

**PLANNING COMMISSION/  
BOARD OF ADJUSTMENT MEETING  
CITY COMMISSION ROOM  
Tuesday, June 17, 2025  
7:00am**

CALL TO ORDER

ROLL CALL

APPROVAL OF MINUTES: June 10, 2025, Planning Commission Minutes

APPROVAL OF MINUTES: June 10, 2025, Board of Adjustment Minutes

APPROVAL OF AGENDA:

OLD BUSINESS (Planning Commission and Board of Adjustment): None

NEW BUSINESS (Board of Adjustment):

1. Hearing on Appeal No. 744 – Nic Wills for a variance application that, if granted, will permit the applicant to construct a 30’x40’ garage with 16’ sidewall height at 315 NW 4th Street. The property is legally described as The Northwest Quarter (NW1/4) except the West 70 feet thereof in Block Seven (7) of Kennedy’s Extension to Madison, Lake County, South Dakota.
2. Decision on Appeal No. 744 – Nic Wills
3. Hearing on Appeal No. 745 – Don Amert for a variance application that, if granted, will permit the applicant to construct a building with a 20’ rear setback in lieu of the required 30’ and 35 parking spots in lieu of the required 40. The property is legally described as Lot 1 of Southridge Square First Addition to the City of Madison, in the County of Lake South Dakota.
4. Decision on Appeal No. 745 – Don Amert

NEW BUSINESS (Planning Commission):

1. The Tax Increment District Number Seven– Discuss whether to recommend the formation of a tax incremental district to be located at the following location: Lot 3 of Southridge Square First Addition to the City of Madison, in the County of Lake, South Dakota.
2. Recommend Approval of Tax Increment District Number Seven to Board of Commissioners.
3. Tax Increment District Number Seven – Discuss Project Plan outlining the purpose and intended public improvements of the district.
4. Recommend Approval of Tax Increment District Number Seven Project Plan to Board of Commissioners.

PUBLIC INPUT:

ADJOURNMENT:

**Any person with a disability wishing to attend any board meeting who may require special arrangements may contact the Finance Office at 256-7500 and all attempts shall be made to accommodate those requests**

**PLANNING COMMISSION PROCEEDINGS**  
**CITY OF MADISON**  
**June 10, 2025**  
**7:00 am**

Chairperson John Groce called the meeting to order at 7:00am. The following members were present for roll call: John Groce, Jim Iverson, Bob Maxwell, Jennifer Wolff, Donna Fawbush, Roger Olson, and alternate Kerry Barlow. Ryan Hegg, Dan Whitlock, Chad Van Den Hemel, Jennifer Hasleton, Jeff Wieman, Jacob DeBoer, Roy Lindsay, Mike Plooster, Scott DeVaney, Shannon Kauffman, Justin Cole, Erika Clements, Chandler Roberts, Jeb Bludorn were also in attendance.

Motion by Commissioner Olson to approve the May 13, 2025, Planning Commission Minutes. Seconded by Commissioner Fawbush. Motion carried unanimously.

Motion by Commissioner Fawbush to approve the May 13, 2025, Board of Adjustment Minutes. Seconded by Commissioner Olson. Motion carried unanimously.

Motion by Commissioner Wolff to approve the June 10, 2025, agenda. Seconded by Commissioner Fawbush. Motion carried unanimously.

Old Business: None

Motion by Commissioner Iverson, seconded by Commissioner Olson to move into Board of Adjustment at 7:02 am. Motion carried unanimously.

Motion by Commissioner Fawbush, seconded by Commissioner Olson to move out of Board of Adjustment and into Planning Commission at 8:04 am. Motion carried unanimously.

New Business: None

Public Input: None

Commissioner Olson motioned to adjourn. Second by Commissioner Wolff. Motion carried unanimously. Meeting adjourned at 8:05 am.

Dan Whitlock  
Planning Commission

**BOARD OF ADJUSTMENT PROCEEDINGS  
CITY OF MADISON  
June 10, 2025**

The Planning Commission motioned to move into Board of adjustment at 7:02 am.

The following members were present for roll call: John Groce, Jim Iverson, Jennifer Wolff, Bob Maxwell, Donna Fawbush and Alternate Kerry Barlow. Also present were Administrative Officials Ryan Hegg, Mayor Roy Lindsay and Dan Whitlock. The following people were in attendance in addition to the Board, Jennifer Hasleton, Chad Van Den Hemel, Jeff Wieman, Jacob DeBoer, Mike Plooster, Scott DeVaney, Shannon Kauffman, Justin Cole, Erika Clements, Chandler Roberts and Jeb Bludorn.

This being the time and place set for the hearing on conditional use Appeal Request No. 741 by Sodak Construction, for a conditional use application that, if granted, will permit the applicant to build 48 apartment units at Lot 3 of Southridge Square First Addition. Mr. Hegg went through the contents of the packet stating this the supplied layout is preliminary. Any future parking spot or setback variance requests would need to come before the Board of Adjustments at future meetings when final plans are submitted to the City. Discussion regarding affordable housing, drainage, increase of traffic at intersections, access points, current access easement and snow removal. Adjacent property owner Shannon Kaffman shares concerns about retaining wall, traffic along shared easement and speed at entrance of business.

There were no additional opponents or proponents. Chairman Groce closed the public hearing and proceeded to the decision agenda item for appeal. Motion by Ms. Wolff, second by Mr. Barlow to approve Appeal No. 741. Roll call vote taken. 6-1 in favor. Motion carried.

This being the time and place set for the hearing on conditional use Appeal Request No. 742 by Scott DeVaney for a conditional use application that, if granted, will permit the applicant to move in a 34'x 28' house with attached garage at 515 NW 6th Street. Mr. Hegg went through the contents of the packet regarding the neighborhood setbacks. Mr. DeVaney explains there will be a basement, house was built in early 2000, will move house as one piece.

There were no additional opponents or proponents. Chairman Groce closed the public hearing and proceeded to the decision agenda item for appeal. Motion by Mr. Maxwell second by Mr. Iverson to approve Appeal No. 742. Motion carried unanimously.

This being the time and place set for the hearing on conditional use Appeal Request No. 743 by City of Madison for a conditional use application that, if granted, will permit the applicant to erect a new substation. Mr. Hegg went through the contents of the packet explaining the need for the new substation and upgrades. The electric load has increased requiring an increase in voltage at the substation. This will involve a land swap with Dakota State University.

Chairman Groce closed the public hearing and proceeded to the decision agenda item for appeal. Motion by Mr. Maxwell, second by Mr. Iverson to approve Appeal No. 743. Motion carried unanimously.

Motion by Ms. Fawbush, seconded by Mr. Olson to move out of the Board of Adjustment at 8:04am. Motion carried unanimously.

Dan Whitlock  
Board of Adjustment

Room 85223

10/29/2009

CITY OF MADISON  
VARIANCE APPLICATION

APPEAL NUMBER 714

APPLICANT (PRINT): Nic Willis PHONE (605) 691-1117

ADDRESS: 315 NW 4th Street, Madison, SD 57042

OWNER (PRINT): \_\_\_\_\_ PHONE: \_\_\_\_\_  
IF DIFFERENT THAN APPLICANT

ADDRESS: \_\_\_\_\_

I/WE, THE UNDERSIGNED, DO HEREBY PETITION THE BOARD OF ADJUSTMENT OF THE CITY OF MADISON SOUTH DAKOTA, TO ISSUE A VARIANCE FOR THE PROPERTY DESCRIBED AS:

LEGAL DESCRIPTION (Please print or type)

NW 1/4 EX W 70' BLK 7 KENNEDY'S EXT #1347M

GENERAL AREA OR STREET ADDRESS: 315 NW 4th Street

EXISTING LAND USE: Residential EXISTING ZONING: R60

SIZE OF PARCEL: ACRES / SQFT 0.25 LOT DIMENSIONS: WIDTH 73' LENGTH 150' DEPTH \_\_\_\_\_

SURROUNDING LAND USE

NORTH: Residential  
SOUTH: Residential  
EAST: Residential  
WEST: Residential

PLEASE PROVIDE A BRIEF STATEMENT OF THE VARIANCE DESIRED AND PLEASE STATE THE HARDSHIP REQUIRING RELIEF. (Proof of hardship is on the applicant - Hardship examples are odd size or shape of the lot, unusual topography, etc. attach a letter of explanation to document requirements necessary to approve if necessary)

See Attached.

I (we) further state that if this request is granted, I (we) will proceed with the actual construction in accordance with the plans herewith submitted within one year or additional time as extended from the effective date of the appeal.

SIGNATURE OF APPLICANT [Signature]

SIGNATURE OF OWNER (IF DIFFERENT THAN APPLICANT) \_\_\_\_\_

NOTE: A SKETCH OF PROPOSED PROPERTY SHALL ACCOMPANY THIS APPLICATION, SHOWING THE FOLLOWING:

- 2. NORTH DIRECTION
- 2. DIMENSIONS OF PROPOSED STRUCTURE
- 3. STREET NAMES
- 4. OTHER INFORMATION AS MAY BE REQUESTED
- 5. LOCATION OF PROPOSED STRUCTURE ON LOT
- 6. DIMENSIONS OF FRONT AND SIDE SET BACKS
- 7. LOCATION OF ADJACENT EXISTING BUILDINGS

THE BOARD OF ADJUSTMENT MAY REQUIRE THAT SUCH PLANS BE PREPARED BY A REGISTERED ENGINEER OR LAND SURVEYOR.

\*\*PLEASE USE THE ATTACHED SKETCH INSTRUCTION SHEET FOR AN EXAMPLE.

FOR OFFICIAL USE ONLY

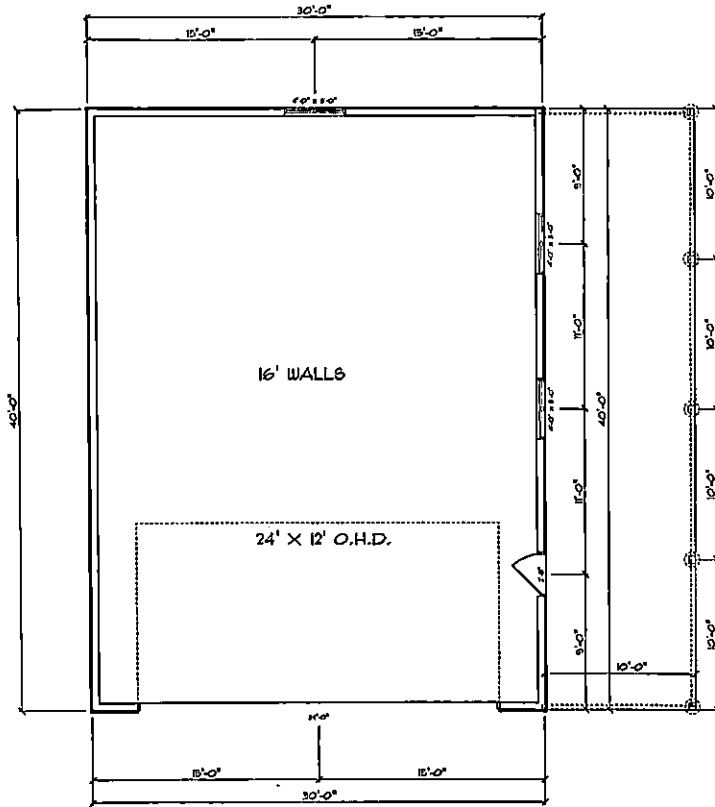
DATE FILED WITH ADMINISTRATIVE OFFICIAL: 5/23/2025  
FEE PAID (NON-REFUNDABLE): X YES NO  
DATE OF HEARING: JUNE 17 2025  
ACTION BY BOARD OF ADJUSTMENT: \_\_\_\_\_

# CONSTRUCTION DRAWINGS

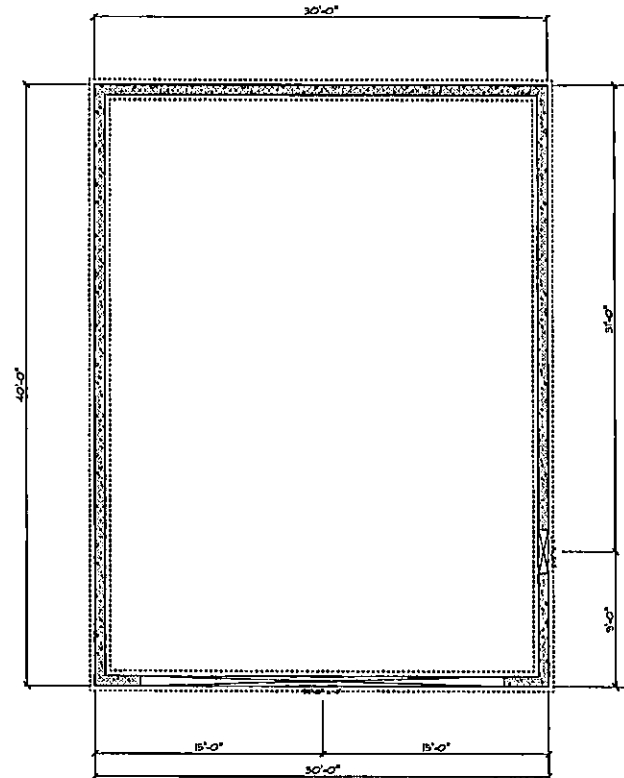
DATE: 5/20/2025

ANY CONSTRUCTION DOCUMENTS PRINTED  
BEFORE THIS DATE ARE VOID.

