



City Council / Hospital Board Joint Meeting

November 28, 2017

Senior Services Land Lease

History / Big Questions

Where we started

- The demand for traditional nursing homes will decline
- The demand for aging in place options will accelerate

We explored a variety of potential solutions

Most were very capital-intensive and outside of our core services / business competencies

We explored the option of partnering or cooperating with a developer and provider

Northfield Hospital + Clinics (NH+C) Board of Trustees asked for a feasibility analysis

Early summer of 2017, the Board reviewed the feasibility and recommended moving forward with the principal decision-making organizations

Principal organizations issues / questions

St. Olaf

- Was this project an acceptable modification of the existing land lease gift?

City of Northfield

- Does the City approve of the modifications to the land lease, and does the project conflict with City standards?

Yanik

- Can the lease rate be negotiated with St. Olaf?
- Can the project meet the standards of the City?
- Can the project meet the timeframe for financing demands?

Benedictine Health System (BHS)

- Can an operational agreement with Yanik be crafted that meets their expectations?

NH+C

- Can we ensure that the program / buildings support the existing campus, and our long-term needs?

Why on this campus?

- Trending preference for being close to healthcare campuses
- Focus groups 50/50 regarding healthcare campus or town center, excited to be close to hospital.

Proposal in a nutshell

- Carveout the land from the existing land lease and return it to St. Olaf
- St. Olaf and Yanik have agreed on a lease rate for the current phase and future phase of the project
- Yanik and BHS have agreed to terms for providing the services

Proposal in a nutshell (continued)

- The City would engage a development agreement with Yanik to ensure appropriate standards
- A claw back provision was established to return the land to the original intent if the project fails to go forward
- No money is required from NH+C or the City of Northfield to establish this project

Phase One (Parcel 1)

Town Center
12,000 sf - 1st Floor
AL/IL Housing
16 units - 2nd /3rd Floor

AL Memory Care
24 units - 1st Floor
AL/IL Housing
28 units - 2nd /3rd Floor

Memory Care Courtyard

Garden

AL/IL Housing
27 units - 3 Floors



Phase One



Phase Two (Parcels 1 & 2)

Parcel 2

Parcel 1

Parcel 3



Why this site?

1. Proper size for phase one & two

- Availability of land allows for great expansion potential into additional IL/AL/MC units.
- The 94 units in the first phase are under the market study projections.
- Allows for expansion of exterior amenities that promote a healthy lifestyle that could include a community garden, pickle ball court, outdoor walking paths that could extend into the Hospital campus and existing pathway system, etc.

2. Infrastructure to the site

- Utilities are available to the site including storm water, sewer & water
- Main entrance to the site

3. Zoned correctly

4. Connectivity to the hospital

- Convenience and continuity of care of being next to, but not directly a part of the Northfield Hospital and Clinic building.

Examples of Hospitals and Senior Housing in Minnesota

- River's Edge Hospital and Clinic - St. Peter
 - Rivers Edge Hospital Campus is a successful hospital and senior care campus on 29 acres promoting and stimulate a full continuum of care and services. Includes 126 senior rooms of IL/AL/TCU-see below.
- Interlude Restorative Suites – Fridley & Plymouth
 - Interlude, transitional care units of 46 and 50 rooms, are directly connected to the Allina Unity Hospital and WestHealth.
- CentraCare- Saint Cloud campus
- CentraCare- Melrose campus
- Pine Medical Center – Sandstone, MN
 - Planning details renovation of existing AL or new site with connected senior care
- Glacial Ridge Hospital – Glenwood
 - Ridgewood Villa Senior Living Apartments



