

City Council Agenda Memo

From: Mike Struck, Community Development Director

Council Meeting: September 28, 2021

Subject: Creating Boundaries of Tax Increment District #11

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

Summary:

The City of Brookings proposes to create a Tax Increment District Number Eleven in the south central portion of the city.

Background:

The use of tax increment financing (TIF) to fund public 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, sanitary sewer, storm sewer/drainage, 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.

Item Details:

Tax Increment District # 11 proposes to construct infrastructure improvements along Sweetgrass Drive and Tallgrass Parkway. Additional improvements include a shared-use path along 20th Street South and drainage improvements in and near the intersection of 20th Street South and Medary Avenue.

The infrastructure improvements in Sweetgrass Drive and Tallgrass Parkway will provide the necessary infrastructure to serve an approximately 40-acre commercial area while enhancing the street network. The shared-use path along 20th Street will connect the existing trail system between Main Avenue South and Medary Avenue. Proposed drainage improvements near the intersection of Medary Avenue and 20th Street South will improve and enhance the overall drainage system for the community.

The creation of Tax Increment District # 11 is a public/private partnership as the property tax increment will be shared between the developer and the city, with each party responsible for fronting their respective project costs and being reimbursed only to the extent positive tax increment is generated. The total project costs are estimated in

excess of \$4.5 million. The proposed improvements lie within the proposed boundaries of the district.

The legal description of the district is as follows:

N 1780' of NE ¼ EXC E 375' & EXC Platted Areas in Section 2-T109N-R50W and abutting roads rights-of-way, City of Brookings, Brookings County, State of South Dakota

Block 3A, Prairie Hills Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota

Lot 2, Block 1, Prairie Hills Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota

Block 1, Trail Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota

N 490' of Block 2, Trail Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota

Substation Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota

Block 3, McClellans Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota

NW ¼ of NW ¼ Exc Platted Areas in Section 1-T109N-R50W and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota

Block 1, Nelson Fifth Addition and abutting road rights-of-way, City of Brookings, Brookings County, State of South Dakota

The notice was published one time at least 10 days but not more than 30 days prior to the public hearing consistent with SDCL 11-9-3. The Planning Commission must provide a recommendation on the district boundaries to the City Council for creation of a TIF District.

Legal Consideration: None

Strategic Plan Consideration:

Creation of Tax Increment District #11 is consistent with four goals of the City Council Strategic Plan:

- 1) Fiscal Responsibility – Tax Increment Financing is a mechanism for the City to utilize property tax increment to assist in funding capital improvements benefitting the City.
- 2) Safe, Inclusive, Connected Community– The shared use path expands connectivity for bicyclists and pedestrians, while the utility and street improvements expands services into undeveloped areas.
4. Sustainability – Expansion of infrastructure, connection of shared use paths, and drainage improvements enhance the quality of life for residents.
5. Economic Growth– Infrastructure improvements allow development to proceed in a large commercial center serving the southwest portion of the community.

Financial Consideration:

The City will need to budget for the City improvements and will be reimburse for eligible expenses from the Tax Increment revenue.

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 study session.
5. Do nothing.

The Planning Commission voted 5 – 0 recommending approval. The Development Review Team and staff recommend approval of the resolution creating the boundaries for Tax Increment District # 11.

Supporting Documentation:

Memo

Resolution

Notice

Planning Commission Minutes

Map