

City Council Agenda Memo

From: Mike Struck, Community Development Director

Council Meeting: September 28, 2021

Subject: Tax Increment District # 11 Project Plan

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

Summary:

Adoption of a project plan detailing the proposed improvements, associated costs, and the plan for financing the improvements.

Background:

The City of Brookings is proposing the creation of Tax Increment District #11 to construct public improvements in Sweetgrass Drive and Tallgrass Parkway, shared use path along 20th Street South from Main Avenue to Medary Avenue, drainage improvements in and near the intersection of Medary Avenue and 20th Street South.

State law (SDCL 11-9-13) requires the Planning Commission adopt a project plan for each tax increment district and submit the plan to the governing body. The plan must contain specific information as stated in SDCL Chapter 11.

The Developer is responsible to front the costs of the project improvements in Sweetgrass Drive and Tallgrass Parkway while the City is responsible to front the costs of the remaining project improvements and will only be reimbursed property tax increment generated from development occurring within the district. The aggregate assessed value of the taxable property in Tax Increment District #11 plus the tax increment base of all other existing districts is 1.5% of the total assessed value of all taxable property in the City. State law restricts the maximum percentage to ten (10%) percent.

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 provided 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 in a 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, McClemans 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

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. Staff recommends approval of the resolution approving the Tax Increment District # 11 Project Plan.

Supporting Documentation:

Memo

Resolution

Project Plan

Planning Commission Minutes