



### **Mission Statement**

To provide exemplary experiences, services & spaces that create opportunities for everyone to learn, engage and thrive.

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## **YANKTON BOARD OF CITY COMMISSIONERS**

Work Session Meeting beginning at 6:00 P.M.

**Tuesday, May 28, 2024**

**City of Yankton Community Meeting Room**

Located at the Career Manufacturing Technical Education Academy formerly known as Technical Education Center • **1200 W. 21<sup>st</sup> Street • Room 114**

**If you would like to watch the City Commission meeting you can do so by accessing the City of Yankton's YouTube Live Channel. <https://www.youtube.com/c/cityofyankton/live>**

TV Schedule: Mondays at 7:03 p.m. and Tuesday following meeting at 1:00 p.m.  
on Midco Channel 3 and Bluepeak Channel 98.

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- 1. Roll Call**
- 2. Public Appearances**
- 3. 2025 BBB, Outside Agency, 2025 Budget Considerations**
- 4. Other Business**  
*Other business is a time for City Commissioners to address the commission regarding matters not on the agenda. These items will not be deliberated by the governing body and will not be acted upon at this time. Items mentioned may be added to a future City Commission meeting or work session for deliberation or action.*
- 5. Adjourn the Work Session of May 28, 2024**



The mission of the City of Yankton is to provide exemplary experiences, services, and spaces that create opportunities for everyone to learn, engage, and thrive.

## WORK SESSION MEMORANDUM

TO: City Commission  
FROM: Amy Leon, City Manager   
DATE: May 23, 2024  
RE: 2025 BBB, Outside Agency, 2025 Budget Considerations

As in past years, staff would like to take some time to discuss parts of the budget early to assist us in formulating budget recommendations. While South Dakota Codified Law has changed and we can submit the budget later than we have in previous years, our intention is to submit the proposed 2025 budget at the end of July to provide the City Commission with ample time to discuss and consider. Our next budget meeting is planned for Monday, June 10 at 5:30 pm. In that meeting we will discuss our five-year Capital Improvement Plan. The full budget will be presented publicly in August.

### **BBB Outside Agencies & Special Appropriations**

#### BBB

Please find the attached worksheet associated with funding requests from the BBB. The Outside Agency Requests can be found in the Commission SharePoint.

As a reminder, the BBB is funded through a third penny of sales tax. State codified law 10-52A-2 defines the tax and limits how cities can spend this tax. Our local ordinance pertaining to the BBB is a bit more specific when it comes to its use. That can be found in Sec. 22½-25 (special tax rate on lodgings) in our Code of Ordinances.

In general, the outside agencies funded through the BBB have requested an increase in their funding. With one exception, I am recommending maintaining funding levels for all of the outside agencies funded out of the BBB. The reason for this is two-fold. First, we continue to face uncertainty associated with sales tax in general. At the time of this memo the BBB balance (if what is currently budgeted or has been approved is expended) will be \$418,042.31. This also assumes revenues come in as estimated. The second reason I am not recommending increases is our BBB budget balance is on the lower end of the approximate \$400,000 to \$500,000 balance we have tried to maintain. In addition, BBB is an area of the budget that could be transferred to the General Fund if we are unable to fund basic services.

The exception mentioned was Lewis and Clark Theater. They have made a capital request of \$25,000 to begin renovations of the facility. I recommend increasing the contribution for the

Lewis & Clark theater to \$25,000. To make up for this increase, I have suspended the HSC Land Purchase repayment for 2025.

The remaining allocations from the BBB are all funded at existing levels with the exception of the HSC Land Purchase Repayment. This includes Special Events Coordinator Activities, Fireworks, and dollars allocated to promotion of the Huether Family Aquatics Facility and the Summit Activities Center.

TIDs will be discussed later in this memo; however, it should be noted there is an allocation of \$100,000 as Transfer to TID-Debt Service to make the Menards TID whole. While the TID is close to whole, the Menards building's property taxes have been decreased. Because we do not know exactly how much will be necessary, the remainder of the budgeted dollars could go toward repayment of the Mead TID or stay in the BBB.

Please let me know your thoughts and reactions to this proposal. Additionally, please communicate any changes you would like to see in the BBB proposed budget.

### Special Appropriations

With one exception there are no funding changes proposed for the special appropriations and outside agencies funded within this area of the budget. Again, some of those agencies requested an increase in their application. Planning District III has requested a small increase in funding from \$14,100 to \$14,444 in 2025.

Please note that if changes are made to our sales tax on consumables and we are required make cuts in the General Fund, 2025's Outside Agency and Special Appropriations budgets will include proposals for cuts so that we can continue to operate City services and quality of life facilities and programming.