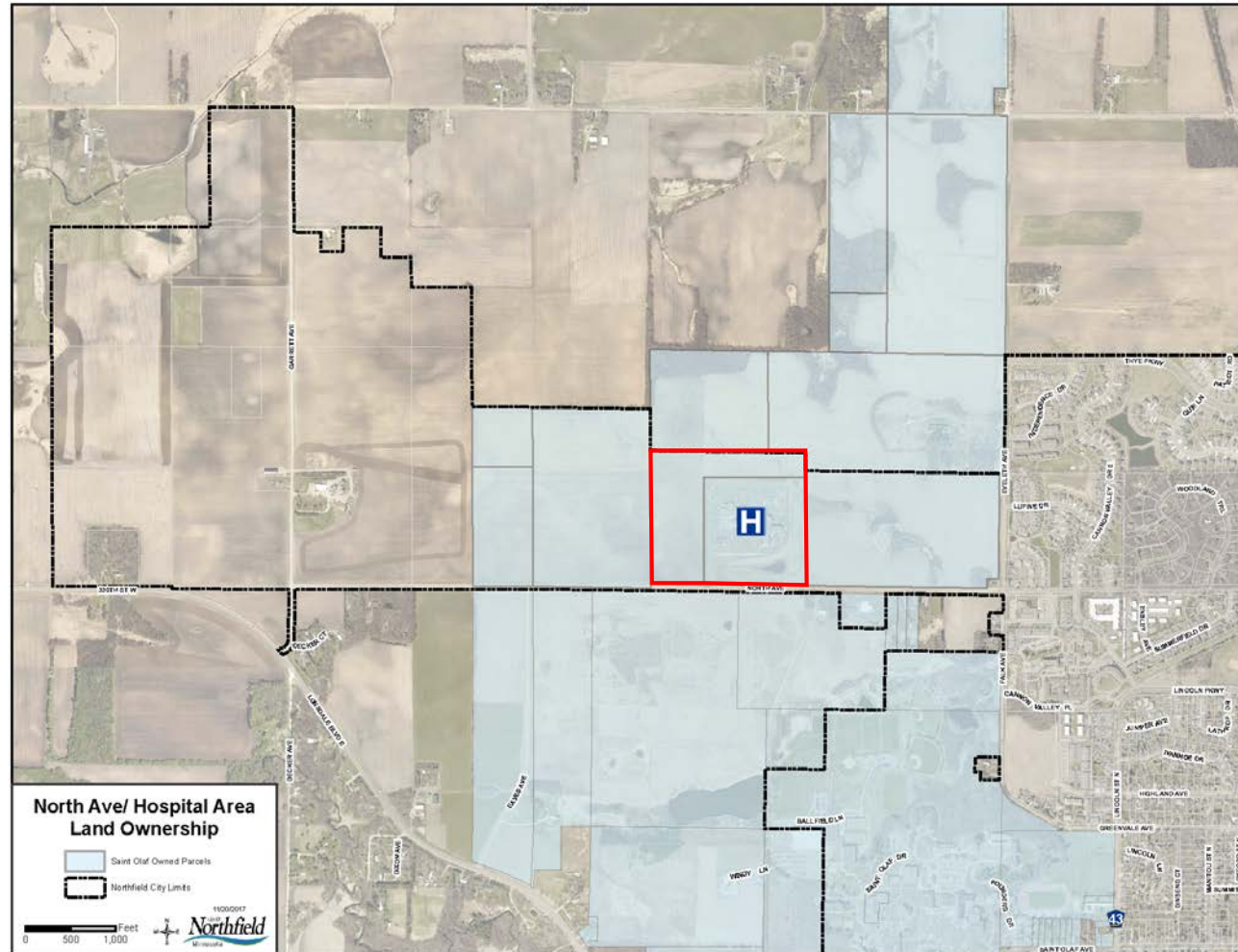
- 1 River's Edge Hospital – 2004 – One Story
 - 2 Benedictine Senior Care – 2007 – One Story
 - 3 River's Edge Clinic – Live Well Fitness and Chiropractic – 2009 – One Story
 - 4 Benedictine Assisted Housing with Services – 2011 – Two Story – Underground Resident Parking
- A Healthcare development occurred after the Hospital and Senior Care opened – assisted living, dental, counseling, etc.