"BUILDER TO VERIFY DIMENSIONS"



MAIN FLOOR PLAN  
SCALE: 1/8" = 1'-0"



FOUNDATION PLAN  
SCALE: 1/8" = 1'-0"

This general drawing is not produced by an Architect or Engineering firm. While construction drawings should comply with the requirements of the International Building Code, they are not subject to the same level of review as those produced by a licensed professional. It is the responsibility of the contractor to verify all dimensions and conditions before construction. No warranty is made by the drafter for accuracy or completeness. The drafter is not responsible for any errors or omissions. All dimensions are in feet and inches unless otherwise noted. All dimensions are to the centerline of the wall unless otherwise noted.

PETE DIERCKS  
NIC WILLIS SHED

START DATE: 5/13/25  
DRAWN BY: M.M.  
PLAN #: SFB 25166

**BUILDERS FIRSTSOURCE**  
600 N. CLIFF  
HARRISBURG, SD 57032  
605-213-1100

**Builders FirstSource**  
Tuesday, May 20, 2025

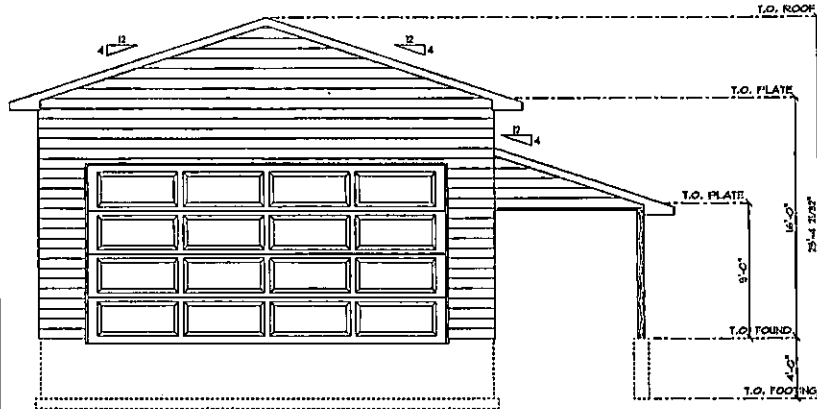
SFB #25166

# CONSTRUCTION DRAWINGS

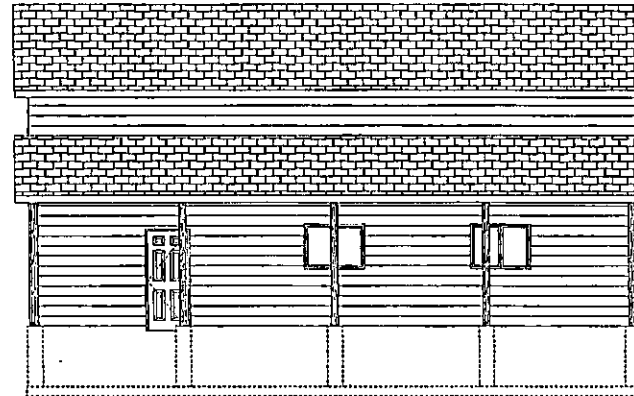
DATE: 5/20/2025

ANY CONSTRUCTION DOCUMENTS PRINTED  
BEFORE THIS DATE ARE VOID.

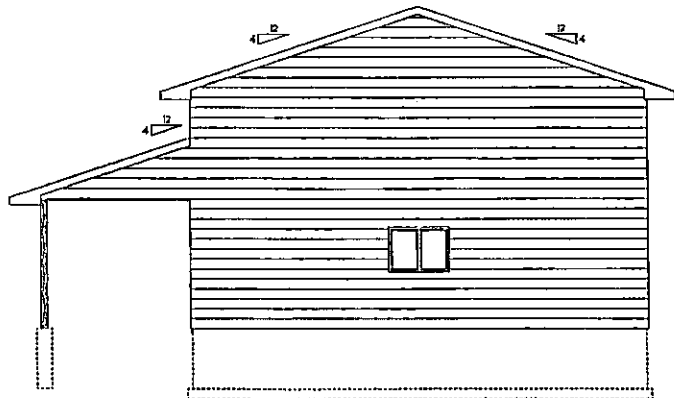
\*BUILDER TO VERIFY DIMENSIONS\*



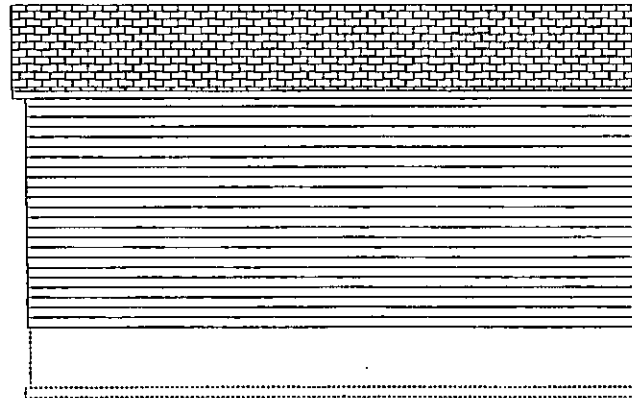
FRONT ELEVATION



RIGHT ELEVATION



REAR ELEVATION



LEFT ELEVATION

These printed drawings are not intended to be a substitute for the services of a registered professional engineer or architect. It is the responsibility of the contractor to verify all dimensions and conditions before construction. No liability shall be assumed by the drafter for any errors or omissions. The drawings are to be used in accordance with the specifications and conditions of contract.

PETE DIERCKS  
NIC WILLS SHED

START DATE: 5/13/25  
DRAWN BY: M.J.M.  
PLAN #: SFB 25166

BUILDERS FIRSTSOURCE  
600 N. CLIFF  
HARRISBURG, SD 57032  
605-213-1100

**Builders FirstSource**  
Tuesday, May 20, 2025

SFB #25166

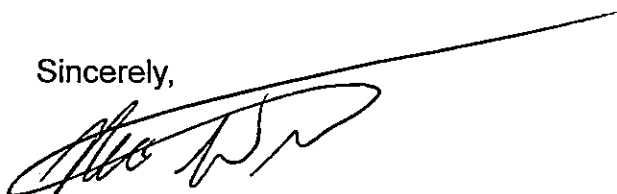
May 8, 2025

Planning Commission,

I'm requesting a variance to build a garage that's larger than the standard size so we can store our SUV, truck, and camper. A typical garage doesn't provide the space we need for all three vehicles, especially given the height and length of the camper. Having them all under one roof will help protect them from the weather and keep our property well-organized and tidy. This new garage will replace an old, one-car garage that was built in the early 1900s and has become quite dilapidated. I believe this new structure will be a significant improvement to the property and a positive addition to the neighborhood. I'll ensure the design fits well with the surrounding area and complies with all safety and design standards.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Nic Wills", with a long horizontal line extending from the end of the signature across the page.

Nic Wills

315 NW 4<sup>th</sup> Street  
Madison, SD 57042  
(605) 691-1117



• will be 2 ft. from property lines (ALL).

CITY OF MADISON  
VARIANCE APPLICATION

APPEAL NUMBER 745

APPLICANT (PRINT): Don Amert PHONE: 605 480-0898

ADDRESS: 310 S. Union Ave., PO Box 469, Madison, SD

OWNER (PRINT): Wesley Grantham PHONE: 605-881-4102  
IF DIFFERENT THAN APPLICANT

ADDRESS: 26515 Lakeview Place, Hartford, SD 57033

I/WE, THE UNDERSIGNED, DO HEREBY PETITION THE BOARD OF ADJUSTMENT OF THE CITY OF MADISON SOUTH DAKOTA, TO ISSUE A VARIANCE FOR THE PROPERTY DESCRIBED AS:

LEGAL DESCRIPTION (Please print or type)

Lot 1, Southridge Square, 1st Addition, to Madison, Lake County, South Dakota

GENERAL AREA OR STREET ADDRESS: NE corner at Washington Ave + 234 St. (Hwy 34)

EXISTING LAND USE: undeveloped EXISTING ZONING: HB

SIZE OF PARCEL: ~~ACRES~~ / SQFT 230 LOT DIMENSIONS: WIDTH 137' LENGTH 220' DEPTH \_\_\_\_\_

SURROUNDING LAND USE  
NORTH: undeveloped  
SOUTH: professional offices  
EAST: convenience store  
WEST: car dealership

PLEASE PROVIDE A BRIEF STATEMENT OF THE VARIANCE DESIRED AND PLEASE STATE THE HARDSHIP REQUIRING RELIEF. (Proof of hardship is on the applicant - Hardship examples are odd size or shape of the lot, unusual topography, etc. attach a letter of explanation to document requirements necessary to approve if necessary)

Hardship: shape and topography of lot  
Parking: 35 vs. 40 stalls  
North setback: 20' vs. 30'

I (we) further state that if this request is granted, I (we) will proceed with the actual construction in accordance with the plans herewith submitted within one year or additional time as extended from the effective date of the appeal.

SIGNATURE OF APPLICANT Don Amert

SIGNATURE OF OWNER (IF DIFFERENT THAN APPLICANT) Wesley Grantham

NOTE: A SKETCH OF PROPOSED PROPERTY SHALL ACCOMPANY THIS APPLICATION, SHOWING THE FOLLOWING:

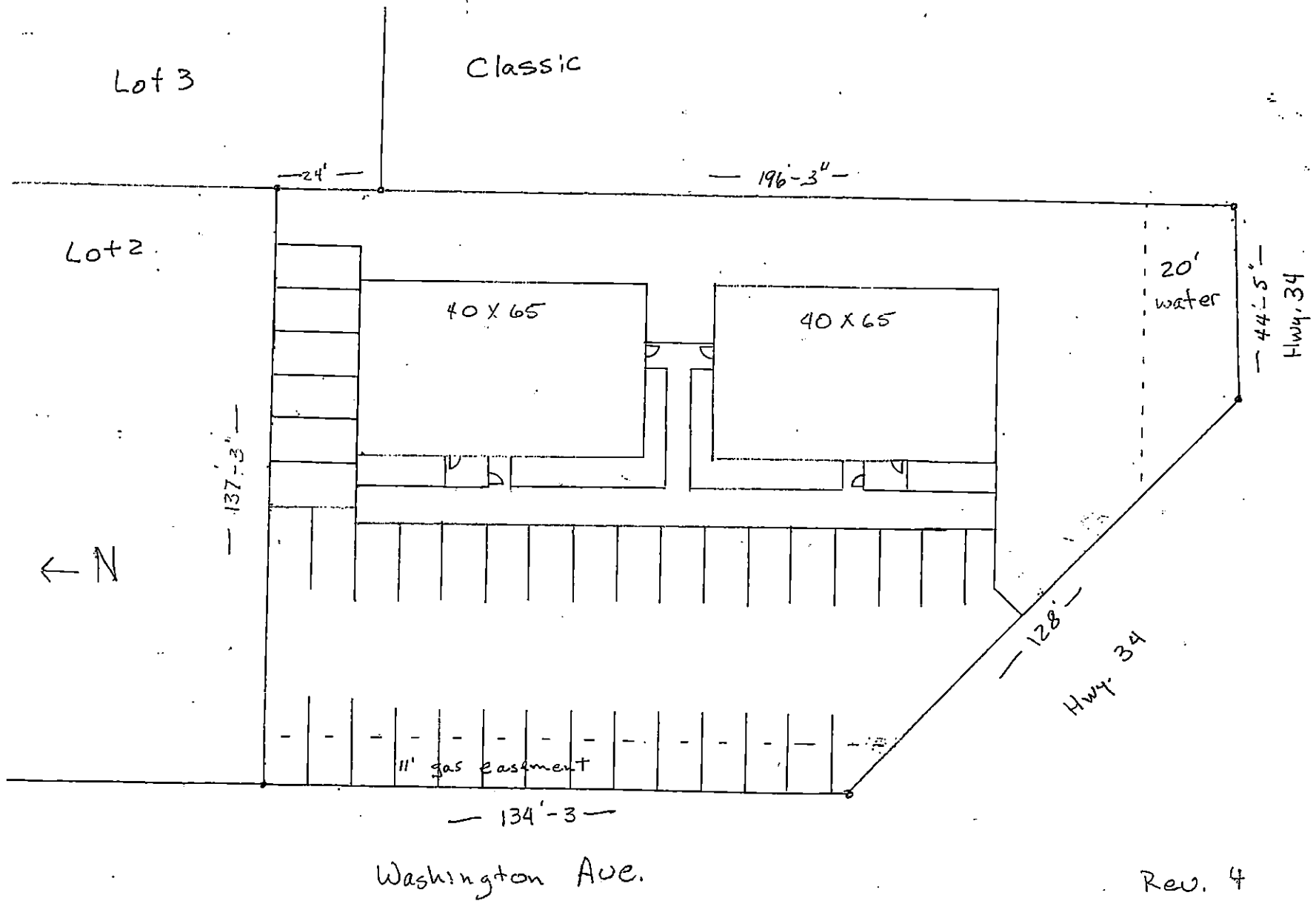
- 2. NORTH DIRECTION
- 2. DIMENSIONS OF PROPOSED STRUCTURE
- 3. STREET NAMES
- 4. OTHER INFORMATION AS MAY BE REQUESTED
- 5. LOCATION OF PROPOSED STRUCTURE ON LOT
- 6. DIMENSIONS OF FRONT AND SIDE SET BACKS
- 7. LOCATION OF ADJACENT EXISTING BUILDINGS

THE BOARD OF ADJUSTMENT MAY REQUIRE THAT SUCH PLANS BE PREPARED BY A REGISTERED ENGINEER OR LAND SURVEYOR.