### Additional 2025 Budget Considerations/Discussion Items

There are a number of items with information relating to this year's budget that I want to provide to the City Commission. They include the impacts of the 2023 Department of Revenue Sales Tax audit on the City of Yankton's budget, sales tax rebates the City of Yankton had provided as economic development incentives and some discussion on Gehl Drive and the Mead area TID.

### Impacts of the 2023 Department of Revenue Sales Tax Audit

As many of you recall, the City was notified of an adjustment made by the South Dakota Department of Revenue to our sales tax in late 2023. This resulted in \$341,500.26 less in sales tax in the general fund. The result is that we were unable to meet our predicted sales tax growth in 2023 which has a ripple effect into funding what was budgeted in 2024. It is important to revisit this during our budget discussions for a couple of reasons. First, we were able to carry forward less than we expected in the general fund. Also, in the past staff has been questioned about our conservative approach to economic growth from year to year. This situation provides an example of the importance of being generous in estimating expenses and conservative in projecting revenues. This is the philosophy we will continue to use when forecasting.

## Sales Tax Rebates

Over the years the City of Yankton City Commission has approved some sales tax rebates as an economic development incentive. In some cases, these incentives were to attract a specific type of retail where we knew sales tax leakage existed. In other instances, these rebates were used to encourage businesses to expand product lines and workforce. Current sales tax rebate agreements are in place for the following entities.

City of Yankton				
SALES TAX REBATE SUMMARY				
<i>BUSINESS</i>	<i>ORIGINATION DATE</i>	<i>EXPIRES</i>	<i>Rebate %</i>	<i>MAX APPROVED AMOUNT</i>
Menards	2012	20 years	1%	\$ 4,600,000
Culver's	2015	20 years	1%	\$ 235,000
Slumberland/Larry's Heating & Cooling	2016	20 years	1%	\$ 300,000
Big River Burrito	2016	20 years	1%	\$ 150,000
Event Central	2023	10 years	1%	\$ 500,000
Menards Development Rebates	After development	20 years	1%	\$ 95,667

Each of these rebates are explained in development agreements and have various dollar amounts and/or time limits attached to them. We work with Yankton Thrive as our conduit to assist us in rebating sales tax back to the business.

While these sales tax rebate arrangements can be simplified to be understood as “money in money out” we do have to show them in the budget. Is there preference among the Commission as to where these are shown in the budget?

Staff is proposing the 1% rebates associated with Menards area developments be accounted for in the 506 Professional Services fund.

Staff is proposing all other sales tax rebates be accounted for in Special Projects in the BBB. If these rebates in the BBB become too big, they will have to be split into another fund.

## Gehl Drive TID

As the City Commission is aware, we are in partnership with Yankton Thrive on the Gehl Drive TID. Geographically this is a very large TID. With two large projects already completed or underway (Manitou expansion and Next Development), we believe this particular TID will easily be made whole. When the TID Agreement was drafted, we requested that Thrive commit

\$500,000 to the City to assist in the TID Improvements. This was requested because, at the time, we did not know if Thrive as the developer would be able to secure any grant funds for the project. Fortunately, through GOED and DOT, Thrive was able to secure approximately 1.75 million dollars in grant funds toward the project. We have now reached a point in the development of the project, with the grants received and favorable bid amounts, where I do not believe the City requires the “failsafe” that was built into the initial MOU. What I am proposing is that the City change our agreement with Thrive to no longer require them to commit those funds to the TID. Thrive can then utilize those funds toward a future economic development project. This would require an amendment to our agreement as well as City Commission action. Staff would like to know your thoughts on this now, however, so we can make the appropriate proposal in the budget. Note that if something were to go south with the current or future developments in that TID, Thrive is still on the hook as the developer for the improvements.

#### MEAD TID

When the City entered into a long-term lease with the Yankton Youth Soccer Association, we realized that this particular TID would not perform due to the fact that much of the property would be owned by a nontaxable entity. What I am proposing in the budget is to continue to show payment of the improvements as a loan from the 506 fund. In addition, I am suggesting that anything remaining from the \$100,000 transfer from the BBB to the Menards TID be allocated toward the repayment of the Mead TID infrastructure improvements.

