities of a functionally obsolete and blighted area of the City.

This Plan was prepared for adoption by the City Council in recognition that the renewal area requires a coordinated, cooperative strategy, with financing possibilities, to eliminate the blight and prevent the spread of blight, and accomplish the City's development objectives for improving the continued viability of public and private development in the City.

The driving interest in the establishment of this Plan is to offer tax increment financing as a tool to stimulate and leverage private sector development and redevelopment, to help eliminate statutory defined blight, and to prevent the spread of such blight.

Development and redevelopment in the area is anticipated to occur in the near future through public and private partnerships, with the potential for Tax Increment financing to provide the impetus and means to undertake this redevelopment at a faster pace than might occur otherwise.

The development of commercial, institutional, and residential property and to stimulate further economic development is an essential governmental purpose.

GENERAL DEFINITIONS AS USED IN THIS PLAN

The following terms found in this Plan have the following meanings:

"Base" or "Tax Incremental Base" means the aggregate assessed value of all taxable property located within a Tax Incremental District on the date the district is created, as determined by SDCL § 11-9-20.

"Blighted" means property that meets any of the following criteria:

Any area, including slum area, in which the structures, buildings, or improvements, by reason of:

- (1) dilapidation, age, or obsolescence;
- (2) inadequate provisions for ventilation, light, air, sanitation, or open spaces;
- (3) high density of population and overcrowding;
- (4) the existence of conditions which endanger life or property by fire and other causes; or
- (5) any combination of such factors;
are conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and which is detrimental to the public health, safety, morals, or welfare, is a blighted area¹; or

¹ SDCL § 11-9-9

Any area which by reason of:

- (1) the presence of a substantial number of substandard, slum, deteriorated, or deteriorating structures;
- (2) predominance of defective or inadequate street layouts;
- (3) faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- (4) unsanitary or unsafe conditions;
- (5) deterioration of site or other improvements;
- (6) diversity of ownership, tax, or special assessment delinquency exceeding the fair value of the land;
- (7) defective or unusual conditions of title;
- (8) the existence of conditions which endanger life or property by fire and other causes; or
- (9) any combination of such factors;
substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, morals, or welfare in its present condition and use, is a blighted area ²; or

Any area which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of a municipality, is a blighted area.³

"City Councils" means the Brookings City Council.

"City of Brookings" means Brookings, South Dakota, a home rule form of government.

"Department of Revenue" means the South Dakota Department of Revenue.

"District" means the Tax Incremental District.

"Economic Development" means all powers expressly granted and reasonably inferred pursuant to SDCL §9-54.

"Fiscal year" means that fiscal year of the City of Brookings.

"Generally Applicable Taxes" shall have the same meaning as set forth in 26 CFR § 1.141-4(e).

"Governing body" means the Brookings City Council

"Infrastructure Improvements" means a street, road, sidewalk, parking facility, pedestrian mall, alley, bridge, sewer, sewage treatment plant, property designed to reduce, eliminate, or prevent the spread of identified soil or groundwater contamination, drainage system, waterway, waterline, water storage facility,

² SDCL § 11-9-10

³ SDCL § 11-9-11.

rail line, utility line or pipeline, or other similar or related structure or improvement, together with necessary easements for the structure or improvement, for the benefit of or for the protection of the health, welfare, or safety of the public generally.

"Municipality" any incorporated city in this state.

"Planning Commission" means the City Planning Commission.

"Plan" means this Project Plan.

"Project Costs" means any expenditure or monetary obligations by the City of Brookings, whether made, estimated to be made, incurred or estimated to be incurred, which are listed as Project Costs herein will include any costs incidental thereto but diminished by any income, special assessments, or other revenues, other than tax increments, received, or reasonably expected to be received, by the City of Brookings in connection with the implementation of this Plan.

"Project Plan" means properly approved Plan for the development or redevelopment of a tax incremental district including all properly approved amendments thereto as recommended pursuant to SDCL § 11-9-13.

"Public Works" means the acquisition by purchase or condemnation of real and personal property within the Tax Incremental District and the sale, lease, or other disposition of such property to private individuals, partnerships, corporations, or other entities at a price less than the cost of such acquisition which benefit or further the health, safety, welfare and economic development of the City.

"Taxable Property" all real taxable property located in a Tax Incremental District;

"Tax Incremental District" a contiguous geographic area within a City defined and created by resolution of the governing body and named City of Brookings Tax Incremental District Number Ten;

"Tax Increment Valuation" is the total value of the Tax Incremental District minus the tax incremental base pursuant to § 11-9-19.

"Tax Increment Law" means South Dakota Codified Laws Chapter 11-9.