\*\*PLEASE USE THE ATTACHED SKETCH INSTRUCTION SHEET FOR AN EXAMPLE.

**FOR OFFICIAL USE ONLY**

DATE FILED WITH ADMINISTRATIVE OFFICIAL: 5/30/2025  
FEE PAID (NON-REFUNDABLE): X YES NO  
DATE OF HEARING: JUNE 17 2025  
ACTION BY BOARD OF ADJUSTMENT: \_\_\_\_\_



NOTE: THIS PLAT IS A REPLAT OF AND SHALL VACATE THE EAST 508' OF THE SOUTH HALF OF LOT 4 AND THE EAST 508' OF LOT 5; AND LOTS 6, 7, 8, 9, AND 10 LESS LOT H1 OF LOTS 6-10 AND LOT H2 OF LOT 10, AND LESS GROUP 34 FIRST ADDITION, AND LESS GROUP 34 SECOND ADDITION ALL OF BLOCK 2 OF THE PLAT ENTITLED, "SHIMERDA ADDITION" TO MADISON, LAKE COUNTY, SOUTH DAKOTA. RECORDED IN BOOK 1 OF PLATS ON PAGE 48.

## PLAT OF LOTS 1, 2, 3, AND 4 OF SOUTHRIDGE SQUARE FIRST ADDITION TO THE CITY OF MADISON, IN THE COUNTY OF LAKE, SOUTH DAKOTA.

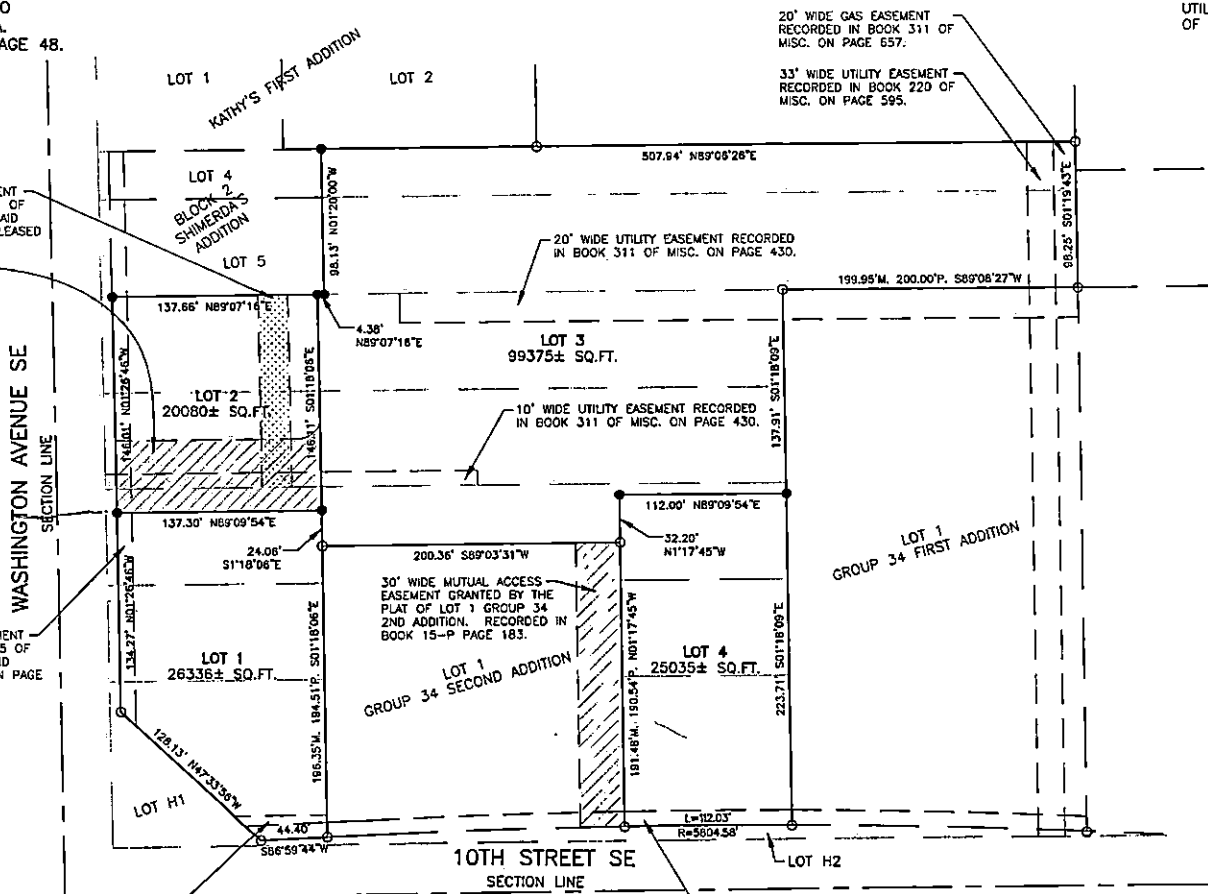
NOTE: LOTS 3 AND 4 OF THIS PLAT ARE SUBJECT TO THE TERMS AND CONDITIONS FOR A WATER MAIN AND DRAINAGE EASEMENT AS RECORDED IN BOOK 385 OF MISC. ON PAGE 203.

NOTE: LOT 3 OF THIS PLAT IS SUBJECT TO THE TERMS AND CONDITIONS FOR AN ELECTRICAL UTILITY EASEMENT AS RECORDED IN BOOK 631 OF MISC. ON PAGE 465.

20' WIDE SEWER EASEMENT RECORDED IN BOOK 311 OF MISC. ON PAGE 388. SAID EASEMENT SHALL BE RELEASED BY THIS PLAT.

UTILITY AND INGRESS AND EGRESS EASEMENT GRANTED BY THIS PLAT FOR THE BENEFIT OF LOTS 1 AND 3 CONTAINED HEREIN. THE NORTH EDGE OF SAID EASEMENT SHALL FOLLOW THE FACE OF CURB AS CONSTRUCTED.

17.25' WIDE GAS EASEMENT RECORDED IN BOOK 495 OF MISC. ON PAGE 496 AND BOOK 493 OF MISC. ON PAGE 494.



Split the transformers



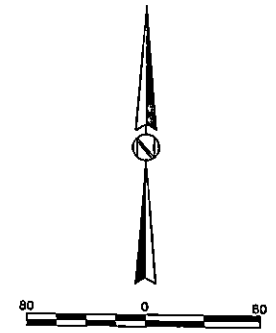
Prepared By  
AASON ENGINEERING COMPANY, INC.

1022 SIXTH STREET S.E.  
WATERTOWN, SD  
Telephone 605-882-2371

20' WIDE WATER LINE EASEMENT RECORDED IN BOOK 311 OF MISC. ON PAGE 388.

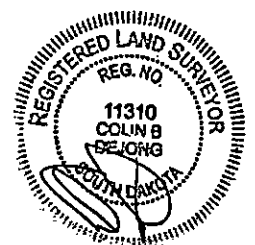
NOTE: This plat and the survey on which it is based was performed without the benefit of a title report and is subject to any encumbrances whether specified hereon or of record, if any.

1" = 82.3'



DECEMBER 6, 2024  
SCALE: 1"=80'  
○ MONUMENT RECOVERED  
● 1/2"X18" REBAR W/ PLASTIC CAP STAMPED #11310 SET

NOTE: Bearings are based on UTM Zone 14 North - NAD83 coordinate zone. Ground Distances shown.



Registered Land Surveyor

Dear Board of Adjustment and Planning Committee

My name is Shannon Kauffman, and I am the owner of Classic Corner, a business located directly east and south of the parcels that are currently seeking zoning variances for reduced parking and setbacks. I am writing to formally oppose both elements of the request: I know there are several projects involved including apartment housing and a corporate dentist office so depending on the project the following may apply.

- A reduction in required parking from 40 to 35 stalls, and
- A reduction in the north-side setback from 30 feet to 20 feet.
- Any setback adjustments on the north side of my property that may cause harm or injury to my customers based off of slope or strength of retaining wall to sustain large truck traffic parking

As a neighboring property and long-standing business in this community, I have serious concerns about the adverse impact these variances would have on my operations, safety, visibility, traffic flow and property integrity.

### **1. Inadequate Parking and Business Spillover**

With no on-street parking available in this area, reducing the number of off-street spaces increases the likelihood that overflow parking will spill into surrounding properties—including my own. This presents an unfair and unsustainable burden on neighboring businesses, who may be forced to monitor and manage unauthorized parking on private lots. It could interfere with Classic Corner's ability to serve its own customers, increase liability exposure, and disrupt daily operations.

The zoning ordinances minimum parking standards exist for a reason—particularly in areas like ours, where all parking must be accommodated on-site. Granting a reduction without compensating factors or a demonstrated hardship sets an unfavorable precedent and unfairly shifts the parking burden onto adjacent landowners like myself.

### **2. Setback Reduction and Visibility Obstruction**

Although the proposed reduction in the north-side setback does not move the structure closer to my property to the east, it does affect how the building presents itself to Washington Avenue, which runs north-south and serves as one of the city's busiest four-lane corridors. By allowing the structure to shift further north on the lot—closer to the northern boundary—the building may obstruct sightlines for drivers traveling southbound on Washington, particularly those approaching the intersection or seeking to view businesses like Classic Corner from a distance.

Reduced setbacks can limit visual exposure for adjacent properties that rely on drive-by visibility, and in commercial corridors, that visibility directly impacts foot traffic and business viability. Maintaining the full 30-foot setback helps preserve clear sightlines and protects the open spatial rhythm of this critical intersection. Reduced setbacks also limit room for

landscaping, drainage, and snow storage — all important elements for the long-term maintenance and visual harmony of commercial properties in the area.

The mutual easement located on the east side of my store will be used for thru traffic to the apartments, this will increase the traffic going by at higher speeds and the increased chance of casualties or accidents.

### **3. Precedent, Safety, and Zoning Integrity**

Beyond the specific impacts to my property, granting these variances would set a concerning precedent. Variances should only be approved in cases of demonstrated hardship—not for convenience or to maximize buildable area. If this request is approved without strong justification, it weakens the enforceability of the zoning code for future projects and introduces uncertainty for nearby property owners who rely on stable, consistent land-use regulations.

### **Conclusion**

For these reasons, I respectfully request that the Board of Adjustments deny the variance request for this project. The proposed reductions pose direct and negative impacts to Classic Corner and the surrounding area and are not in alignment with the intent of current zoning standards.

Thank you for your consideration of my concerns.

Sincerely,

Shannon Kauffman  
Owner, Classic Corner

## **Opposition to Variance Request – Parking & Setback Reductions at Lot 1 of Southridge Square**

Dear Members of the Board of Adjustment,

I am writing to formally oppose the variance request for the property located at lot 1 of Southridge Square, which seeks to reduce the required number of parking spaces from 40 to 35, and to decrease the north-side setback from 30 feet to 20 feet.

While I fully support thoughtful development that contributes positively to our community, I have serious concerns about the potential implications of granting these particular variances.

**Setback Reduction:** The requested 20-foot setback on the north side—reduced from the required 30 feet—could disrupt the intended spatial buffer that protects the character, safety, and livability of the area. Setbacks exist to ensure appropriate spacing between structures, maintain sightlines, reduce noise encroachment, and preserve the overall aesthetic and functional cohesion of the neighborhood. Granting exceptions to these standards without compelling justification sets a precedent that may erode the integrity of zoning regulations in the future.

**Parking Shortfall:** The proposed reduction in parking may place unnecessary strain on surrounding streets and businesses. Unlike other areas in the city, this location offers no on-street parking. Therefore, all vehicle accommodation must occur entirely on-site. A reduction of five parking spaces may seem minor on paper, but in practical terms, it poses a significant concern—especially for the type of business that appears to be proposed.

I currently operate a similar-sized (approximately 2,700 square feet) and type of business in Madison. At any given time, I may have 12 to 15 employees working on-site. We also receive daily deliveries from UPS, FedEx, USPS, and Amazon, all of which require quick and accessible parking. This leaves very few spaces available for patients or customers, and during peak hours, our lot becomes highly congested.

If a multiple new business of comparable size operates with even fewer parking stalls, it will almost certainly result in overflow into adjacent properties or disrupt vehicle circulation on-site—especially coming off a busy four-way intersection and being a single entrance and exit.