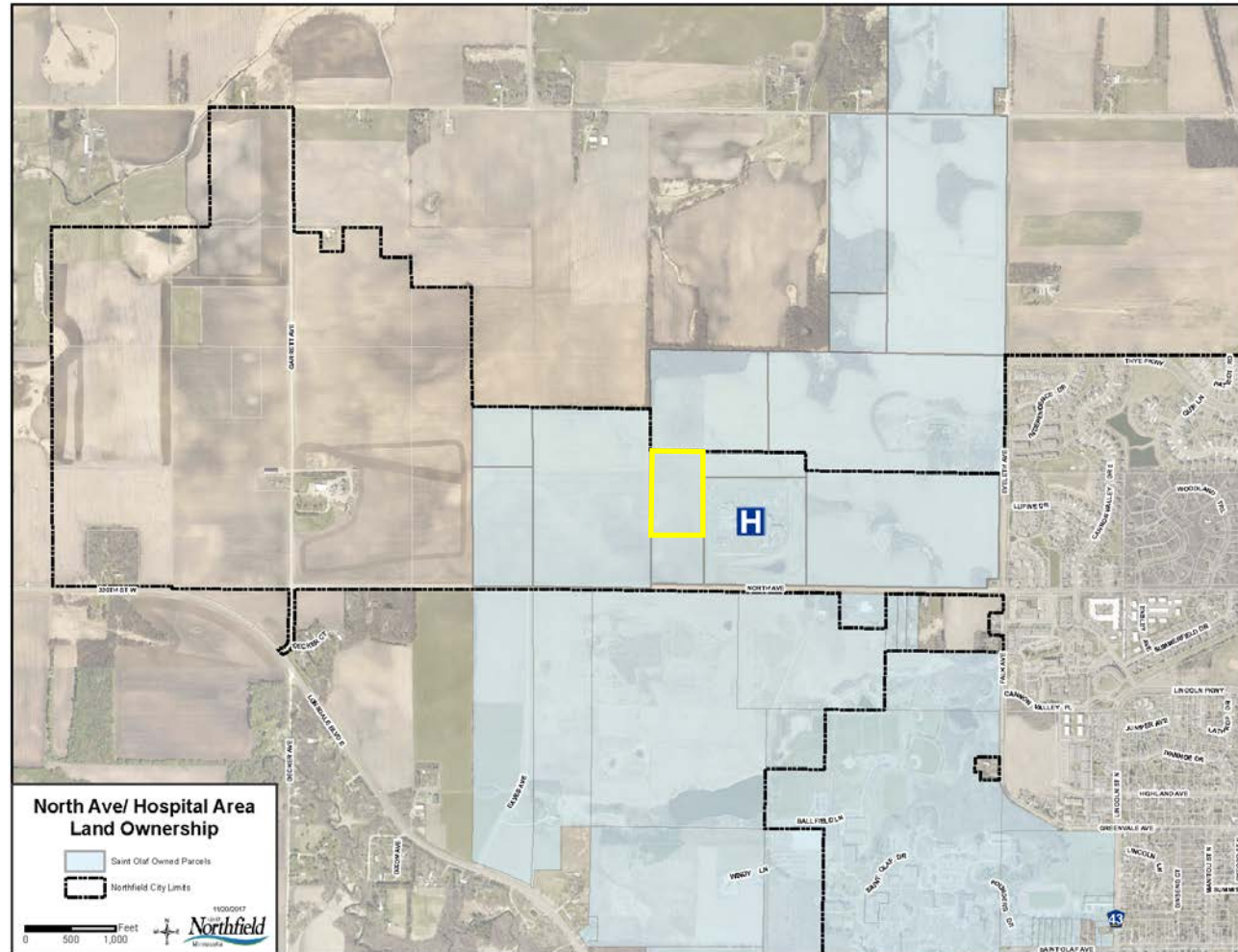
Timeline

1. Schedule: June 2018 - Fall 2019
2. Preliminary pricing based upon June start of 2018
 - Want to avoid additional charges for Winter conditions
 - Construction environment is extremely busy with a shortage of qualified labor
 - Material costs are extremely volatile. Changing on a monthly basis