PROPERTY WITHIN THE TAX INCREMENT ZONE

The real property to be located within the Tax Increment District is legally described as follows:

Description: Block 3 and 4, D & D Addition and abutting roads rights-of-way,

 Lot 10, Block 13, Pheasant Nest Addition and abutting road rights-of-way,

 Lot 1, Block 12, Pheasant Nest Addition and abutting road rights-of-way,

 Lot 2A and 3A, Block 12A, Pheasant Nest Addition and abutting road rights-of-way,

 Lot 5B, Block 13, Pheasant Nest Addition and abutting road rights-of-way,

 Lot 10, Block 11, Pheasant Nest Addition and abutting road rights-of-way,

 Lot 1, Block 2, McClemons Addition and abutting road rights-of-way,

 NE ¼ of SE ¼ Exc S 300' thereof, and Exc McClemons Addition of Section 35-
 T110N-R50W and abutting road rights-of-way,

 Lot 9 and 16A, Block 11, McClemons Addition and abutting road rights-of-way.

LISTING OF KIND, NUMBER, LOCATION AND DETAILED COSTS OF PROPOSED PUBLIC WORKS AND IMPROVEMENTS⁴.

In order to implement the provisions of SDCL Chapter 11-9, the following are Project Costs and expenditures made or estimated to be made and the monetary obligations incurred or estimated to be incurred by the City. The Project Costs includes capital costs, financing costs, real property assembly costs, professional fee costs, imputed administration costs, relocation costs, organizational costs and discretionary costs, plus any costs incidental thereto, diminished by any income, special assessments, or other revenues, other than tax increments, received, or reasonably expected to be received, by the City.

The City is working to develop an economic and competitive base to benefit the City and the State as a whole. All the Project Costs, land acquisition and professional fees, are found to be necessary and convenient to the creation of the Tax Incremental District and the implementation of the Tax Increment District. The City shall enter into all contracts in accordance with South Dakota law.

A combination of private investment, public investment and tax increment recapture will assist progress toward the following additional objectives:

- To address and remedy conditions in the area that impair or arrest the sound growth of the City;

⁴ SDCL §11-9-13(1).

- To implement the Comprehensive Plan and its related element;
- To redevelop and rehabilitate the area in a manner which is compatible with and complementary to unique circumstances in the area;
- To effectively utilize undeveloped and underdeveloped land;
- To improve pedestrian, bicycle, vehicular, and transit-related circulation and safety;
- To ultimately contribute to increased revenues for all taxing entities;
- To encourage the voluntary rehabilitation of buildings, improvements, and conditions;
- To watch for market and/or project opportunities to eliminate blight, and when such opportunities exist, to take action within the financial, legal and political limits of the Authority to acquire land, demolish and remove structures, provide relocation benefits, and pursue redevelopment, improvement and rehabilitation projects; and
- To improve areas that are likely to enhance significantly the value of substantially all property in the district.

COSTS OF PUBLIC WORKS OR IMPROVEMENTS

In accordance with SDCL 11-9-13(1) & (3) the following is the kind, number, location and dollar amount of estimated Project Costs, costs of public works and improvements.

Kind of Project Cost	Location ⁵	Amount	Reference ⁶
Capital Costs	District	\$2,500,000*	11-9-14(1)
Financing Costs	District		11-9-14(2)
Real Property Assembly	District		11-9-14(3)
Professional Fees	District	\$300,000*	11-9-14(4)
Administrative Costs	District		11-9-14(5)
Relocation Costs	District		1-9-14(6)
Organizational Costs	District		11-9-14(7)
Discretionary Costs and Grants	District	\$500,000*	11-9-14(8)
Eligible Project Costs		\$3,300,000	

*Eligible Project costs may be reallocated during the five years from creation of the TIF .

The above total represents eligible Project Costs.

⁵District shall mean the Tax Increment District.

⁶SDCL §11-9-14 (1) Capital costs, including the actual costs of the construction of public works or improvements, buildings, structures, and permanent fixtures; the demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and permanent fixtures; the acquisition of equipment; the clearing and grading of land; and the amount of interest payable on tax incremental bonds or notes issued pursuant to this chapter until such time as positive tax increments to be received from the district, as estimated by the Project Plan, are sufficient to pay the principal of and interest on the tax incremental bonds or notes when due;

(2) Financing costs, including all **interest** paid to holders of evidences of indebtedness issued to pay for Project Costs, any premium paid over the principal amount thereof because of the redemption of such obligations prior to maturity and a reserve for the payment of principal of and interest on such obligations in an amount determined by the governing body to be reasonably required for the marketability of such obligations;

(3) Real property assembly costs, including the actual cost of the acquisition by a municipality of real or personal property within a tax incremental district less any proceeds to be received by the municipality from the sale, lease, or other disposition of such property pursuant to a Project Plan;

(4) Professional service costs, including those costs incurred for architectural, planning, engineering, and legal advice and services;

(5) Imputed administrative costs, including reasonable charges for the time spent by municipal employees in connection with the implementation of a Project Plan;

(6) Relocation costs;

(7) Organizational costs, including the costs of conducting environmental impact and other studies and the costs of informing the public of the creation of tax incremental districts and the implementation of project plans; and

(8) Payments made, at the discretion of the governing body, which are found to be necessary or convenient to the creation of tax incremental districts or the implementation of project plans.