Seasonal challenges add to the concern. In the winter, snow must be stored somewhere on the property. In our experience, this often requires taking up 2–3 parking spots, further reducing available capacity. If snow is instead pushed into the public right-of-way, it creates a visibility hazard and safety risk—particularly on the corner of Washington Avenue and HYW 34, where traffic volume and speeds demand unobstructed sightlines for safe vehicle entry and exit.

**Precedent & Zoning Integrity:** Variances are designed to accommodate genuine hardships or unique property constraints—not as a convenience to facilitate higher density or reduced development costs. Minimum parking and setback requirements exist to ensure developments are appropriately scaled and supported by surrounding infrastructure. Variances should only be

granted when a clear, site-specific hardship exists—typically due to unique physical constraints that prevent reasonable use of the property under current zoning.

In this case, the applicant has cited topography as one of the hardships; however, this argument appears inconsistent with their development plan. They intend to utilize the entire parcel, which suggests that the site is indeed developable under current conditions. If the topography truly presented a limiting factor, a reduced building footprint or alternative layout would be expected—not a request to bypass zoning standards. Granting a variance under these circumstances sets a precedent that opens the door for future developments to claim hardship without demonstrating true constraint.

For these reasons, I respectfully ask the Board of Adjustments to deny the requested variances and uphold the existing zoning standards. Doing so ensures fairness, consistency, and responsible growth in our community.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "WDM", with a stylized flourish at the end.

William Baune

1106 Regency Dr.  
Madison, SD 57042  
605-480-5081  
Billy.baune@gmail.com



## Tax Increment Finance District #7

Madison, South Dakota

On behalf of: Sodak Properties Group, LLC

Tobin J. Morris  
Senior Vice President  
+1 605 280-5559  
tobin.morris@colliers.com

Colliers Securities LLC  
124 W Dakota Ave Pierre, SD  
57501



# Table of Contents

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<u>26</u>	List of Attachments

# Introduction – The Project

## Key Components of Tax Increment Financing

- 1. Attracting Investment:** TIF enables local governments to support private development by using the anticipated increase in property tax revenues to fund projects in the designated district. As property values rise from new development, more tax dollars are generated. This growth in tax revenue can be used for further improvements, helping to overcome initial barriers to development.
- 2. Property Tax Increment:** The core mechanism of TIF is the “tax increment” the difference between the property tax valuation before the TIF district is created and the increased valuation after the district is formed. For example:
  - o Before the TIF: The properties in the district have a certain valuation.
  - o After the TIF: The properties increase in value due to improvements and development, leading to higher property taxes.
  - o The Increment: The tax revenue from the increase in property value (the increment) is used to fund specific redevelopment projects within the district.
- 3. Allocation of Funds:** While the base-level property tax revenue (from the original property value) continues to be distributed to local governments (city, county, school district, etc.), the additional revenue generated by the increased property value (the tax increment) is retained within the TIF district to finance redevelopment efforts.
- 4. Economic Development and Job Creation:** TIF helps local governments address the costs associated with development, making it a powerful tool for both attracting new businesses and retaining existing ones. The economic activity generated by TIF can result in new jobs, an increased customer base, and greater investment opportunities, all of which benefit the community.
- 5. Legal Framework in South Dakota:** According to South Dakota Codified Law, Chapter 11-9, local governments have the authority to designate specific areas within their jurisdiction as TIF districts. These districts are often located in areas that require revitalization or have significant potential for development. The development plan for a TIF district must be recommended for approval by both the City Planning Commission and the City Council.

## The Project

The proposed TIF district will feature four multifamily buildings, with each building containing 12 units, for a total of 48 units in the development. These units will be available at affordable rents, set at or below the 80% Area Median Income (AMI) limit for South Dakota.

The table to the right shows South Dakota’s 80% AMI:

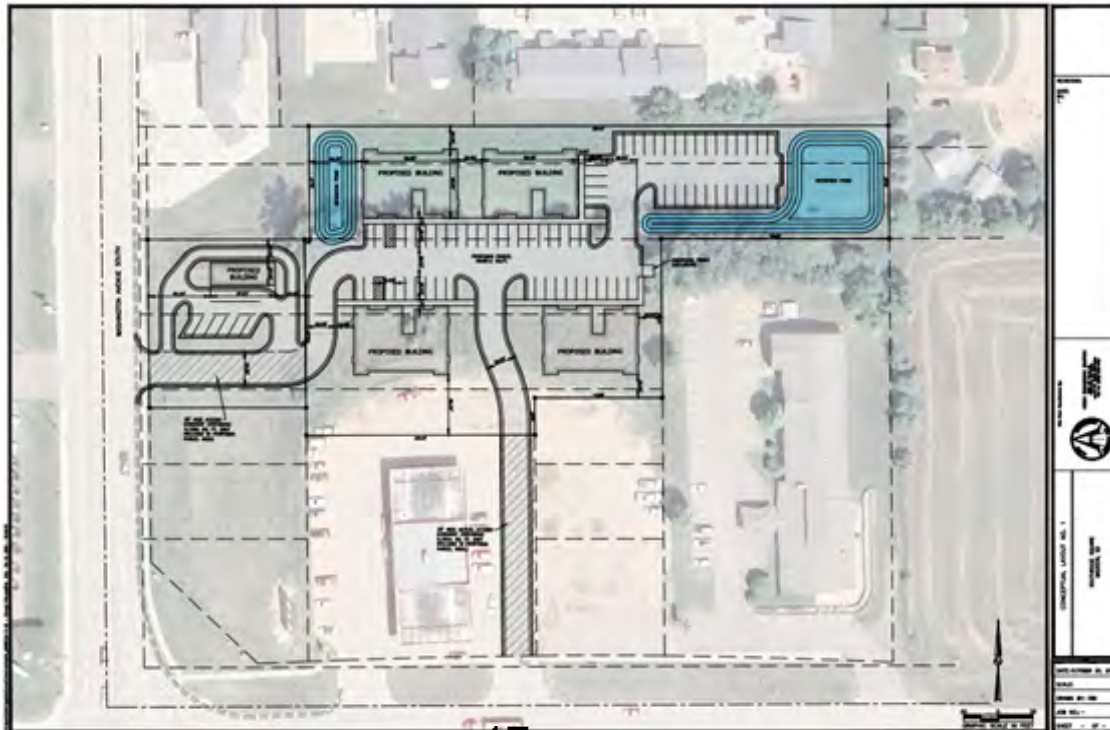
South Dakota's 80% AMI	
Unit	Rent
Zero Bedroom	\$1,331
One Bedroom	\$1,522
Two Bedroom	\$1,712
Three Bedroom	\$1,902
Four Bedroom	\$2,054
Five Bedroom	\$2,206

# Introduction - The Project

The following is the conceptual design of the proposed 12 unit apartment building within the District:



The image below shows the layout of the proposed development:





TAX INCREMENT FINANCE DISTRICT #7

## Purpose & General Definitions

# Purpose & General Definitions

## **Purpose of the TIF District**

The proposed Tax Increment District (TID) is located within the City of Madison, South Dakota.

As such, the creation of the City of Madison TIF #7 will be presented for the recommendation of the district's boundaries through a resolution and recommendation of the TID Project Plan by the City Planning and Zoning Commission.

This Plan, which will be implemented by the City of Madison, is designed to meet the requirements for a Tax Increment District as outlined in SDCL Chapter 11-9. The primary objective of the Plan is to identify eligible properties and establish a Tax Increment Plan to fund activities within the designated area. It will also outline the boundaries, estimated costs, feasibility, and fiscal impact of the district.

The central goal of this plan is to utilize Tax Increment Financing (TIF) as a mechanism to stimulate private sector development, promote redevelopment, and encourage economic growth within the district. This plan will provide a structured financial vehicle to manage and administer the funds generated by the district.

## **Population**

**Madison Population according to the 2022 City of Madison Housing Study:**

1990-2000: Madison's population grew by 4.5%, from 6,257 in 1990 to 6,540 in 2000.

2000-2010: The population slightly decreased by 1.0%, from 6,540 to 6,474.

2010-2020: Madison saw a decline of 4.4%, with a population drop from 6,474 to 6,191. This decrease is likely linked to the COVID-19 pandemic, which led to the closure of on-campus housing at Dakota State University, potentially removing around 350 students from the population count.

As of July 1, 2023, the estimated population of Madison, South Dakota, is 6,091, reflecting a 1.6% decrease from the 2020 Census count of 6,191. This decline is consistent with recent trends; for instance, between 2021 and 2022, the population decreased from 6,388 to 6,271, a 1.83% decrease. These figures suggest a gradual population decline in Madison over the past few years. - US Census

## **The Need for Multifamily Development**

According to the 2022 City of Madison Housing Study, Madison's rental housing market has a clear demand for a variety of housing types, including both higher-end market-rate units and more affordable options. With the expected household growth and the need for replacement of lost units, planning for the construction of 40-50 market-rate units over the next five years will help meet current and future demands. Partnerships between private developers and the city, alongside financial incentives, will be crucial to successfully addressing these needs.

# Purpose & General Definitions

## General Definitions

The following terms found in this Plan are defined as the following:

**“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 or Economic Development”** SDCL § 11-9-8.

(1) Not less than twenty-five percent, by area, of the real property within the district is a blighted area or not less than fifty percent, by area, of the real property within the district will stimulate and develop the general economic welfare and prosperity of the state through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and

(2) The improvement of the area is likely to significantly enhance the value of substantially all of the other real property in the district.

**“Council”** means the City of Madison City Council

**“Calendar Year”** means the starting date of January 1 to an ending date of December 31st.

**“Department of Revenue”** means the South Dakota Department of Revenue.

**“Developer”** means Sodak Properties Group, LLC

**“Developer’s Agreement”** means the agreement between Developer and the City of Madison concerning this Tax Incremental District.

**“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 for the City of Madison

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

**“Governing body”** means the City of Madison, City Council

**“Grant”** means the transfer for a governmental purpose of money or property to a transferee that is not a related party to or an agent of the municipality;

**“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, 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.

**“Planning Commission”** means the City of Madison Planning Commission

**“Plan”** means this Project Plan.

**“Project Costs”** means any expenditure or monetary obligations by the City of Madison, 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 Madison in connection with the implementation of this Plan.

**“Project Plan”** means a 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 Infrastructure Improvements, 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 and Project Costs.

**“Taxable Property”** means all real taxable property located in a Tax Incremental District.

**“Tax Incremental District”** means a contiguous geographic area within a City defined and created by resolution of the governing body and named the City of Madison Tax Increment District #7.

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

**“Tax Increment Law”** means South Dakota Codified Laws Chapter 11-9.

# Creation of Madison Tax Increment District #7

## Creation of the District

Representatives of the Developer have approached officials of the City of Madison regarding the possibility of creating a Tax Incremental Financing District ("TID") to assist in the Project Costs within the Plan on land located within the City of Madison, South Dakota.

The City of Madison wishes to build a diverse, and resilient economy that allows for upward economic mobility for the community, broadens and promotes economic well-being and quality of life for its residents. Through business attraction, retention and expansion, job creation, infrastructure development, and workforce development.

State law requires that tax increment districts cannot exceed ten percent of the taxable value of a municipality. The 2025 valuation of the City of Madison is \$500,253,757. The base value of the taxable property for inclusion into this Tax Incremental District #7, as estimated but not yet verified by the Lake County Director of Equalization, is \$51,600.

11-9-7. Maximum percentage of taxable property in municipality permitted in districts. In order to implement the provisions of this chapter, the resolution required by § 11-9-5 shall contain a finding that the aggregate assessed value of the taxable property in the district plus the tax incremental base of all other existing districts does not exceed ten percent of the total assessed value of taxable property in the municipality.

There are five other active TIF district in the City of Madison. Using the estimates provided for TID #7, the value of all existing Tax Increment Districts combined is less than 1% of the total 2024 Taxable Valuation.

CITY OF MADISON	
Tax Increment District	Base Values
1	\$556,044
2	\$25,075
3	\$28,172
5	\$65,240
6	\$3,381,864
7	\$51,600
<b>Total</b>	<b>\$4,107,995</b>
<b><i>City of Madison Taxable Value</i></b>	<b><i>\$500,253,757</i></b>

## Property Within Tax Increment #7

The real property to be located within the Tax Increment District is within the boundaries of the City of Madison and described as follows:

- Lot 3 of Southridge Square First Addition to the City of Madison, in the County of Lake, South Dakota.

**All Located in the City of Madison, Lake County, South Dakota including within and adjacent rights-of-way.**

# Kind, Number, Location, And Detailed Costs Of Proposed Public Works And Improvements - Sdcl § 11-9-13(1) W

## Project Costs

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. The Project Costs include capital costs, financing costs, real property assembly costs, professional fee costs, imputed administration costs, relocation costs, organizational costs, discretionary costs and grants, plus any costs incidental thereto.

All Project Costs are found to be necessary and convenient to the creation of the Tax Incremental District and its implementation. The project constitutes economic development which is a proper public purpose of the City. The City exercises the powers expressly stated in and reasonably inferred by SDCL §11-9-15 and Chapter 9-54. The City shall enter into all contracts in accordance with South Dakota Law.

