

City Council Agenda Item Memo

From: Mike Struck, Community Development Director

Meeting: May 13, 2025

Subject: Tax Increment Financing Agreement with Sixth St. Development, LLC

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

Summary and Recommended Action:

Staff recommends approval of a Tax Increment Financing Agreement with Sixth St. Development, LLC, for Tax Increment District Number Seventeen detailing the developer's obligations and responsibilities in exchange for receiving tax increment revenue.

Item Details:

The City of Brookings created Tax Increment District #17 and approved an associated Project Plan describing the improvements associated with an economic development project. Latitude 44 is a mixed-use development located along 6th Street between 12th Avenue and 13th Avenue. The project will include approximately 114 residential units with main level commercial and parking. The Paragon is a multi-story residential project along Campanile Avenue between 6th Street and 7th Street comprising approximately 84 residential units.

The Tax Increment Financing Agreement details the obligations and responsibilities of the developer in exchange for receiving tax increment financing. The developer agrees to construct the two projects as well as improvements within the public right-of-way, specifically improvements within the Campanile right-of-way that will enhance the entryway to South Dakota State University. The developer will front the costs of the project improvements and will only be reimbursed property tax increment generated from development occurring within the district.

This project is a public/private partnership whereby Brookings Municipal Utilities, South Dakota State University, and City of Brookings all worked cooperatively with the developer to ensure coordination, timing, and cost sharing of public improvements to benefit the neighborhood.

A separate maintenance agreement is associated with the development and will become a part of the agreement as an exhibit.

Legal Consideration: None.

Strategic Plan Consideration:

Economic Growth – The City of Brookings will support effective diversified community investment and equitable opportunities for prosperity.

Financial Consideration:

Tax Increment Financing is pay-as-you-go in which the developer fronts the costs of the improvements and is only reimbursed by the positive tax increment revenue generated as a result of the project.

Supporting Documentation:

Agreement
Project Plan