EXPENDITURES EXCEEDING ESTIMATED COST

Any expenditures which in sum would exceed the total amount stated in Eligible Project Costs will require an amendment of this plan. All amendments are undertaken pursuant to SDCL §11-9-23. When the expenditures are increased above the total Eligible Project Costs, the Department of Revenue will be required to reset the base, in accordance with SDCL §11-9-23.

FEASIBILITY STUDY.⁷

An economic feasibility study is attached as Schedule 3.

BLIGHT STUDY

Not less than 25% of the area within the proposed district is blighted and in need of redevelopment as indicated in the Blight Study attached as Schedule 4.

DETAILED LIST OF ESTIMATED PROJECT COSTS⁸

Attached as Schedule 1 is a detailed list of estimated Project Costs. No expenditure for Project Costs is provided for more than five years after the district.

FISCAL IMPACT STATEMENT⁹

Attached as Schedule 5 is the Fiscal Impact Statement on other taxing districts found within the Tax Increment District, both until and after the bonds are repaid.

METHOD OF FINANCING, TIMING OF COSTS AND MONETARY OBLIGATIONS¹⁰

Project Costs shall be paid by the City. There shall be multiple advances by the City. The City will reimburse for employee time and expense from the tax increment fund.

MAXIMUM AMOUNT OF NOTE OR BONDED INDEBTEDNESS

The City intends to issue no bonded indebtedness payable from the tax increment fund. The City will provide for the improvements through general funds and pay itself back through tax increment revenue.

DURATION OF TAX INCREMENTAL PLAN

The duration of the Plan will extend to the number of years it will take for the retirement of bonded indebtedness except that the Plan duration shall not exceed 20 years from the date of creation of the District.

⁷ SDCL §11-9-13(2)

⁸ SDCL §11-9-13(3)

⁹ SDCL § 11-9-13(4).

¹⁰ SDCL § 11-9-13(5)

ESTIMATED IMPACT OF TAX INCREMENT FINANCING ON REVENUES OF TAXING JURISDICTIONS

The site will generate taxes to the local jurisdictions at or above the assessed of the Base. All taxing districts shall receive that base which was established in 2020. The tax increment will be available to the taxing jurisdictions at or before 20 years after the creation of the District. Schedule 3 details the tax capture implications to each of the local taxing jurisdictions. After the repayment of the bonds, taxing entities will receive their proportionate share of tax dollars for the base value and the tax incremental values.

CONDITIONS MAP¹¹, IMPROVEMENTS MAP¹², ZONING CHANGE MAP¹³

The conditions map is attached as Attachment 1. The Improvements map is attached as Attachment 2. The Zoning Change Map is attached as Attachment 3.

CHANGES TO THE CITY OF BROOKINGS MASTER PLAN, MAP, BUILDINGS CODES AND CITY ORDINANCES¹⁴.

The City has made changes in the master plan, map, building codes and City ordinances as indicated on Attachment 3.

¹¹ SDCL § 11-9-16(1)

¹² SDCL § 11-9-16(2)

¹³ SDCL § 11-9-16(3)

¹⁴ SDCL §11-9-16(4)

LIST OF ESTIMATED NON-PROJECT COSTS¹⁵.

The following is a list of the projected non-Project Costs.

Commercial and residential buildings and facilities in an amount not determinable at this time.

STATEMENT OF DISPLACEMENT AND RELOCATION PLAN¹⁶

No residents or families will be displaced by the Project. Therefore, no relocation Plan is needed.

PERFORMANCE BOND, SURETY BOND OR GUARANTY.

As security for its fulfillment of the agreement with the governing body, a purchaser or lessee of redevelopment property shall furnish a performance bond, with such surety and in such form and amount as the governing body may approve or make such other guaranty as the governing body may deem necessary in the public interest.

¹⁵ SDCL §11-9-16(5)

¹⁶ SDCL § 11-9-16(16)

LIST OF SCHEDULES

SCHEDULE 1 Detail of Project Costs

SCHEDULE 2 Estimated Captured Taxable Values

SCHEDULE 3 Economic Feasibility Schedule

SCHEDULE 4 Blight Study

SCHEDULE 5 Fiscal Impact Statement

ATTACHMENTS

Attachment 1. Map and Legal Description and existing uses and conditions

Attachment 2. Map of Real property Improvement and uses

Attachment 3. Map of proposed changes in zoning ordinances

SCHEDULE 1 – "DETAIL OF PROJECT COSTS"

The project contains 2,900 lineal feet of street with associated water, sanitary sewer, and storm sewer improvements for 15th Street South and 7th Avenue South as well as improved detention pond facilities.