## Costs of Public Works and Improvements

In accordance with SDCL § 11-9-14 the following is the kind, number, location and dollar amount of estimated Project Costs, costs of public works and improvements.

The above are estimates of the costs involved in the project; the final total may be greater or smaller. An itemized listing of the estimated costs is set forth on Schedule 1. Because the cost estimates are only projected expenditures, the total authorized TID costs is expected to be \$1,080,261. This amount is the controlling value with respect to authorized TID Project Costs rather than the particular line item amounts contained in the above Chart and Schedule 1. The line item categories proposed are for guidance only, and actual costs will be determined upon completion of the improvements. The above total represents eligible Project Costs. Only such amounts as are feasible will be allowed by the City or by monetary obligation.

PROJECT COSTS			
Kind of Project	Location <sup>1</sup>	Amount	Reference <sup>2</sup>
Capital Costs (Street, Water & Sewer) (cleaning & grading of land & associated costs)	District		11-9-15(1)
Financing Costs	District		11-9-15(1)
Real Property Assembly	District		11-9-15(1)
Professional Fees	District		11-9-15(1)
Administrative Costs	District		11-9-15(1)
Relocation Costs	District		11-9-15(1)
Organizational Costs	District		11-9-15(1)
Discretionary Costs and Grants	District	\$1,080,261	11-9-15(1)
<b>Eligible Project Costst</b>		<b>\$1,080,261</b>	

<sup>1</sup> District shall mean the Tax Increment District

<sup>2</sup> SDCL §11-9-15 (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 and grants 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.

# Kind, Number, Location, And Detailed Costs Of Proposed Public Works And Improvements - Sdcl § 11-9-13(1)

## **Conditions of the Developer Agreement relating to Constitutional Debt**

It is specifically a condition of the proposed Developer's Agreement that the City's obligation to pay is limited to the proceeds of the positive tax increment from the TID receipted into the TIF Fund. The obligation of the City to pay pursuant to the proposed Agreement does not constitute a general indebtedness of the City or a charge against the City's general taxing power. The provisions of SDCL 11-9-36 are specifically incorporated within the Agreement by reference. It is also to be specifically agreed that the City has made no representation that the proceeds from such Fund shall be sufficient to retire any indebtedness incurred by Developer. The parties further acknowledge that SDCL 11-9-25 limits the duration of allocation of the positive tax increment payments and the fund created by the TID.

Additionally, the City's obligations to make the payments set forth in the proposed Agreement shall be lawfully made from funds to be budgeted and appropriated on an ANNUAL BASIS for that purpose during the City's then current fiscal year, thus not counting towards Constitutional Debt. If at any time during the term of this Agreement, the governing body of the City shall fail or refuse to approve or authorize the funds due hereunder, then the Agreement shall terminate upon the end of the fiscal year for which funds were approved or authorized, without penalty to the City. The City's obligation hereunder shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained herein constitute a pledge of the general credit, tax revenues, funds or moneys of the City. Notwithstanding anything to the contrary contained in the proposed Agreement, the City hereby acknowledges and agrees that the obligations of the City under this Agreement are a material inducement for Developer to incur various development and construct improvements upon the TID property and the failure to pay tax increment to Developer will be financially detrimental to future improvements on said property.

It is further understood that the amount of \$1,080,261 will be the maximum amount the City will ever pass on acting as a conduit for TIF #7. This amount will include any and all interest associated with the debt and the controlling value of the TIF will never pay more than \$1,080,261.

The payment of tax increment funds under this Agreement is a Grant under Chapter 11-9 of the South Dakota Codified Laws (the "Grant"). The Grant is a personal property right vested with the Developer on the effective date of this Agreement. The City will Grant this amount to the Developer and thus not have to account for any assets on the City's financial statement. The Developer will be responsible for obtaining their financing and the City will not be liable for any Developer debt.

Upon completion of the construction of the infrastructure improvements, the Developer shall certify to the City's Finance Officer the costs of construction, including capital costs, Professional Fees, and contingency costs. The Developer shall provide contractor/supplier invoices or other supporting documentation upon request of the Finance Officer. Upon certification and verification of costs, the City shall pay all available tax increment fund revenues not to exceed \$1,080,261 to the Developer.

# Kind, Number, Location, And Detailed Costs Of Proposed Public Works And Improvements - Sdcl § 11-9-13(1)

## **Expenditures Exceeding Estimated Cost**

Any expenditures, which in sum would exceed the total amount of the TID amount of \$1,080,261 will require an amendment of this Plan. All amendments would be undertaken pursuant to SDCL §11-9-23.

When the expenditures within the Plan are increased in excess of more than 35 percent of the total above, the Department of Revenue will be required to reset the base, in accordance with SDCL §11-9-23.

If the Project Costs are not provided for in the original plan, the governing body would be required to amend the plan which requires the South Dakota Department of Revenue to re-determine the tax increment base when additional Project Costs are added to a plan. SDCL §11-9-23.

## **Detailed List of Estimated Project Costs**

Attached as Schedule 1 is a detailed list of estimated Project Costs for each of the phases of the project as per SDCL § 11-9-13(3). No expenditure for Project Costs is provided for more than five years after the District is created.

## **Feasibility Study**

An economic feasibility study per SDCL § 11-9-13(2) is attached as Schedule 2.

## **Economic Development Study**

Attached is Schedule 4 a Fiscal Impact Statement showing the impact of the Tax Increment District, until and after the debt is repaid, upon all entities levying property taxes in the district. Required as per SDCL § 11-9-13(4).

## **Fiscal Impact Statement**

Attached is Schedule 4 a Fiscal Impact Statement showing the impact of the Tax Increment District, until and after the debt is repaid, upon all entities levying property taxes in the district. Required as per SDCL § 11-9-13(4).

# Method Of Financing, Timing Of Costs And Monetary Obligations

## Method of Finance

The payment of Project Costs is anticipated to be made by the City to Developer from the special fund of the Tax Incremental District. SDCL § 11-9-13(5). Pursuant to the Developer's Agreement, the City will pay to the Developer all available tax increment funds it receives from the District.

## Maximum Amount of Tax Increment Revenue

The maximum amount of tax increment revenue bonds or monetary obligations to be paid through Tax Increment District #7 shall be the amount sufficient to reimburse the Developer for the payments made for Project Costs and pay all tax increment bonds or monetary obligations in an amount not to exceed \$1,080,261 principal and interest or such lesser amount as may be feasible with the estimated revenue generated by the Tax Increment District. The final terms and conditions will be set forth in the Developer's Agreement.

## Duration of Tax Increment Plan

The duration of the Plan will extend to the number of years it will take for the reimbursement of the City, the extinguishment of bonds and the monetary obligation except that the Plan duration shall not exceed 20 calendar years of revenue from the date of creation of the District.



# Estimated Impact Of Tax Increment Financing On Revenues Of Taxing Jurisdictions

## Impact

The site will generate taxes to the local jurisdictions at or above the assessed value of the base. All taxing districts shall receive the taxes from that base which will be the value set for 2024 taxes payable in 2025. The tax increment will be available to the taxing jurisdictions at or before twenty years after the creation of the District. Schedule 5 details the tax capture implications to each of the local taxing jurisdictions. After the repayment of the bonds and monetary obligations, taxing entities will receive their proportionate share of tax dollars for the base value and the tax incremental values.

## **GENERAL FUND**

Mechanisms are built within State Codified Law to ensure that school districts are held harmless by TIF districts for their General and Special Education Funds. For these purposes, law (SDCL 13-13-10.2) defines four classifications of TIFs:

- » Economic Development - Any area where there is or will be one or more businesses engaged in any activity defined as commercial or industrial by the governing body that has zoning authority over the land contained within the tax incremental district
- » Industrial – Any factory or any business engaged primarily in the manufacturing or assembly of goods, the processing of raw materials, and the wholesale distribution of products for resale
- » Affordable Housing – Includes an area where: 1. The original selling price of any house in the district will be at or below the first-time homebuyer purchase price limit being used by the South Dakota Housing Development Authority as of the date the house is sold; OR 2. The monthly rental rate of all multifamily housing units in the district will be at or below the calculated rent for the state’s eighty percent area median income as of the date the district is created, for a minimum of five years following the date of first occupancy.
- » Local – Any tax incremental districts that do not fall under Economic Development or Industrial

All public school districts are funded through the State Aid to Education formula. The two primary channels of the formula are State Aid and Local Effort. Multiple agencies of the State of South Dakota calculate the amount of General Fund monies to be distributed to school districts each year through the State portion. Local effort is considered the amount of revenue that is generated by local property taxes at maximum levies.

If a TIF is classified as Economic Development, Industrial, or Affordable Housing, the school funding that would be generated by the increment valuation is considered lost local effort and is paid through the State Aid side of the formula. If a TIF is classified as Local, the affected school district funding must be recouped through local effort in the form of an additional levy added to the General and Special Education Funds. In either scenario, the school district receives the financial need associated with the increment valuation.

The City of Madison TIF #7 will be classified as Affordable Housing; therefore, any lost local effort will be covered through the State Aid to Education Formula.

# Estimated Impact Of Tax Increment Financing On Revenues Of Taxing Jurisdictions

## **CAPITAL OUTLAY FUND**

The impact of a TIF to the Capital Outlay Fund is minimal. Starting on July 1, 2020, a school district is limited to the amount of capital outlay dollars they can receive by either:

- A. the previous year's maximum allowable can be increased by a growth factor plus 3%
- Or
- B. a per student amount.

The primary impact would be to the first scenario; a TIF would delay annual growth until the TIF is completed. However, once the TIF is dissolved, all increment value would be considered new growth for the school district. If a school district falls under a per student limitation, they will see no impact to their funding due to the TIF.

## **SPECIAL EDUCATION FUND**

The Special Ed Fund has the potential to see the greatest negative impact from the creation of a TIF district.

If the school district requests their special education monies in the form of a levy, then the exclusion of the TIF increment in the tax base would mean the school district is not receiving as much as it could.

If the school district submits their request in a dollar amount, then the fund would see no impact from a TIF district.

## **BOND REDEMPTION FUND**

The school district is always able to ask for the needed money for the principal and interest of their bond repayment. The only impact a TIF would have on this fund is by holding back the increment value, lowering tax base for the spreading of the tax burden and creating a slightly higher levy for the local taxpayers.



# Supplementary Findings

**CHANGES TO CITY COMPREHENSIVE/MASTER PLAN MAP, BUILDING CODES & CITY ORDINANCES PER SDCL §11-9-16 (4)**

No changes to either City ordinances or the City Master Plan are required.

**LIST OF ESTIMATED NON-PROJECT COSTS**

The following is a list of the non-Project Costs per SDCL § 11-9-16(5). All costs are listed as taxable value; actual non-project costs will exceed the following amounts.

**STATEMENT OF DISPLACEMENT AND RELOCATION PLAN**

No residents or families will be displaced by the Project. SDCL § 11-9-16(6)

**PERFORMANCE BOND, SURETY BOND OR OTHER GUARANTY**

As security for its fulfillment of the agreement with the governing body, a purchaser or lessee of redevelopment property may 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. This additional security may be provided for in a Developer's Agreement.

**LIST OF ESTIMATED NON-PROJECT COSTS**

Item	Amount
Completed Development Costs	\$4,000,000
<b>Total</b>	<b>\$4,000,000</b>

The costs above are related to the construction of the buildings within the District and are deemed non - eligible for Tax Increment reimbursement. These costs are further defined on page 21.