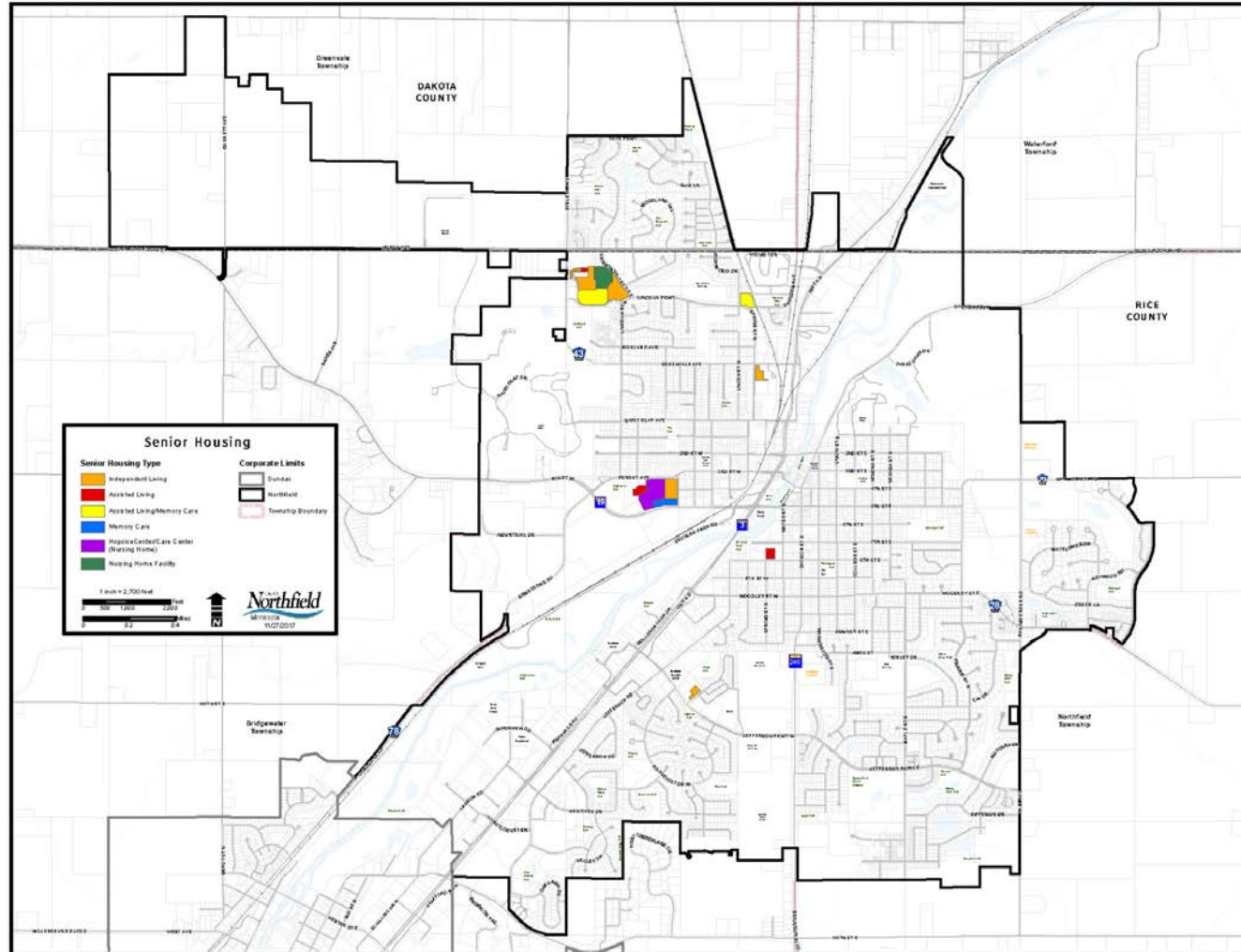
St. Olaf Total Leased Property (in red)



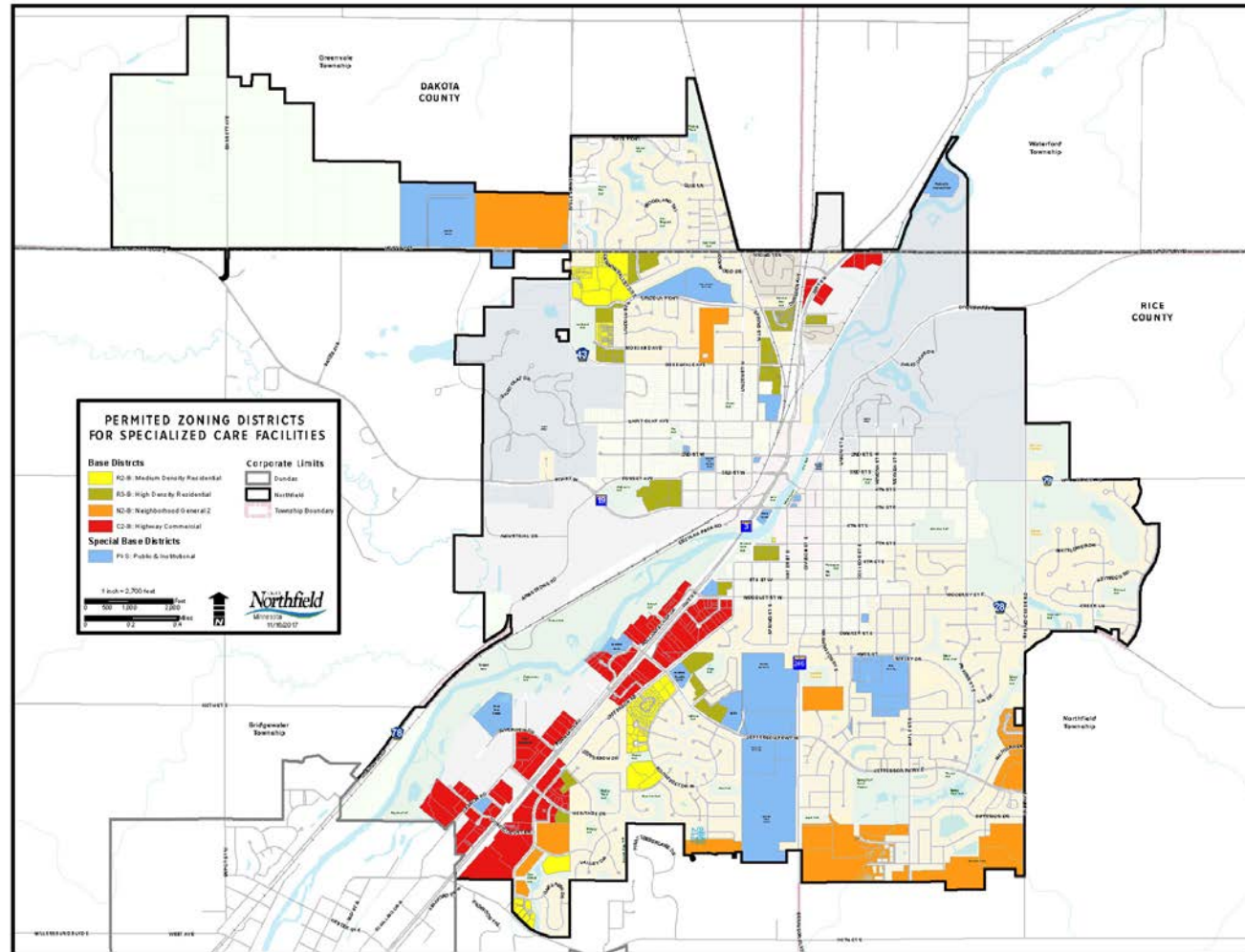
St. Olaf Leased Property Proposed Amendment to Ground Lease (in yellow)