This project provides for complete infrastructure for a commercial area west of 7th Avenue South, workforce housing south of 15th Street South, and the completion of two collector streets in the City of Brookings leading to an elementary school and intermediate school.

SCHEDULE 2 – "ESTIMATED CAPTURED TAXABLE VALUES"

BASE-ESTIMATED TAXES THAT WILL GO TO TAXING DISTRICTS DURING TIF
INCREMENT-ESTIMATED TAXES THAT WILL GO TO TAX INCREMENT FUND DURING TIF

BRING YOUR DREAMS.



TIF Creation Date	9/22/2020								
First Year Assessed	2021								
First Year Collected	2022								
Base	\$1,086,000								
Year	TIF Year	Assessed	Collected	Assessed Valuation	Taxes	City	County	School District	Water District
1	2020	2021	2022	\$142,600	\$2,852.57	\$371.05	\$598.35	\$1,879.75	\$3.42
2	2021	2022	2023	\$285,200	\$5,705.14	\$742.09	\$1,196.70	\$3,759.51	\$6.84
3	2022	2023	2024	\$1,546,060	\$30,927.38	\$4,022.85	\$6,487.27	\$20,380.16	\$37.11
4	2023	2024	2025	\$1,881,860	\$37,644.73	\$4,896.60	\$7,896.28	\$24,806.68	\$45.16
5	2024	2025	2026	\$3,789,388	\$75,802.92	\$9,859.99	\$15,900.27	\$49,951.71	\$90.95
6	2025	2026	2027	\$4,512,600	\$90,270.05	\$11,741.79	\$18,934.87	\$59,485.09	\$108.30
7	2026	2027	2028	\$4,724,200	\$94,502.90	\$12,292.37	\$19,822.74	\$62,274.40	\$113.38
8	2027	2028	2029	\$4,834,600	\$96,711.34	\$12,579.63	\$20,285.98	\$63,729.70	\$116.03
9	2028	2029	2030	\$4,853,000	\$97,079.41	\$12,627.51	\$20,363.19	\$63,972.25	\$116.47
10	2029	2030	2031	\$4,853,000	\$97,079.41	\$12,627.51	\$20,363.19	\$63,972.25	\$116.47
11	2030	2031	2032	\$4,853,000	\$97,079.41	\$12,627.51	\$20,363.19	\$63,972.25	\$116.47
12	2031	2032	2033	\$4,853,000	\$97,079.41	\$12,627.51	\$20,363.19	\$63,972.25	\$116.47
13	2032	2033	2034	\$4,853,000	\$97,079.41	\$12,627.51	\$20,363.19	\$63,972.25	\$116.47
14	2033	2034	2035	\$4,853,000	\$97,079.41	\$12,627.51	\$20,363.19	\$63,972.25	\$116.47
15	2034	2035	2036	\$4,853,000	\$97,079.41	\$12,627.51	\$20,363.19	\$63,972.25	\$116.47
16	2035	2036	2037	\$4,853,000	\$97,079.41	\$12,627.51	\$20,363.19	\$63,972.25	\$116.47
17	2036	2037	2038	\$4,853,000	\$97,079.41	\$12,627.51	\$20,363.19	\$63,972.25	\$116.47
18	2037	2038	2039	\$4,853,000	\$97,079.41	\$12,627.51	\$20,363.19	\$63,972.25	\$116.47
19	2038	2039	2040						
20	2039	2040	2041						

Note: These numbers are for projection purposes only and do not reflect what the actual number(s) may be. These numbers are based on the following assumptions.

Assumptions:

1. Land values included in base value per state statute except workforce housing project.
2. Calculations based upon projected build-out schedule of commercial structures and workforce housing.
3. The discretionary formula was taken into account on a 20%, 40%, 60%, 80% basis for commercial properties.

SCHEDULE 3 – “ECONOMIC FEASIBILITY STUDY”



The City of Brookings is installing necessary infrastructure for a commercial and workforce housing development in the south-central portion of the community. The project will complete two important collector streets providing direct access to two schools as well as expanding the street network to provide improved connectivity for the community. With the expansion of industrial and manufacturing within the community, a key component is the availability of affordable workforce housing to continue economic development opportunities in attracting a quality workforce. The commercial development within the district is proposing to include office, warehousing, and wholesale related businesses which further expands upon diversifying the economic base while providing employment opportunities closer to residential areas. An essential component of the City's participation is City funding for certain Project Costs ("Project Costs") needed to support the Project (or any other comprehensive redevelopment of the site), all of which is currently estimated to cost in excess of \$3,300,000.

The City is paying the project costs pursuant to (SDCL 11-9-30) and intends to be reimbursed through positive tax increment pursuant to SDCL (11-9-32). If the Tax Increment District #10 dissolves prior to full reimbursement, the City will not be reimbursed for the remaining outstanding balance.