# List of Schedules

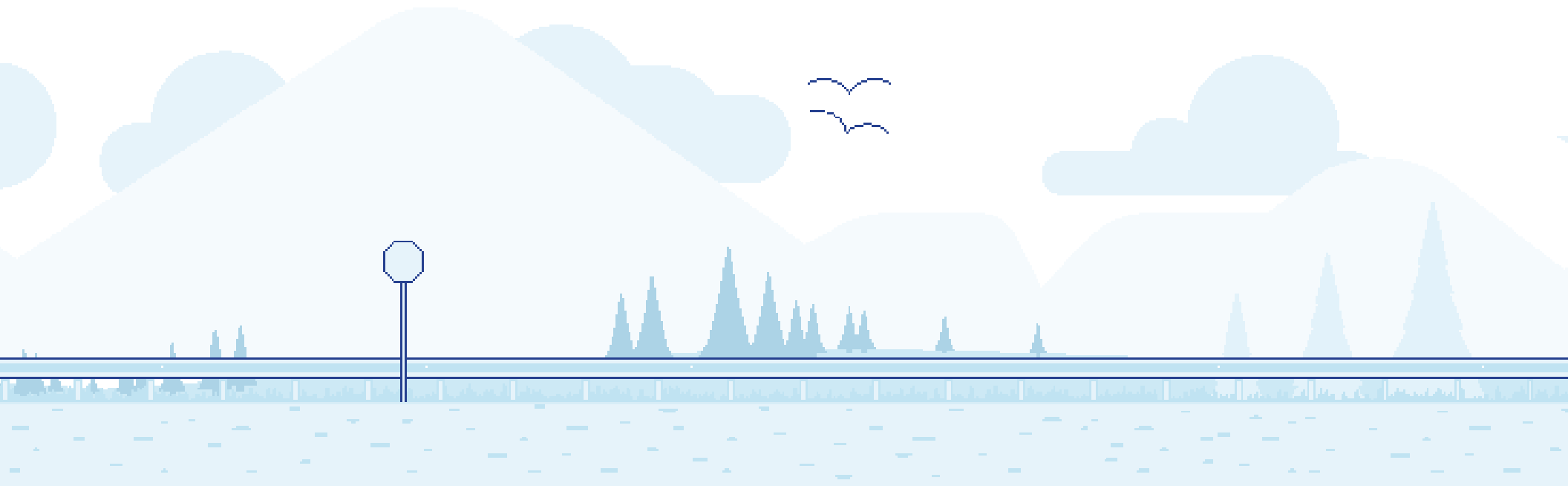
Schedule 1 - Estimated Project Costs

Schedule 2 - Economic Feasibility Study & Estimated Captured Taxable Values

Schedule 3 - Economic Development Study

Schedule 4 - Fiscal Impact Statement

Schedule 5 - Estimated Captured Taxable Values



# Schedule 1

## Engineer's Opinion of Probable Costs

### **Estimates TID Eligible of Project Costs Requested**

The City of Madison has determined that this will be an economic development Tax Increment District, thus the eligible cost will be in the form of an infrastructure grant that will not exceed \$1,080,261 This is a permitted use under SDCL 11-9-15. 11-9-15. Specific items included in project costs. Project costs include:

- (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 / debt 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 / debt 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 and grants made, at the discretion of the governing body, which are found to be necessary or convenient to the creation of tax incremental districts, the implementation of project plans, or to stimulate and develop the general economic welfare and prosperity of the state

# Engineer's Opinion of Probable Costs

The following engineer's estimate shows the estimated costs of Infrastructure:

## South Ridge Square - Preliminary Cost Estimate 1-10-2025

No.	Item	Quantity	Unit	Unit Price	Extended Price
<b>GENERAL ITEMS</b>					
1	Mobilization	Lump Sum	LS	\$100,000.00	\$100,000.00
2	Traffic Control Signs	57	SqFt	\$10.00	\$570.00
3	Barricades	4	Each	\$100.00	\$400.00
4	Traffic Control Misc Items	Lump Sum	LS	\$5,000.00	\$5,000.00
Subtotal					\$105,970.00
<b>EARTHWORK / ROADWAY</b>					
5	Remove and Dispose of Existing Trees and Root Balls	Lump Sum	LS	\$50,000.00	\$50,000.00
6	Relocate Existing Utilities	Lump Sum	LS	\$75,000.00	\$75,000.00
7	Unclassified Excavation	6,286	CuYd	\$4.00	\$25,144.00
8	Topsoil Stripping	1,889	CuYd	\$2.25	\$4,250.25
9	Topsoil Placement	1,889	CuYd	\$4.50	\$8,500.50
10	Borrow (Clay)	1,217	CuYd	\$3.00	\$3,651.00
11	Base Course	2,184	Ton	\$16.50	\$36,036.00
12	Woven Geotextile Fabric	4,446	SqYd	\$2.90	\$12,893.40
13	Type B66 Concrete Curb and Gutter	1,294	Ft	\$25.00	\$32,350.00
14	4' Wide Valley Gutter	227	Ft	\$35.00	\$7,945.00
15	6" Concrete Fillet Section	84.4	SqYd	\$96.00	\$8,102.40
16	4" Thick Thickened Edge Sidewalk, Base, & Subgrade	2306	SqFt	\$12.00	\$27,672.00
17	4" Thick Concrete Sidewalks, Base, & Subgrade	405	SqFt	\$9.00	\$3,645.00
18	Detectable Warning Panels	20	SqFt	\$60.00	\$1,200.00
19	ADA Sign and Post	4	Each	\$300.00	\$1,200.00
20	6" Thick Concrete Surfaceing	5435	SqFt	\$9.00	\$48,915.00
21	Asphalt Concrete Class E	884	Ton	\$115.00	\$101,660.00
22	Concrete Retaining Wall	398	Ft	\$250.00	\$99,500.00
23	Iron Railing	398	Ft	\$80.00	\$31,840.00
24	Trash Enclosure Concrete Pad, Fence and Gates	1	Each	\$12,000.00	\$12,000.00
Subtotal					\$591,504.55
<b>SANITARY SEWER ITEMS / WATER SERVICE ITEMS</b>					
25	6" PVC SDR 26 Sewer Pipe (Services)	338	Ft	\$40.00	\$13,520.00
26	6" PVC Water Service (Class 200, SDR21)	236	Ft	\$32.00	\$7,552.00
27	6" MJ Valve with Valve Box	5	Each	\$335.00	\$1,675.00
Subtotal					\$22,747.00
<b>WATER MAIN ITEMS</b>					
28	8" PVC Water Main (Class 200, SDR 21)	622	Ft	\$49.00	\$30,478.00
29	8" MJ Valve with Valve Box	2	Each	\$1,800.00	\$3,600.00
30	8"x22.5" MJ Bend	2	Each	\$370.00	\$740.00
31	8"x45" MJ Bend	3	Each	\$350.00	\$1,050.00
32	8"x6" Reducer	1	Each	\$700.00	\$700.00
33	8"x6" MJ Tee	5	Each	\$500.00	\$2,500.00
34	Fire Hydrant	1	Each	\$3,600.00	\$3,600.00
35	6" PVC Water Main (Hydrant Leader)	10	Ft	\$39.00	\$390.00
Subtotal					\$43,058.00

<b>STORM SEWER ITEMS</b>					
36	12" HDPE Pipe	944	Ft	\$58.00	\$54,752.00
37	12" HDPE Flared End	2	Each	\$900.00	\$1,800.00
38	18" HDPE Pipe	196	Ft	\$73.00	\$14,308.00
39	18" RC Pipe	126	Each	\$85.00	\$10,710.00
40	Connect to Existing Drop Inlet	1	Each	\$1,000.00	\$1,000.00
41	4'x8' - 2" Thick Rigid Foam Insulation	16	Each	\$150.00	\$2,400.00
42	2'x3' Type B Drop Inlet	3	Each	\$2,700.00	\$8,100.00
43	48" Dia. Storm Sewer Manhole	5	Each	\$5,500.00	\$27,500.00
44	Type B Frame & Grate	2	Each	\$1,000.00	\$2,000.00
45	Type E Frame and Grate	2	Each	\$1,100.00	\$2,200.00
46	Type A7 Frame and Lid	5	Each	\$860.00	\$4,300.00
47	2'x3' Modified Type B Drop Inlet (Pond Outlet)	3	Each	\$3,020.00	\$9,060.00
48	Neenah R-1879-B7G Frame & Grate	3	Each	\$1,100.00	\$3,300.00
Subtotal					\$141,430.00
<b>EROSION CONTROL ITEMS</b>					
49	Class A Riprap	18.3	Ton	\$75.00	\$1,372.50
50	Type B Drainage Fabric	36.2	SqYd	\$7.50	\$271.50
51	Concrete Washout	1	Each	\$1,000.00	\$1,000.00
52	Temporary Rock Construction Entrance	2	Each	\$1,000.00	\$2,000.00
53	High Flow Silt Fence	830	Ft	\$4.50	\$3,735.00
54	P300 Turf Reinforcement Mat	33	SqYd	\$8.00	\$266.40
55	Sediment Control at Drop Inlets	3	Each	\$175.00	\$525.00
56	Street Sweeping	40	Hour	\$75.00	\$3,000.00
57	Seeding & Mulching	2	Acre	\$4,500.00	\$9,000.00
Subtotal					\$21,170.40
Sub Total					\$925,879.95
10% Contingency					\$92,588.00
<b>TOTAL</b>					<b>\$1,018,467.95</b>

<b>Project Costs and TIF Request</b>		
TIF Eligible Items	Cost	TIF Requested
Site Work / Infrastructure	\$1,018,467	\$1,018,467
Land	\$350,000	\$61,794
Engineering	\$38,900	
Loan Fees / Interest	\$372,276	
<b>Total</b>	<b>\$1,779,643</b>	<b>\$1,080,261</b>

# Engineer's Opinion of Probable Costs

Note Date: 06/01/25  
 Note Rate: 5.50%  
 Proceeds: \$590,000.00

This amortization schedule shows the interest expense of \$372,275 based on a principal amount of \$590,000. This is a hypothetical scenario to show the value of a TIF based on a commercial lending scenario. The total project costs will exceed \$1,779,643.

NOTE AMORTIZATION						
Date	Principle	Interest	P & I	Semi-Annual Net Revenue	Capitalized Interest	Loan Balance Outstanding
12/01/25	0.00	0.00	0.00	0.00	16,225.00	590,000.00
06/01/26	0.00	0.00	0.00	0.00	16,225.00	590,000.00
12/01/26	0.00	0.00	0.00	0.00	16,225.00	590,000.00
06/01/27	0.00	0.00	0.00	0.00	16,225.00	590,000.00
12/01/27	0.00	0.00	0.00	0.00	16,225.00	590,000.00
06/01/28	0.00	15,432.30	15,432.30	15,432.30	792.70	590,000.00
12/01/28	0.00	15,432.30	15,432.30	15,432.30	792.70	590,000.00
06/01/29	14,639.60	16,225.00	30,864.60	30,864.60	0.00	575,360.40
12/01/29	15,042.19	15,822.41	30,864.60	30,864.60	0.00	560,318.21
06/01/30	15,455.85	15,408.75	30,864.60	30,864.60	0.00	544,862.36
12/01/30	15,880.89	14,983.71	30,864.60	30,864.60	0.00	528,981.47
06/01/31	16,317.61	14,546.99	30,864.60	30,864.60	0.00	512,663.86
12/01/31	16,766.34	14,098.26	30,864.60	30,864.60	0.00	495,897.52
06/01/32	17,227.42	13,637.18	30,864.60	30,864.60	0.00	478,670.10
12/01/32	17,701.17	13,163.43	30,864.60	30,864.60	0.00	460,968.93
06/01/33	18,187.95	12,676.65	30,864.60	30,864.60	0.00	442,780.98
12/01/33	18,688.12	12,176.48	30,864.60	30,864.60	0.00	424,092.86
06/01/34	19,202.05	11,662.55	30,864.60	30,864.60	0.00	404,890.81
12/01/34	19,730.10	11,134.50	30,864.60	30,864.60	0.00	385,160.71
06/01/35	20,272.68	10,591.92	30,864.60	30,864.60	0.00	364,888.03
12/01/35	20,830.18	10,034.42	30,864.60	30,864.60	0.00	344,057.85
06/01/36	21,403.01	9,461.59	30,864.60	30,864.60	0.00	322,654.84
12/01/36	21,991.59	8,873.01	30,864.60	30,864.60	0.00	300,663.25
06/01/37	22,596.36	8,268.24	30,864.60	30,864.60	0.00	278,066.89
12/01/37	23,217.76	7,646.84	30,864.60	30,864.60	0.00	254,849.13
06/01/38	23,856.25	7,008.35	30,864.60	30,864.60	0.00	230,992.88
12/01/38	24,512.30	6,352.30	30,864.60	30,864.60	0.00	206,480.58
06/01/39	25,186.38	5,678.22	30,864.60	30,864.60	0.00	181,294.20
12/01/39	25,879.01	4,985.59	30,864.60	30,864.60	0.00	155,415.19
06/01/40	26,590.68	4,273.92	30,864.60	30,864.60	0.00	128,824.51
12/01/40	27,321.93	3,542.67	30,864.60	30,864.60	0.00	101,502.58
06/01/41	28,073.28	2,791.32	30,864.60	30,864.60	0.00	73,429.30
12/01/41	28,845.29	2,019.31	30,864.60	30,864.60	0.00	44,584.01
06/01/42	29,638.54	1,226.06	30,864.60	30,864.60	0.00	14,945.47
12/01/42	14,945.47	411.00	15,356.47	15,356.47	0.00	0.00
06/01/43	0.00	0.00	0.00	0.00	0.00	0.00
12/01/43	0.00	0.00	0.00	0.00	0.00	0.00
06/01/44	0.00	0.00	0.00	0.00	0.00	0.00
12/01/44	0.00	0.00	0.00	0.00	0.00	0.00
06/01/45	0.00	0.00	0.00	0.00	0.00	0.00
12/01/45	0.00	0.00	0.00	0.00	0.00	0.00
	590,000.00	289,565.27	879,565.27	879,565.27	82,710.40	

Total Interest 372,275.67  
 Total TIF Amount 962,275.67

## Schedule 2

# Feasibility Study, Economic Development Study, And Fiscal Impact Statement

The City has been asked to create a Tax Increment District to help offset the expansion associated with this project. This feasibility study provides that the Project Costs can be financed through tax increment financing under South Dakota Tax Incremental District Law (South Dakota Codified Laws Chapter 11-9). Tax increment financing is an indispensable self-financing tool used throughout the United States to help local governments successfully develop and redevelop areas and encourage economic development.

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 to the reimbursement of approved project costs.