<b>Fund: BBB</b>		<b>Activity: Tourism Promotion</b>		
<b>ACCOUNT NO.</b>	<b>DESCRIPTION</b>	<b>2024</b>	<b>2025</b>	<b>2025 Funding</b>
		<b>ACTUAL</b>	<b>REQUESTED</b>	<b>RECOMMENDED</b>
211 231 202	Professional Services	\$16,000		\$16,000
211 231 549	Historic Downtown Yankton (Façade Program)	\$30,000		\$30,000
211 231 550	Convention Visitors Bureau (CVB)	\$0		
211 231 551	Yankton Thrive	\$460,000	\$460,000	\$460,000
211 231 552	Missouri Sedimentation Action Coalition	\$2,500	\$2,500	\$2,500
211 231 556	Fireworks	\$27,000		\$27,000
211 231 558	Cramer-Kenyon Home	\$2,500	\$3,000	\$2,500
211 231 559	National Field Archery Association	\$0		
211 231 563	Dakota Theatre - Onward Yankton	\$2,500	\$25,000	\$25,000
211 231 567	Website	\$10,000		\$10,000
211 231 571	Boys and Girls Club	\$0		
211 231 572	HSC Land Purchase #1 Repayment	\$25,000		\$0
211 231 574	Riverboat Days	\$10,000	\$10,000	\$10,000
211 231 575	Special Events - Event Coordinator Activities	\$95,000		\$45,000
211 231 576	Yankton Baseball Association	\$3,600	\$4,000	\$3,600
211 231 577	Summer Band	\$3,600		\$3,600
211 231 578	Yankton Area Arts Assoc.	\$5,000	\$9,100	\$5,000
211 231 599	Special Projects	\$5,000		\$5,000
211 231 610	Transfer to General Fund - Special Events (OT)	\$15,000		\$15,000
211 231 610	Transfer to General Fund - Outside Agencies	\$15,000		\$15,000
211 231 628	Facility Promotion	\$25,000		\$25,000
211 231 653	Transfer to Park Capital	\$10,000	\$10,000	\$10,000
211 231 657	Transfer to TID - Debt Service	\$100,000		\$100,000
	<b>TOTAL EXPENDITURES</b>	<b>\$862,700</b>	<b>\$523,600</b>	<b>\$810,200</b>

<b>Fund: General</b>		<b>Function: Special Appropriations</b>		<b>Activity: Outside Agency Requests</b>	
ACCOUNT NO.	DESCRIPTION	2024	2025	2025 Funding	
		ACTUAL	REQUESTED	RECOMMENDED	
<i>101 131 552</i>	Lewis & Clark Behavioral Health Services	\$20,000	\$20,000	\$20,000	
<i>101 131 567</i>	Small Business Development Center	\$4,500	\$4,500	\$4,500	
<i>101 131 568</i>	Yankton Transit	\$45,000	\$55,000	\$45,000	
<i>101 131 569</i>	United Way & Vol Services of Greater Yankton	\$45,000	\$45,000	\$45,000	
<i>101 131 599</i>	Special Projects	\$0			
	<b>Subtotal Outside Agency Requests</b>	<b>\$114,500</b>	<b>\$124,500</b>	<b>\$114,500</b>	
<b>Fund: General</b>		<b>Function: Special Appropriations</b>		<b>Activity: Contractual Services</b>	
ACCOUNT NO.	DESCRIPTION	2024	2025	2025 Funding	
		ACTUAL	REQUESTED	RECOMMENDED	
<i>101 132 554</i>	Planning & Development District III	\$14,100	\$14,444	\$14,444	
	<b>Subtotal Contractual Services</b>	<b>\$14,100</b>	<b>\$14,444</b>	<b>\$14,444</b>	
	<b>TOTAL EXPENDITURES</b>	<b>\$128,600</b>	<b>\$138,944</b>	<b>\$128,944</b>	

City of Yankton  
**SALES TAX REBATE SUMMARY**

<b>BUSINESS</b>	<b>ORIGINATION DATE</b>	<b>EXPIRES</b>	<b>Rebate %</b>	<b>MAX APPROVED AMOUNT</b>	<b>PAID TO DATE: April 2024</b>	<b>BALANCE</b>	<b>ACCOUNT#</b>
Menards	2012	20 years	1%	\$ 4,600,000	\$ 3,825,880.48	\$ 774,119.52	506.572.202
Culver's	2015	20 years	1%	\$ 235,000	\$ 178,804.32	\$ 56,195.68	506.572.202
Slumberland/Larry's Heating & Cooling	2016	20 years	1%	\$ 300,000	\$ 55,181.89	\$ 244,818.11	101.131.599
Big River Burrito	2016	20 years	1%	\$ 150,000	\$ 18,310.07	\$ 131,689.93	101.101.202
Event Central (Yankton Mall)	2023	10 years	1%	\$ 500,000	\$ 5,571.58	\$ 494,428.42	101.131.599
			*2%	<i>*\$1.7 million after first retail store is opened per Resolution #24-16</i>			
Menards Development Rebates	After development	20 years	1%	\$ 95,667	\$ 10,015.67	\$ 85,651.33	506.572.202