In tax increment financing, the current real property tax assessed value of all properties in a designated project area ("tax increment financing district") is established as the "base value." As development in the tax increment financing district increases the assessed values of the redeveloped

properties, a portion of the additional tax revenue generated by the increase in assessed value over the base value is set aside and committed by the City for debt service on tax increment bonds, the proceeds of which would be used for the construction of the Project Costs.

Use of a Tax increment fund is permitted only in connection with a "Project Plan" duly adopted by the City. The process is set forth in the Tax Increment District Law, and is generally as follows:

- Any person may request the City Council to designate a tax increment financing district. The request may be through a formal application process, or a presentation to the City Council. Upon receiving any request, the City Council determines preliminary feasibility of the project. This preliminary feasibility determination includes fiscal, legal and political considerations.
- If it is determined feasible, the City Council directs staff or the Planning Commission to initiate the process. The Planning Commission then sets a proposed hearing date and starts the notice procedure.
- Notice of the intent to create a Tax Increment District is published and sent to all taxing districts not less than 10 days prior to the hearing.
- The Planning Commission holds a hearing and allows members of the general public to comment upon the proposed creation of a Tax Increment District. At the end of the hearing, the Planning Commission may recommend the creation of the Tax Increment District to the City Council. The Planning Commission may also recommend a tax increment Project Plan and forward to the City Council for their determination.
- The City Council places the recommendation on the agenda and at the public meeting may pass a resolution to create the Tax Increment District in accordance with the Tax Increment District Law. The resolution is published and becomes effective on the 21st day after publication, unless it is referred to a vote of the electors. This resolution may also approve the project plan.
- After the resolution becomes effective, the Department of Revenue of the State of South Dakota is sent a letter requesting to determine the base.
- After the Project Plan is approved, the City Council at any time may authorize the issuance of tax increment bonds "for the purpose of carrying out or administering a Project Plan". The resolution would irrevocably pledge its tax increment revenues to the debt service on the City's tax increment bonds. (See Tax Increment District Law Section 11-9-37).
- The City has five years to spend tax increment revenues or bond proceeds on or for Project Costs.

Estimated Tax Increment Fund Balance is as follows:

BRING YOUR DREAMS.



TIF Creation Date		9/22/2020							
First Year Assessed		2021							
First Year Collected		2022							
Base		\$1,086,000							
Year	TIF Year	Assessed	Collected	Assessed Valuation	Taxes	City	County	School District	Water District
1	2020	2021	2022	\$142,600	\$2,852.57	\$371.05	\$598.35	\$1,879.75	\$3.42
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Note: These numbers are for projection purposes only and do not reflect what the actual number(s) may be. These numbers are based on the following assumptions.

Assumptions:

1. Land values included in base value per state statute except workforce housing project.
2. Calculations based upon projected build-out schedule of commercial structures and workforce housing.
3. The discretionary formula was taken into account on a 20%, 40%, 60%, 80% basis for commercial properties.

Since the City is reimbursing itself through collected tax increment, the plan is feasible. The City will collect only such tax increments as are collected in the tax increment fund. The above sheet is only an estimate and will be subject to actual collections. This document represents the feasibility study required under Tax Increment District Law Section 11-9-13 (Subsections 2, 4 and 5). The study concludes that the proposed redevelopment project in the project area is feasible.

SCHEDULE 4. BLIGHT STUDY

SECTION 1- INTRODUCTION

The City has initiated the creation of a tax increment district located in the south-central part of the city. In order to determine whether a tax increment district may be created, it has been recommended that city staff together with outside consultants conduct a study of the area to determine if conditions exist that meet the definitions of blight described in Title 11-9 and allow consideration of a Tax Increment District to alleviate those conditions. If the City finds, by Resolution, that "blighted" conditions exist in not less than 25% of the area, it may after notification of affected taxing districts and after a public hearing, create a Tax Increment district.

The Purpose of the study is to determine if impediments to development and other issues of blight exist, pursuant to state law, sufficient enough to warrant the creation of a district in the southwestern portion of the City.

In addition to studying the subject area for the defined blighted conditions, staff has evaluated the area for the existence of assets or opportunities for private investment, as creation and reinvestment of TIF funds in a District depends primarily on new private investment generating new property taxes. Finally, staff reviewed the Study Area for localized physical and institutional impediments to investment in the study area.

SECTION 2 - STUDY AREA BOUNDARY

The Study of Blight is broadly described as:

Description: Block 3 and 4, D & D Addition and abutting roads rights-of-way,
 Lot 10, Block 13, Pheasant Nest Addition and abutting road rights-of-way,
 Lot 1, Block 12, Pheasant Nest Addition and abutting road rights-of-way,
 Lot 2A and 3A, Block 12A, Pheasant Nest Addition and abutting road rights-of-way,
 Lot 5B, Block 13, Pheasant Nest Addition and abutting road rights-of-way,
 Lot 10, Block 11, Pheasant Nest Addition and abutting road rights-of-way,
 Lot 1, Block 2, McClemans Addition and abutting road rights-of-way,

NE ¼ of SE ¼ Exc S 300' thereof, and Exc McClemans Addition of Section 35-T110N-R50W and abutting road rights-of-way,

Lot 9 and 16A, Block 11, McClemans Addition and abutting road rights-of-way.