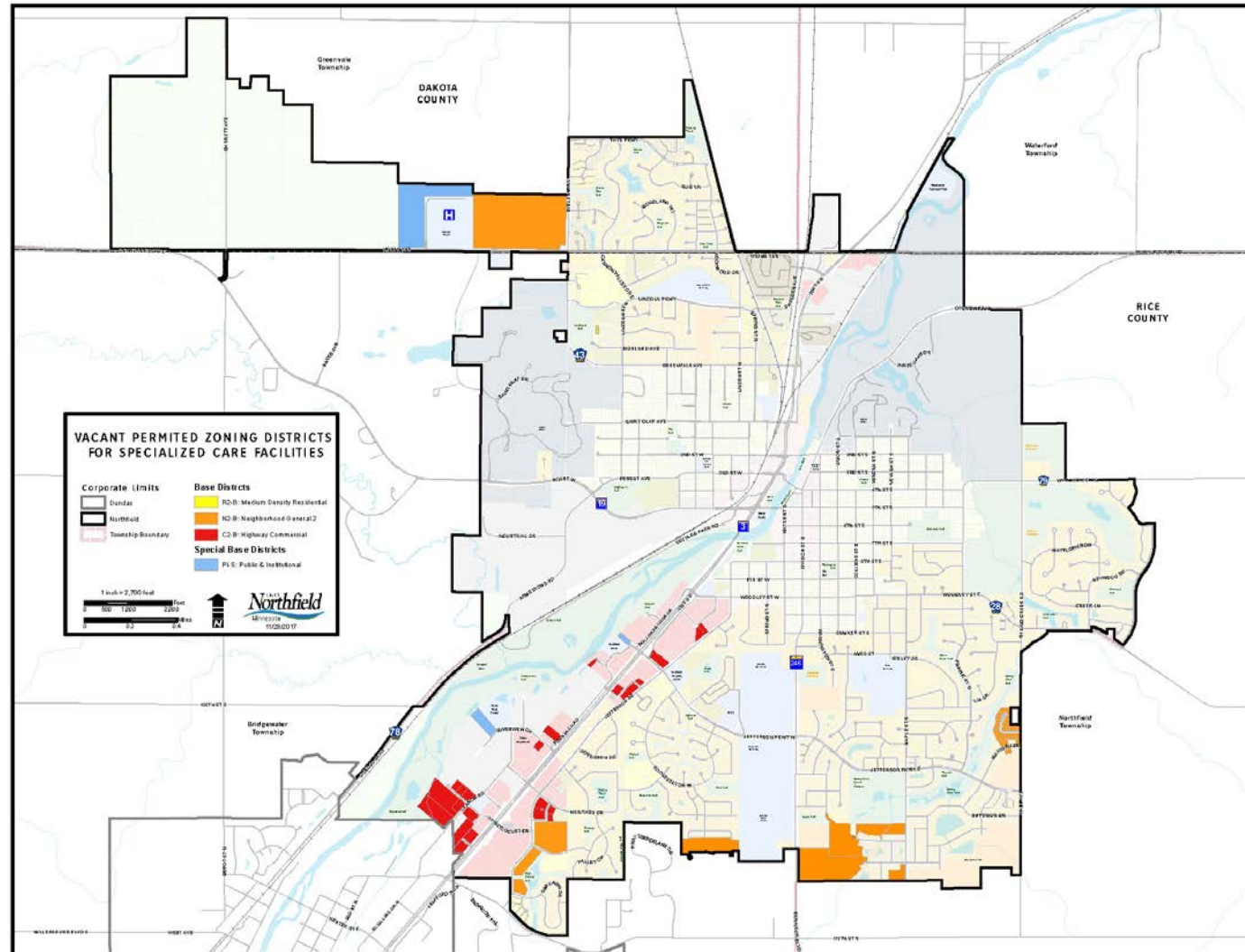
Existing Senior Housing Developments



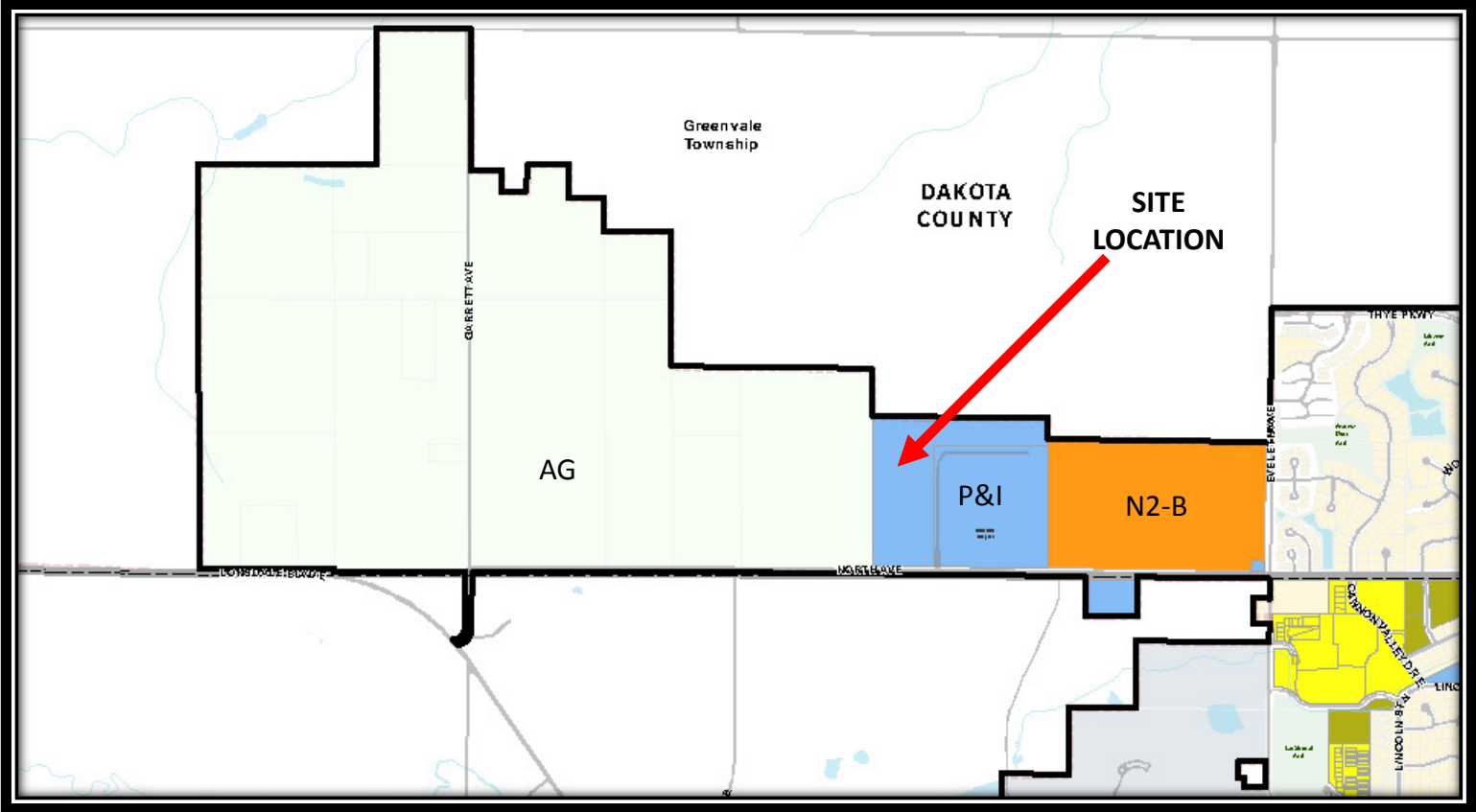
Permitted Zoning for Specialized Care



Permitted Zoning for Specialized Care – Vacant Sites



Zoning (see site location)



