Tax Increment District Certification Process

The Council approved creating a new TIF district and the Project Plan. Now what? Staff will work with you to track your expenditures carefully so that once the construction is complete, you can provide the necessary documentation to certify expenditures, allowing the district generated increment to be disbursed for the loan payments. Although the certification process typically occurs after the construction is complete, the following checklist provides a resource so that as you begin the planning, engineering and construction process, you can minimize the time required to assemble the necessary documentation by organizing the invoices as they are paid, before during and after construction is complete. For your convenience, staff will provide spreadsheets for entering expenditures attributable to the approved Project Plan line items. The flowchart provides a brief overview of the certification process steps:

As part of the certification process, staff from the Public Works Engineering Services, Community Planning, City Attorney’s Office and the Finance Office review the bidding package, approved construction plans, contract agreements, construction invoices, etc. to ensure TIF expenditures comply with SDCL 5-18A and SDCL 11-9 as identified in the approved Project Plan.

SDCL 5-18A-D-14 requires competitive bidding for all public improvements. Additionally, the Government Accounting Standards Board (GASB) requires an inventory of the various public
improvements within street projects (curb, gutter, water, sewer, storm sewer). To ensure that these items are easily identifiable for those public improvements constructed by entities outside the City structure, separate bidding schedules for each project type (water, sewer, road, sidewalk, storm sewer, etc.) will allow the City to comply with these standards. In addition, separate bid tab schedules are required for each Project Plan line item.

The following checklist provides a resource so that as you begin your development process, you can minimize the time required to assemble the necessary documentation after construction is complete. The spreadsheet provided by staff will include all of the approved project plan line items as well as columns for non-eligible development expenditures. In lieu of detailed descriptions on invoices and applicable backup information to determine eligibility, eligibility percentages shall be applied based on available application / plan review data.

**Capital Costs:**
1. Provide bid documents and bid summary
   a. Proof of publication (SDCL 5-18A-14)
   b. Signed contract
   c. All pay estimates associated with construction project
2. Provide subcontracts, reports, associated maps, etc. for all invoices submitted for reimbursement
3. Organize invoices, reports, maps, etc. according to the following:
   a. Project Plan phasing
   b. Project Plan line item expenditure
4. If costs are stock items, provide the invoices and ongoing tally to support the stock items
5. Provide description and all invoices that correspond to “incidentals”
6. Provide city staff approved contract change orders for Project Plan related contracts
7. Capital costs expended within TID boundary not associated with TIF Project Costs

**Professional Services Costs:**
1. Design and Construction Administration professional services need to include a description sufficient to determine the actual service provided, including that portion of the project costs (e.g., Phase I, segment a to b, etc.)
2. Surveying professional services need to include a description sufficient to determine the actual service provided, including the specific portion of the project costs (e.g., Phase I, segment a to b, etc.)
3. Any reports and/or exhibits associated with TIF eligible expenditures shall be provided at time of certification submittal.
4. Professional service costs expended within TID boundary not associated with TIF Project Costs, e.g., development engineering costs for plat submittals, planned developments, etc.

**Ineligible expenses:**
1. Application Fees
2. TIF Planning expenses
3. Development related expenses
4. Utility service lines
5. Any expenditure located outside TID boundary, even if included within the Project Plan as an eligible expenditure (SDCL 11-9-14)
6. Any expenditure that does not comply with SDCL 5-18B-19

**Additional notes:**
1. Eligible costs are those expenses specifically identified within the Project Plan and bid as a separate schedule within all construction documents. If the proposed development requires a
utility main larger than the minimum required per the Infrastructure Design Criteria Manual, the increase in the size of the utility to provide adequate services to the development is ineligible, e.g., the development proposed on the property requires a 10” water main not the minimum 8” main, the increased cost for the 10” main is ineligible.

2. All development costs within the TID boundary shall be submitted on the certification spreadsheet to determine eligibility of allowable TIF expenditures.

3. Developer shall provide certification costs & invoices together with bid documents, contracts, all under one sub category.

4. Phasing – Certification affidavit shall include all phasing costs. Once accepted and payments begin, additional expenditures may not be added to revise approved certification nor added to subsequent phasing expenses.