SECTION 3 - ESTABLISHING BLIGHT

South Dakota law describes a blighted area as one that contains a set of conditions which constitute blight. There are three statutory areas of blight:

SDCL § 11-9-9 Any area, including slum area, in which the structures, buildings, or improvements, by reason of:

- (1) Dilapidation, age, or obsolescence;
- (2) Inadequate provisions for ventilation, light, air, sanitation, or open spaces;
- (3) High density of population and overcrowding;
- (4) The existence of conditions which endanger life or property by fire and other causes;
or
- (5) Any combination of such factors; are conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and which is detrimental to the public health, safety, morals, or welfare, is a blighted area.

SDCL § 11-9-10. Developed areas impairing growth defined as blighted. Any area which by reason of:

- (1) The presence of a substantial number of substandard, slum, deteriorated, or deteriorating structures;
- (2) Predominance of defective or inadequate street layouts;
- (3) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- (4) Insanitary or unsafe conditions;
- (5) Deterioration of site or other improvements;
- (6) Diversity of ownership, tax, or special assessment delinquency exceeding the fair value of the land;
- (7) Defective or unusual conditions of title;
- (8) The existence of conditions which endanger life or property by fire and other causes;
or
- (9) Any combination of such factors; substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, morals, or welfare in its present condition and use, is a blighted area.

SDCL § 11-9-11. Any area which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of a municipality, is a blighted area.

Under South Dakota law the finding of blight may be made based upon a single factor found in SDCL § 11-9-9, 11-9-10 or 11-9-11.

SECTION 4 - HISTORY OF THE STUDY AREA

The study area is comprised of commercial and residential area. A majority of the area is non developable without direct infrastructure improvements by the City of Brookings. The City has initiated a development plan whereby it intends to expand into the geographical area and provide infrastructure improvements where private developers will not.

SECTION 5 - STUDY AREA DESCRIPTION

An open area with inadequate street layouts, lack of sanitary sewer and water facilities, no storm drainage, or fire control improvements, which, due to geographical limitations, substantially arrests the sound growth of a municipality, constitutes an economic or social liability and is a menace to welfare of the City in its present condition and use.

Area contains substantial diversity of ownership which substantially impairs and arrests the sound growth of a municipality.

SECTION 6 - CONDITIONS WITHIN THE STUDY AREA

Infrastructure

Public Utilities

Sewer- Analysis of the City of Brookings Sanitary Sewer Maps reveals that the Study Area has limited wastewater coverage.

Storm water – Analysis of the City of Brookings Sanitary Sewer Maps reveals that the Study Area has limited storm sewer coverage.

Potable Water – Analysis of the City of Brookings Water Maps reveals that the Study Area has limited water coverage.

Street & Sidewalk Condition – Analysis of the City of Brookings Street Maps reveals that the Study Area is in need of additional street and sidewalk infrastructure.

Transportation

According to the Engineering department, the District is in need of street extension and alignment to maintain better control and flow of traffic.

Public Safety

Fire – The City of Brookings Fire Department supplied information pertaining to life safety aspects within the study area. More than twenty-five percent of the District does not meet fire safety standards.

Demographic Character of the Study Area

There exists population in less than 25 % of the study area.

Tax Generation from the Area

More than twenty-five percent of the District does not generate taxes sufficient to supply the required infrastructure improvements.

Land Use and Planning

Comprehensive Plan - The Comprehensive plan suggests that public and private improvements are needed within the District.

Zoning – No zoning changes are necessary to allow development to occur upon completion of the infrastructure improvements.

SECTION 7 - FINDINGS WITHIN THE STUDY AREA – ANALYSIS

In accordance with State Law, the following addresses specific characteristics of blight found within the Study Area with corresponding portions of 11-9-10 and 11-9-11:

Defective or inadequate street layout. - For the most part, the streets in the Study Area are not adequate, as the current streets dead-end and do not provide acceptable turn-around. The existing street network is inadequate to handle the traffic volumes anticipated with the development of a 20 – 22 unit workforce housing project, along with the addition of commercial facilities as well as not providing access and connectivity. The study area would benefit greatly from an improved street and connectivity with existing streets.

Faulty lot layout in relation to size, adequacy, accessibility, or usefulness.

Lots and blocks in the Study Area need to be laid out in not less than 25% of the area.

Unsanitary or unsafe conditions.

Some conditions within localized portions of the Study Area listed above achieve unsafe status due to life-safety issues.

The existence of conditions that endanger life or property by fire or other causes.