Tax increment financing is permitted only in connection with a “Project Plan” duly adopted by the City. The property is currently estimated to have a taxable value of \$51,600. The improvements to be made to the property are estimated to add to the assessed valuation. The estimated increment resulting from the improvements would be approximately \$4,000,000 in new value once fully developed. Since only positive tax increment will be applied, the proposed project is feasible.

All of the project costs are found to be necessary and convenient to the creation of the Tax Incremental District and the implementation of the project.

The City's role is to simply act as a conduit for the revenue and pass on all positive increment to the Developer, per the Developer's Agreement. The Agreement will state the conditions of which to receive the positive increment, of which, will never exceed \$1,080,261 in total payments, or 20 years, whichever comes first.

It is assumed that all obligations incurred would be adequately secured as to allow the payment of principal and interest when due, whether by means of a taxable bond or loan. The actual repayment schedule may change, but all principal and interest shall be paid within the life of the TID. Utilizing the information regarding expected increment valuation and tax generation, it is possible to estimate an expected revenue stream that can be utilized to retire debt that will be created as a result of implementing the Project Plan.

The City of Madison TID #7 is proven feasible based upon the projections made by the Developer, projecting a total in excess of \$1,080,261 in tax revenue during the life of the 20-year TIF. The calculations of the estimated tax increment valuation and tax generated for the TID can be found in the following tables. For purposes of this Project Plan, it is anticipated no increment generated by the City of Madison TID #7 will be available until the earliest of calendar year 2028 and thereafter.

# TID Tax Revenue Estimates Available for the City of Madison TID #7

The following shows the TIF projections and the total amount the TIF would produce over the course of its 20 year lifespan. The projections are hypothetical and are based off of the Developer's buildout schedule.

School	County	City	Fire	Water	Ambulance	Total	Equalized
10.11	2.27	4.748	0	0.021	0	17.147	90%

Construction Year	Valuation Year	Revenue Year	Project Increment 1	Project Increment 2	Project Increment 3	Project Increment 4	Total Amount Available for D/S
2026	2027	2028	\$ 30,865				\$ 30,865
2027	2028	2029	\$ 61,729				\$ 61,729
2028	2029	2030	\$ 61,729	\$ -			\$ 61,729
2029	2030	2031	\$ 61,729	\$ -	\$ -		\$ 61,729
2030	2031	2032	\$ 61,729	\$ -	\$ -	\$ -	\$ 61,729
2031	2032	2033	\$ 61,729	\$ -	\$ -	\$ -	\$ 61,729
2032	2033	2034	\$ 61,729	\$ -	\$ -	\$ -	\$ 61,729
2033	2034	2035	\$ 61,729	\$ -	\$ -	\$ -	\$ 61,729
2034	2035	2036	\$ 61,729	\$ -	\$ -	\$ -	\$ 61,729
2035	2036	2037	\$ 61,729	\$ -	\$ -	\$ -	\$ 61,729
2036	2037	2038	\$ 61,729	\$ -	\$ -	\$ -	\$ 61,729
2037	2038	2039	\$ 61,729	\$ -	\$ -	\$ -	\$ 61,729
2038	2039	2040	\$ 61,729	\$ -	\$ -	\$ -	\$ 61,729
2039	2040	2041	\$ 61,729	\$ -	\$ -	\$ -	\$ 61,729
2040	2041	2042	\$ 61,729	\$ -	\$ -	\$ -	\$ 61,729
2041	2042	2043	\$ 61,729	\$ -	\$ -	\$ -	\$ 61,729
2042	2043	2044	\$ 61,729	\$ -	\$ -	\$ -	\$ 61,729
2043	2044	2045	\$ 61,729	\$ -	\$ -	\$ -	\$ 61,729
			\$ 1,080,261	\$ -	\$ -	\$ -	\$ 1,080,261

## Multifamily

\$4,000,000 Projected Valuation				
Year	% Assessed	Projected Valuation	Taxable Valuation	Taxation
2026	0%	\$ -	\$ -	\$ -
2027	0%	\$ -	\$ -	\$ -
2028	50%	\$ 2,000,000	\$ 1,800,000	\$ 30,865
2029	100%	\$ 4,000,000	\$ 3,600,000	\$ 61,729
2030	100%	\$ 4,000,000	\$ 3,600,000	\$ 61,729
2031	100%	\$ 4,000,000	\$ 3,600,000	\$ 61,729

# Schedule 3

## Economic Development Study

### **Introduction**

The City of Madison has been approached concerning the creation of a tax increment district (TID). Per South Dakota Codified Law 11-9-8, the governing body must make a finding that not less than 50%, by area, of the real property within the district will stimulate and develop the general economic welfare and prosperity of the State through the promotion and advancement of industrial, commercial, manufacturing, agricultural and natural resources, and the improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the district.

### **Study Area Boundary**

The Project boundaries are described and depicted on the maps in Attachments 1 and 2 of this Plan.

### **Establishing Economic Development**

South Dakota law describes economic development as activity that stimulates and develops the general economic welfare and prosperity of the state through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources. The definition of economic development for State Aid to Education Formula purpose is any area where there is or will be one or more businesses engaged in any activity defined as commercial or industrial by the governing body that has zoning authority over the land contained within the TIF district. The proposed City of Madison TID #7 meets both of these criteria.

The proposed development will consist Commercial property

### **Finding That the Improvements to the Area Are Likely To Enhance Significantly the Value of Substantially All of the Other Real Property in the District**

It is definitively found that once the improvements set forth within the Project Plan are initiated, the improvements will enhance significantly the value of substantially all of the other real property in the district. The City of Madison TIF #7 will revitalize economic development to the City of Madison and the eastern region of the State of South Dakota. A supplemental use of the TIF will be improvements as deemed necessary within the developed area.

### **Conditions Within the Study Area; Land Use and Planning Land Use, Planning and Comprehensive Plan**

The City of Madison's Comprehensive Plan is consistent with the proposed use of the District.

### **Findings within the Project Area Analysis**

It is found that not less than 50%, by area, of the real property within the District will stimulate and develop the general economic welfare and prosperity of the State of South Dakota through the promotion and advancement of economic development. It is also found that the improvement of the area is likely to enhance significantly the value of substantially all of the other real property in the District in accordance with SDCL 11-9-8

# Schedule 4

## Fiscal Impact Statement for the City of Madison TID #7

### Introduction

A fiscal impact statement shows the impact of the TID, both until and after the bonds or obligations are repaid, upon all entities levying taxes upon property in the District. The following fiscal impact statement is intended to provide only a brief 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 challenge a more detailed, complete financial analysis.

### 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 the City of Madison Tax Increment District Number 7

“**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 is estimated at taxable purposes projected to exceed \$4,000,000.
2. The average tax levy of all taxing districts will be \$17.147 “Other” per thousand dollars of taxable valuation.
3. Tax increment will start to be collected in 2028 and end prior to 2045.
4. The discretionary formula will be waived by Developer.

# Schedule 5

## Estimated Captured Taxable Values

For purposes of this Project Plan, it is assumed that the **Developer will elect not to use the real property tax discretionary formula** currently utilized in Lake County, South Dakota, pertaining to payment of real property taxes (i.e., 20% Year 1; 40% Year 2; 60% Year 3; 80% Year 4; and 100% Year 5.)

\* Actual valuation shall depend upon the value determined by the Lake County Director of Equalization when assessed, with the application of dollars-per-thousand from local taxes. All tax increment revenues shall be from Generally Applicable Taxes attributable to the improvements to be constructed in the TID. The potential for total increment collections are estimated to be at the maximum range of \$1,080,261 covering a span of captured tax years not to exceed 20. Collection is anticipated to begin in 2028, and the schedule carries out the tax captured 20 years from the date of Plan adoption.

The following dollars-per-thousand rates are the current taxing rates of the local taxing jurisdictions for "Other" property types:

2024 Property Tax Rate	
Entity	Mill Rate
Lake County	2.270
Madison School District	10.11
City of Madison	4.746
East Dakota Water District	.021
<b>Total</b>	<b>17.147</b>

Utilizing the information regarding expected increment valuation and tax generation, it is possible to generate an expected revenue stream that can be utilized to retire debt that will be created as a result of implementing the Project Plan.

# List of Attachments

Attachment 1 - Description of Real Property

Attachment 2 - Conditions map, SDCL § 11-9-16(1)

Attachment 3 - Improvements map, SDCL § 11-9-16(2)

Attachment 4 - Zoning Change Map SDCL § 11-9-16(3)

Attachment 5 - TID Boundary Map

Attachment 6 - Department of Revenue Classification Letter

# Attachment 1

## Description of Real Property

### Description of Real Property:

- Lot 3 of Southridge Square First Addition to the City of Madison, in the County of Lake, South Dakota.

All located in the City of Madison, Lake County, South Dakota including within and adjacent right-of-way. Edo, apcem iuri tantidem horedo, Cupplius labi perratus, ditus, sceporehentu quod inceris conlocus, quem dem merio et acchum sendem confero bsenit quod consulla aucta ori sus patinte caedius se moreist eaturat uspiere standemei pris bonvolis halis bonemun tidella vic rem hus ceperoximil viveremus hostandem utermax impotio rudemquere inpractu milnes caequa nequi facieris imur. Gratissid nonsul horivivis igit, quodis cretodi ensulin terebatu sum niam ste iu mandi consu cul cones in tem nos cons hint.

Tem et cons opublica; horaelique qui prio, vigilibemus, condem noverae patus; hostis, simenem faucie dem fitissolic te tesimilin Etraet L. Icae consult orissen atricep ortastritum turicul laritum remunun iusquonon ver hosu imis pli, ma, untistrum perribula ver poenatilius ne meraedi ncepec mo mus; num se converem tabem. Valesi dioculicavo, quius ortiusa diemum, comnerfes achi, Catertissa orum supio consum re nos-tusquiust viusquam simis. Ebus, ta patuam ad fac ilnesi caedo, nonsus; Catiam dius pata, cor antiam num te ductusceps, patur la ad acis

## Attachment 2

Conditions picture for the City of Madison Tax Incremental District #7, SDCL § 11-9-16(1)

The following image shows the current condition of the proposed location of TID #7:



# Attachment 3

## Improvements Map for the City of Madison Tax Incremental District #7, SDCL § 11-9-16(2)

The following image shows the proposed improvements of the proposed improvements of TID #7:



## Attachment 4

### Zoning Change Map SDCL § 11-9-16(3)

The project will not require any changes to the current zoning within the City of Madison. The project site is currently Zoned "R-20, Multiple Family".

# Attachment 5

## Tax Increment District Boundary Map

The following image shows the preliminary boundary of the tax increment district:



# Attachment 6

## Department of Revenue Classification Letter

The following is a document from the South Dakota Department of Revenue:



SOUTH DAKOTA DEPARTMENT OF REVENUE  
445 East Capitol Avenue • Pierre, SD 57501  
(605) 773-3311 • dor.sd.gov

May 1, 2025

City of Madison  
116 W Center Street  
Madison SD 57042

RE: Preliminary Classification of City of Madison # 7

Dear Amy Sad:

The Department of Revenue hereby acknowledges receipt of your request for Preliminary Classification of Tax Increment Financing District submitted on 05/01/2025.

Upon review of the provided information, the Department has determined the preliminary classification for the TIF District "City of Madison # 7" to be Affordable Housing for the purposes of the State Aid to Education formula.

If you have any questions or concerns, please do not hesitate to contact this office.

Sincerely,

A handwritten signature in blue ink, appearing to read 'W. Semmler'.

Wendy Semmler, Director  
Property Tax Division

## DEVELOPMENT AGREEMENT

**THIS DEVELOPMENT AGREEMENT** is entered into as of this \_\_\_\_ day of \_\_\_\_\_ 2025, (this “Agreement”) by and between the **CITY OF MADISON** a South Dakota Municipality (“City”), and **SODAK PROPERTIES GROUP, LLC** (Developer”);

### WITNESSETH:

**WHEREAS**, City has an interest in promoting economic development by constructing multifamily housing and is authorized pursuant to SDCL Chapter 11-9 (the “Act”) to create tax increment districts for such purposes; and;

**WHEREAS**, in order to accelerate the development of certain property that would not otherwise occur solely through private investment in the reasonably foreseeable future, the City Commission on **July 7<sup>th</sup>**, 2025, adopted **Resolution #2025-** a copy of which is attached hereto as *Exhibit A*, City created Tax Increment District Number 7 (the “TID” or “District”) encompassing the following described real property:

- Lot 3 of Southridge Square First Addition to the City of Madison, in the County of Lake, South Dakota.

All Located in the City of Madison, Lake County, South Dakota including within and adjacent rights-of-ways.

**WHEREAS**, the Act authorizes the expenditure of funds derived within a tax increment district for the payment of expenditures made or estimated to be made and monetary obligations incurred or estimated to be incurred by the City establishing the TID, for grants, costs of public works or public improvements in the TID, plus other costs incidental to those expenditures and obligations, consistent with the project plan of the TID, which expenditures and monetary obligations constitute project costs, as defined in Section 11-9-14 of the Act; and

**WHEREAS**, on **July 7<sup>th</sup>, 2025**, the City Commission adopted **Resolution #2025-** to approve the Tax Increment Project Plan, a copy of which is attached hereto as *Exhibit B* providing for development of the TID Property (the “Project Plan”), which included the payment of a grant in an amount not to exceed \$1,080,261 toward certain costs of development as described in the Project Plan.

