

# City Council Agenda Memo

**From:** Mike Struck, Community Development Director

**Council Meeting:** November 12, 2024

**Subject:** Development Agreement with Ryan Companies US, Inc.

**Presenter(s):** Mike Struck, Community Development Director

## **Summary and Recommended Action:**

Action to approve a development agreement between the City of Brookings and Ryan Companies US, Inc. for the development of the Brookings Marketplace. The agreement details the developer's obligations, infrastructure improvements, project costs eligible for reimbursement, and outcomes. Staff recommends approval of the development agreement.

## **Item Details:**

Ryan Companies US, Inc. requested Tax Increment Financing (TIF) assistance, as well as additional financial incentives to assist in the development of the Brookings Marketplace, a commercial development located at the northeast quadrant of Interstate 29 and 6<sup>th</sup> Street in Brookings. The approximate 18-acre site includes a large lot for a big box retailer anchor tenant along with two smaller lots along 6<sup>th</sup> Street. Ryan Companies US, Inc. has an option to develop the fourth lot.

Tax Increment District #13 Project Plan identifies over Nine Million (\$9,000,000) Dollars in eligible project costs. The Tax Increment District #13 increment projections anticipate approximately Five Million Five Hundred Thousand (\$5,500,000) Dollars of tax increment revenue being generated by new development. An additional Two Million Two Hundred Fifty Thousand (\$2,250,000) Dollars is being requested as an economic development grant to the Developer. The improvements in public infrastructure, such as streets, water, sewers, and storms, are expected to exceed \$2.2 million.

The Developer is responsible for fronting the costs of the project improvements. The Developer will be reimbursed for authorized expenses based upon property tax increment generated from development occurring within the district and the economic development grant.

The project proposes to construct public improvements consisting of water, sanitary sewer, storm sewer, streets, drainage facilities, sidewalks, landscaping, and site grading for the development of a big box retailer and supplemental outlots for commercial development. A Traffic Impact Study identified improvements necessary on 32<sup>nd</sup>

Avenue as a result of the development and those improvements are included in the Developer's costs.

**Legal Consideration:**

City Attorney Steve Britzman drafted the Development Agreement.

**Strategic Plan Consideration:**

- 1) Fiscal Responsibility – The City of Brookings will responsibly manage resources through transparency, efficiency, equity, and exceptional customer service.
- 2) Economic Growth – The City of Brookings will support effective diversified community investment and equitable opportunities for prosperity.

**Financial Consideration:**

The Developer is responsible for fronting the cost of project improvements and will be eligible for reimbursement of authorized project costs through tax increment financing and an economic development grant. The use of tax increment financing is pay-as-you-go financing method in which the developer is only reimbursed from tax increment revenue generated from the project. The Tax Increment District #13 Project Plan identified \$9 million in eligible project costs; however, the developer is only eligible to receive up to a maximum of \$5.5 million of tax increment revenue for eligible project costs. An additional \$2.25 million is available as an economic development grant. Reimbursement to the developer will be made based upon actual costs identified.

**Supporting Documentation:**

Development Agreement

Map