Some conditions within localized portions of the Study Area listed above achieve unsafe status due to life-safety issues.

SECTION 8 - CONCLUSIONS

Based on the findings of this study, it is determined that the Study Area contains conditions defined as “blight”.

SCHEDULE 5 - "FISCAL IMPACT STATEMENT"

FISCAL IMPACT STATEMENT- TAX INCREMENT DISTRICT NUMBER TEN

INTRODUCTION

The fiscal impact statement is intended to provide a succinct analysis of the estimated impact of the Tax Increment District to the public pursuant to SDCL § 11-9-13(4). It is not intended to rival the level of detail required by a detailed financial analysis. A fiscal impact statement shows the impact of the Tax Increment District, both until and after the City is repaid, upon all entities levying taxes upon property in the district.

DEFINITIONS

"Assumptions" means factors or definitions used in the fiscal analysis. Assumptions may include facts and figures identified by the District and educated guesses that are sometimes necessary when not all of the information is available. Assumptions are often used to extrapolate an estimate. Assumptions may include an estimate of tax levies of each taxing entity, the school aid formula contribution, the value of the real property, etc.

"Base Revenues" means the taxes collected on the base value.

"Fiscal Impact" means the increase or decrease in revenues and generally refers to an impact to revenues caused by the district.

"Revenue" means ad valorem taxes.

"Tax Increment District" means City of Brookings, Tax Increment District Number Ten.

"Taxing Districts" means all political subdivisions of the state which have ad valorem taxing power over property within the boundaries of the Tax Increment District.

"Tax Increment Revenues" means all revenues above the Base Revenues.

ASSUMPTIONS:

1. The property will have improvements which at completion will be valued for taxable purposes at \$4,853,000.
2. The average tax levy of all taxing districts will be \$20.004 per thousand dollars of taxable valuation.
3. Tax increment will start to be collected in 2021 and end in 2039.
4. Interest: None:
5. The discretionary formula: 20%, 40%, 60%, 80% applies to commercial structures.

FISCAL IMPACT:

The total fiscal impact upon the taxing entities during the term of the Tax Increment District is as follows: Taxing District will receive taxes on the base value of property within district, but will not receive any new increment generated until the expiration of the Tax Increment District.

BRING YOUR DREAMS.



TIF Creation Date		9/22/2020							
First Year Assessed		2021							
First Year Collected		2022							
Base		\$1,086,000							
Year	TIF Year	Assessed	Collected	Assessed Valuation	Taxes	City	County	School District	Water District
1	2020	2021	2022	\$142,600	\$2,852.57	\$371.05	\$598.35	\$1,879.75	\$3.42
2	2021	2022	2023	\$285,200	\$5,705.14	\$742.09	\$1,196.70	\$3,759.51	\$6.84
3	2022	2023	2024	\$1,546,060	\$30,927.38	\$4,022.85	\$6,487.27	\$20,380.16	\$37.11
4	2023	2024	2025	\$1,881,860	\$37,644.73	\$4,896.60	\$7,896.28	\$24,806.68	\$45.16
5	2024	2025	2026	\$3,789,388	\$75,802.92	\$9,859.99	\$15,900.27	\$49,951.71	\$90.95
6	2025	2026	2027	\$4,512,600	\$90,270.05	\$11,741.79	\$18,934.87	\$59,485.09	\$108.30
7	2026	2027	2028	\$4,724,200	\$94,502.90	\$12,292.37	\$19,822.74	\$62,274.40	\$113.38
8	2027	2028	2029	\$4,834,600	\$96,711.34	\$12,579.63	\$20,285.98	\$63,729.70	\$116.03
9	2028	2029	2030	\$4,853,000	\$97,079.41	\$12,627.51	\$20,363.19	\$63,972.25	\$116.47
10	2029	2030	2031	\$4,853,000	\$97,079.41	\$12,627.51	\$20,363.19	\$63,972.25	\$116.47
11	2030	2031	2032	\$4,853,000	\$97,079.41	\$12,627.51	\$20,363.19	\$63,972.25	\$116.47
12	2031	2032	2033	\$4,853,000	\$97,079.41	\$12,627.51	\$20,363.19	\$63,972.25	\$116.47
13	2032	2033	2034	\$4,853,000	\$97,079.41	\$12,627.51	\$20,363.19	\$63,972.25	\$116.47
14	2033	2034	2035	\$4,853,000	\$97,079.41	\$12,627.51	\$20,363.19	\$63,972.25	\$116.47
15	2034	2035	2036	\$4,853,000	\$97,079.41	\$12,627.51	\$20,363.19	\$63,972.25	\$116.47
16	2035	2036	2037	\$4,853,000	\$97,079.41	\$12,627.51	\$20,363.19	\$63,972.25	\$116.47
17	2036	2037	2038	\$4,853,000	\$97,079.41	\$12,627.51	\$20,363.19	\$63,972.25	\$116.47
18	2037	2038	2039	\$4,853,000	\$97,079.41	\$12,627.51	\$20,363.19	\$63,972.25	\$116.47
19	2038	2039	2040						
20	2039	2040	2041						

Note: These numbers are for projection purposes only and do not reflect what the actual number(s) may be. These numbers are based on the following assumptions.