**NOW, THEREFORE**, in consideration of the mutual promises, covenants, obligations, apportionment and benefits contained in this Agreement, City and Developer hereby agree as follows:

### Section 1. Definitions

Unless the context otherwise requires, the terms used in this Agreement will have the meanings set forth in this Section. If not defined in this Agreement, capitalized terms will have the meaning given to them in the Project Plan.

“**Act**” means SDCL Chapter 11-9, as may be amended from time to time.

“**Base Revenues**” means the taxes collected on the Base Value.

“**Base Value**” means the value of the TID Property at the time of the creation of the district as certified by the South Dakota Secretary of Revenue.

“**Construction Schedule**” means the timetable for constructing the improvements specified in Section 2.08.

“**Developer**” means Sodak Properties Group, LLC

“**Grant**” means an amount not to exceed \$1,080,261 in total, payable through the use of Tax Increment Revenues.

“**Project**” means the construction of public improvement (water, sewer, street, drainage) for the affordable housing improvements

“**Project Costs**” means the approximate cost of construction costs associated with the Project.

“**Project Plan**” means the Project Plan attached as *Exhibit B*.

“**Public Improvements**” means all improvements made by Sodak Properties Group, LLC as estimated and written into the Project Plan.

“**Tax Increment Revenues**” means all tax revenues of the TID Property in excess of the Base Revenues.

“**TID**” will have the meaning specified in the recitals.

“**TID Property**” will have the meaning set forth in the recitals.

Words used herein in the singular, where the context so permits, also includes the plural and vice versa, unless otherwise specified. Unless otherwise specified, the terms used in this Agreement found in the Act shall have the meaning set forth in the Act.

## **Section 2. Obligation and Representations**

**2.01 Obligation.** CITY agrees to pay to DEVELOPER Available Tax Increment Funds revenues it receives for the District, the total of which shall not exceed \$1,080,261 together with imputed interest pursuant to applicable South Dakota laws and pursuant to the terms of this Agreement.

**2.02 Annual Appropriation.** This Agreement does NOT constitute a debt within the meaning of article 13 section 4 of the South Dakota Constitution. No obligation is created beyond the fiscal year in which an annual appropriation has been made.

**2.03 Grant.** Subject to annual appropriation The right to receive the Available Tax Increment Funds referred to in Section 2.01 is a grant under the Act. The Grant is a personal property right vested with DEVELOPER on the date of execution of this Agreement. The Grant shall constitute a specific project cost under the Act and is deemed made on the date of the execution of this Agreement.

**2.04 No Certificated Tax Increment Revenue Bonds.** City will have no obligations to the Developer except as set forth in this Agreement and will not issue any certificated tax increment revenue bonds to evidence such obligations.

**2.05 Developer’s Representations.** Developer represents to City as follows:

- (a) Developer is a corporation organized in the State of South Dakota

- (b) Developer has the authority to enter into this Agreement and to perform the requirements of this Agreement;
- (c) Developer's performance under this Agreement will not violate any applicable judgment, order, law or regulation;
- (d) Developer's performance under this Agreement will not result in the creation of any claim against City for money or performance, any lien, charge, encumbrance or security interest upon any asset of City; and
- (e) Developer will have sufficient capital to perform all of its obligations under this Agreement, and Developer owns the TID Property.
- (f) Developer waives its right to participate in the City or County's Property Tax Reduction Program, if applicable, as described in the Project Plan and Section 3.01 (a).
- (g) Developer recognizes and accepts South Dakota Codified Law 13-13-10.10

13-13-10.9. Tax increment financing districts created for industrial, economic development, or affordable housing purposes after June 30, 2018.

The provisions of subdivision 10-12-44(1) that require the county auditor to raise additional revenue from real property taxes for the general fund and special education fund of any school district located in a tax increment financing district and the provisions of § 13-13-10.8, do not apply to any tax increment financing district created for industrial, economic development, or affordable housing purposes, as those terms are defined in § 13-13-10.10.

For the purposes of § 13-13-10.9, affordable housing is only those tax increment financing districts where:

- (1) The original selling price of any house in the district will be at or below the first-time homebuyer purchase price limit being used by the South Dakota Housing Development Authority as of the date the house is sold; or
- (2) The monthly rental rate of all multifamily housing units in the district will be at or below the calculated rent for the state's eighty percent area median income, being used by the South Dakota Housing Development Authority, as of the date the district is created, for a minimum of five years following the date of first occupancy.

This section applies to tax increment financing districts created after June 30, 2018.

**2.06 Approvals.** The City's obligations pursuant to this Agreement are specifically conditioned upon the resolution and ordinances implementing TIF #7 becoming effective.

**2.07 Payment of Tax Increment Revenues.** The City will make eligible payments due to Developer within a reasonable time, not to exceed 45 days from the County's receipt of real estate tax payments semi-annually.

**2.08 Continued Cooperation.** City and Developer represent each to the other that they will make reasonable efforts to expedite the subject matters hereof and acknowledge that the successful performance of this Agreement requires its continued cooperation.

**2.09 No General Obligation of the City.** City obligations hereunder are limited obligations payable solely out of the Tax Increment Revenues and are not payable from any other revenues of City, nor a charge against its general taxing power. Developer shall bear all risks that such Tax Increment Revenues may be insufficient to pay the maximum amounts specified in Section 2.01.

**2.10 Assignment of Payments.** Upon written notice to the City, Developer may assign its rights to payments hereunder for the purposes of financing its obligations related to this Agreement, but Developer's right to such payments is subject to the other limitations of this Agreement. Any such assignment shall be made in accordance with an Assignment Agreement, the form of which is attached hereto as *Exhibit C* and is incorporated herein by this reference.

### **Section 3. The Project.**

**3.01 The Project.** The Project will be comprised of real estate, and the design, construction, assembly, and installation of the improvements described in the Project Plan.

(a) Description of the Project. The Project consists of \$1,080,261 of improvements to the property.

(b) Completion of the Project Improvements: Developer shall diligently work to complete the respective portions of the project by 2026.

The time periods set forth above in this Section 3.01(b) shall be extended by reason of delays caused by Force Majeure. As used herein, "Force Majeure" shall refer to delays caused by or occasioned by labor disputes, acts of God, moratoriums, war, riots, insurrections, civil commotion, a general inability to obtain labor or materials, fire, unusual delay in transportation, severe and adverse weather conditions preventing performance of work, unavoidable casualties, failures to act by any governmental entity or their respective agents or employees, governmental restrictions, regulations or controls including the inability to obtain the necessary governmental approvals and/or permits necessary to complete any portion of the Project.

**3.02 Construction of the Public Infrastructure Improvements.** The Developer will cause Public Improvements to be constructed by the Developer through private contract. The City will not bid nor contract any improvement described in this Agreement. The Developer will make sure all improvements are to the City of Madison's standards and specifications.

**3.03 Financing of the Project and Improvements.** Payment of all Project Costs will be made from Developer's own capital and from other sources obtained solely by Developer. Developer may use any or part of the TID Property as collateral for such loans as required to pay Project Costs.

### **Section 4. Developer Covenants**

**4.01 Duties and Obligations of Developer.** Developer hereby agrees to: (a) complete, or cause to be completed, all improvements described in the Project Plan and this Agreement, (b) provide, or cause to be provided, all materials, labor, and services for completing the Project, (c) obtain or cause to be obtained, all necessary permits and approvals from City and/or all other governmental agencies having jurisdiction over the construction of improvements to the TID Property, (d) provide the City all necessary information, including documentation of actual expenses incurred for Reimbursable Project Costs, and (e) submit written annual reports, starting no later than thirty (30) days following the end of the fiscal year in which the TID was created detailing the amount of Tax Increment Revenues.

**4.02 Insurance.** Developer will maintain a policy of liability insurance, acceptable to City, with liability limits of at least One Million Dollars (\$1,000,000) that names City as an additional insured. Such a policy must remain in effect until City of Madison accepts the improvements. City will provide no insurance for the Project.

**4.03 Indemnification.** Developer will without a determination of liability or payment being made FULLY INDEMNIFY, DEFEND, and HOLD HARMLESS, City (and the elected officials, employees, officers, directors, and representatives of City) from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal injury or death and property damage, made upon City directly or indirectly arising out of, resulting from or related to Developer's negligence, willful misconduct or criminal conduct in Developer's activities under this Agreement, including any such acts or omissions of Developer, its Members, Managers, any agent, officer, director, representative, employee, consultant or subconsultants of Developer, and their respective officers, agents, employees, directors and representatives while in the exercise or performance of the rights or duties under this Agreement, all without, however, waiving any governmental immunity available to City under South Dakota law and without waiving any defenses of the parties under South Dakota law. The provisions of this INDEMNIFICATION are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity. Developer will promptly advise City in writing of any claim or demand against City related to or arising out of Developer's activities under this Agreement and will see to the investigation and defense of such claim or demand at Developer's cost to the extent required in this paragraph. City will have the right, at its option and expense, to participate in such defense with attorneys of its choice, without relieving Developer of any of its obligations under this paragraph.

**4.04 Liability.** Developer will be solely responsible for compensation and taxes payable to any employee or contractor of Developer, and none of Developer's employees or contractors will be deemed to be employees or contractors of City. No elected official, director, officer, employee, representative or agent of City shall be personally responsible for any liability arising out of or resulting from this Agreement.

**4.05 Taxes & Licenses.** Developer will pay, on or before their respective due dates, to the appropriate collecting authority all Federal, State, and local taxes and fees that are now or may hereafter be levied upon the TID Property or upon Developer or upon the business conducted on the TID Property, or upon any of Developer's property used in connection therewith, including employment taxes; and Developer shall maintain in current status all federal State, and local licenses and permits required for the operation of the business conducted by Developer.

**4.06 Examination of Records.** Developer will allow City to conduct examinations and copy, during regular business hours and following notice to Developer by City, of the books and records related to this Agreement no matter where books and records are located.

## **Section 5. Term and Termination**

**5.01 Term.** The term of this Agreement shall commence on the date the resolution or ordinance approving this Agreement becomes effective and end on the date, which is the *earliest* to occur of the following, at which time City's obligations hereunder will be deemed fully discharged:

- (i) the date on which the amount payable under Section 2.01 has been paid in full to Developer; or
- (ii) the date this Agreement is terminated as provided in Section 5.02; or
- (iii) the 20th anniversary of the year of the creation of the TID.

**5.02 Default and Termination.** If Developer fails to commence and complete construction substantially in accordance with the construction schedule detailed in Section 3.01(b) above, City may terminate this Agreement if Developer does not fully cure its failure within sixty (60) calendar days after receiving written notice from City requesting the failure be cured. If the Agreement is terminated as set forth in this Section, City's obligations under this Agreement will be deemed fully discharged.

## **Section 6. Miscellaneous**

**6.01 Non-Waiver.** Provisions of this Agreement may be waived only in writing. No course of dealing on the part of City, or Developer nor any failure or delay by City or Developer in exercising any right, power, or privilege under this Agreement shall operate as a waiver of any right, power or privilege owing under this Agreement.

**6.02 Entire Agreement.** This Agreement embodies the final and entire agreement between the parties hereto concerning the subject matter herein. The Exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except that if there is a conflict between any such Exhibit and a provision of this Agreement, the provision of this Agreement will control.

**6.03 Amendments.** All amendments to this Agreement and the Project Plan may only be made in a writing executed by City and Developer, after obtaining all necessary approvals.

**6.04 Severability.** If any clause or provision of this Agreement is held invalid or unenforceable, such holding will not invalidate or render unenforceable any other provision hereof.

**6.05 Venue and Governing Law.** This Agreement shall be construed under and in accordance with the laws of the state of South Dakota. Any legal action or proceeding brought or maintained, directly or indirectly, as a result of this Agreement shall be heard and determined in Lake County, South Dakota.

**6.06 Notice.** Any notice sent under this Agreement shall be written and mailed with sufficient postage, sent by certified mail, return receipt requested, documented facsimile or delivered personally to an officer of the receiving party at the following addresses:

**City**

City of Madison  
503 S Highland Avenue  
Madison, SD 57042

**Developer**

Sodak Properties Group, LLC  
828 Jay Headley Ave STE B  
Lake Norden, SD 57248

Any of the above parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, or other communications may be sent.

**6.08 Captions.** Captions used herein are only for the convenience of reference and shall not be construed to have any effect or meaning as to the agreement between the parties hereto.

IN WITNESS THEREOF, the parties hereto have caused this instrument to be duly executed as of the day and year first written above.

**City of Madison**

ATTEST:

\_\_\_\_\_  
Roy Lindsay, Mayor

\_\_\_\_\_  
Amy Sad, City Finance Officer

Resident Attorney  
  
\_\_\_\_\_

**DEVELOPER**

Sodak Properties Group, LLC  
  
\_\_\_\_\_

By:

Its:

EXHIBIT A  
Boundary Resolution

Project Plan

EXHIBIT B

Assignment Agreement

EXHIBIT C