

City Council Agenda Item Memo

From: Ashley Rentsch, Finance Director

Council Meeting: June 24, 2025 / July 8, 2025

Subject: Ordinance 25-021: Amendment No. 4 to the 2025 Budget

Presenter: Ashley Rentsch, Finance Director

Summary and Recommended Action:

Staff recommends approval of an ordinance authorizing the previously agreed grant which supports offsite infrastructure and detention pond improvements associated with the Marketplace development (TID #13), as outlined in the Development Agreement and adopted November 12, 2024. The infrastructure will support Aldi, Target, Kwik Star and more. This ordinance also includes a budget amendment to reflect this appropriation to Ryan Co., as the grant was not included in the original adopted budget. Adequate reserves are available for these agreed upon terms.

Item Details:

The City of Brookings entered into a Development Agreement with Ryan Companies on November 12, 2024, in connection with the Marketplace Development and creation of Tax Increment District (TID) #13. In addition to TIF-supported improvements, the agreement includes a commitment by the City to provide an Economic Development Grant in the amount of \$2,250,000 to support offsite infrastructure and detention pond construction. Total construction investment from Ryan Co. and retailers is estimated at \$57 million, and economic output is estimated at \$80.9 million.

Section 8 of the Development Agreement states: "The City will provide an additional Economic Development Grant of \$2,250,000 to the Developer for the Developer's construction of public improvements (Exhibit C – site plan improvements). Developer will be authorized to draw down on these funds through the submission of payment requests with appropriate supporting documentation, subject to the reasonable approval of the City."

These improvements are shown in Exhibit C of the agreement and include road segments, stormwater facilities, and related infrastructure to support the Marketplace site and adjacent development areas.

This resolution formally allocates the \$2.25 million grant from General Fund Economic Development reserves and amends the 2025 Budget accordingly, as the grant was not included in the adopted appropriations.

Legal Consideration:

In compliance with SDCL 9-21-7, this budget amendment is necessary to authorize supplemental appropriations funded through available reserves. The transfer and use of funds reflect strategic alignment with legal, financial, and economic development objectives.

Strategic Plan Consideration:

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

Financial Consideration:

This ordinance increases the General Fund expenditure budget by \$2,250,000. This grant is fully supported by funds specifically committed to economic development.

Supporting Documentation:

Ordinance

Development Agreement