Assumptions:
1. Land values included in base value per state statute except workforce housing project.
2. Calculations based upon projected build-out schedule of commercial structures and workforce housing.
3. The discretionary formula was taken into account on a 20%, 40%, 60%, 80% basis for commercial properties.

ATTACHMENT 1

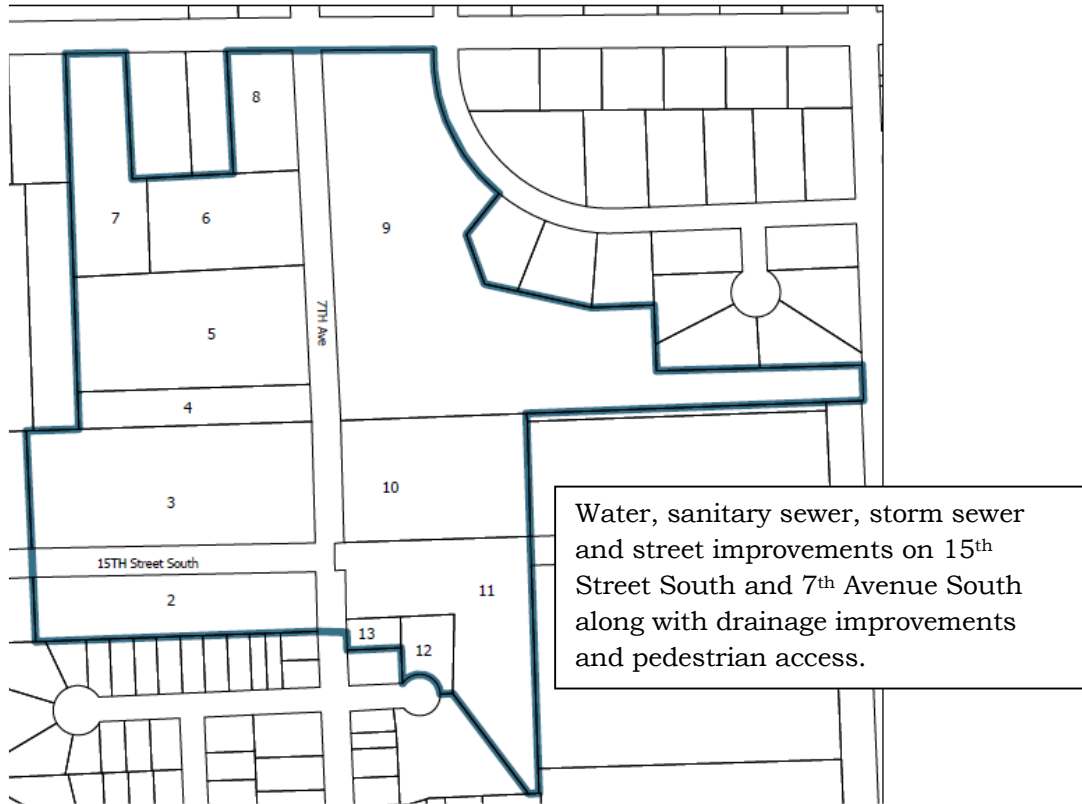


Legal Description:

Block 3 and 4, D & D Addition and abutting roads rights-of-way,
Lot 10, Block 13, Pheasant Nest Addition and abutting road rights-of-way,
Lot 1, Block 12, Pheasant Nest Addition and abutting road rights-of-way,
Lot 2A and 3A, Block 12A, Pheasant Nest Addition and abutting road rights-of-way,
Lot 5B, Block 13, Pheasant Nest Addition and abutting road rights-of-way,
Lot 10, Block 11, Pheasant Nest Addition and abutting road rights-of-way,
Lot 1, Block 2, McClemons Addition and abutting road rights-of-way,
NE ¼ of SE ¼ Exc S 300' thereof, and Exc McClemons Addition of Section 35-
T110N-R50W and abutting road rights-of-way,
Lot 9 and 16A, Block 11, McClemons Addition and abutting road rights-of-way.

ATTACHMENT 2

(List of Real Property Improvements) Improvements are to be located and are shown below:



The Improvements shall be located in the real property described in Attachment 1 in the 15th Street South and 7th Avenue South rights-of-way and the adjacent city owned land will comprise drainage pond and channel improvements. Commercial and workforce housing is the highest and best use for the real property.

ATTACHMENT 3

Zoning Changes

The following map reveals the property is currently zoned Business (B-3) and Residential (R-1A, R-3, and R-3A). The property within the district is consistent with the comprehensive plan, building codes and municipal ordinances.