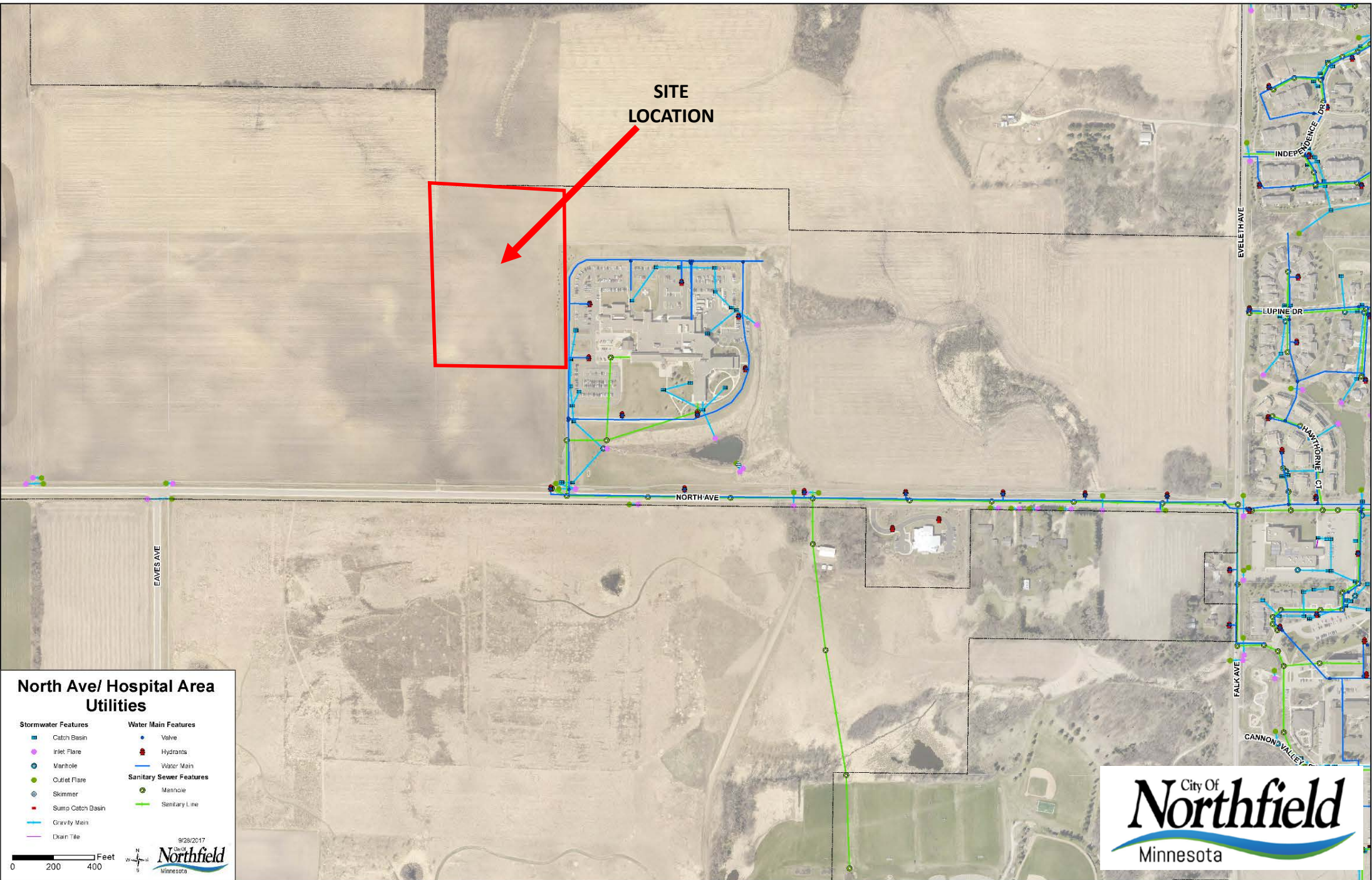
SITE
LOCATION



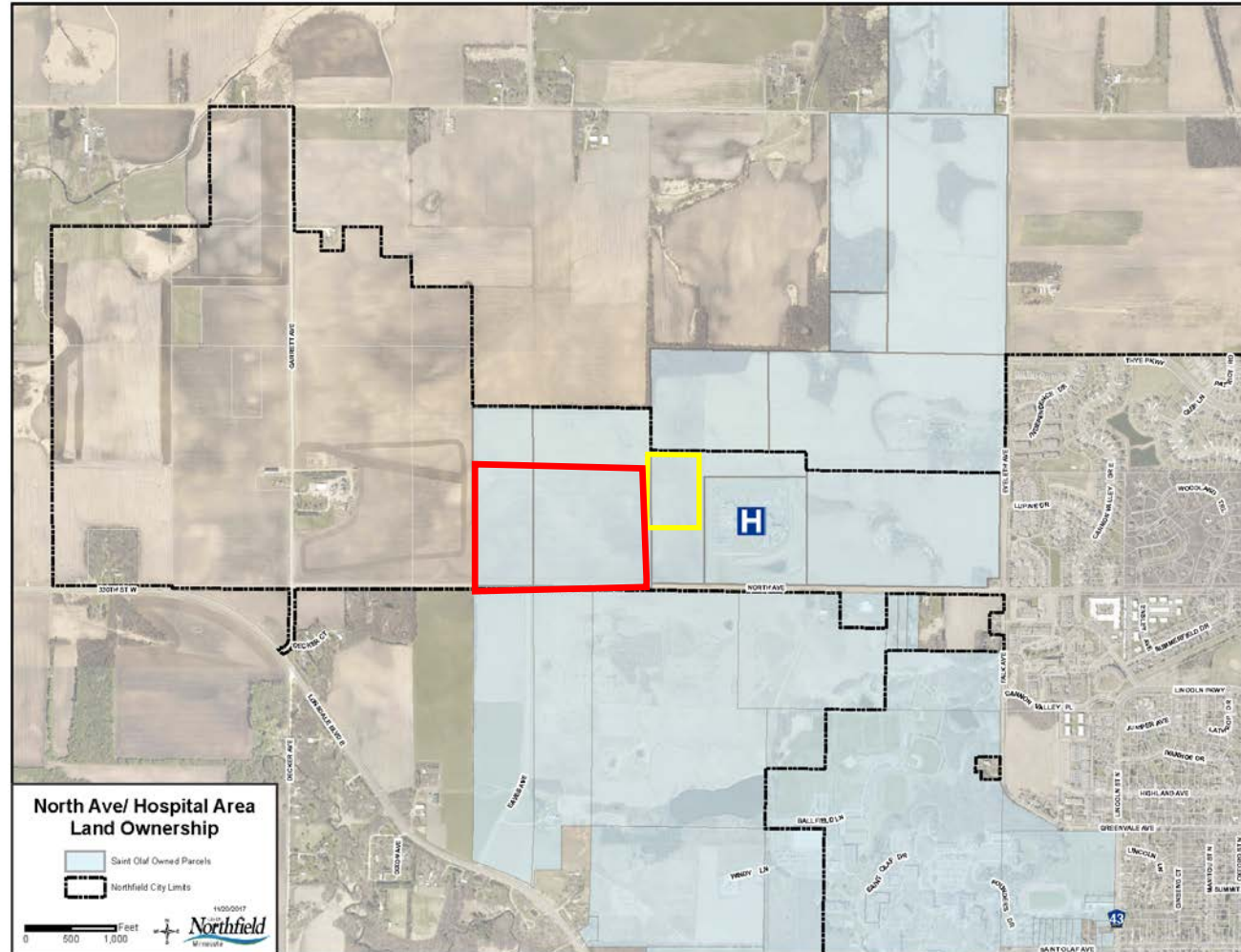
North Ave/ Hospital Area Utilities

Stormwater Features	Water Main Features
Catch Basin	Valve
Inlet Flare	Hydrants
Manhole	Water Main
Outlet Flare	Manhole
Skimmer	Sanitary Line
Sump Catch Basin	
Gravity Main	
Drain Tile	

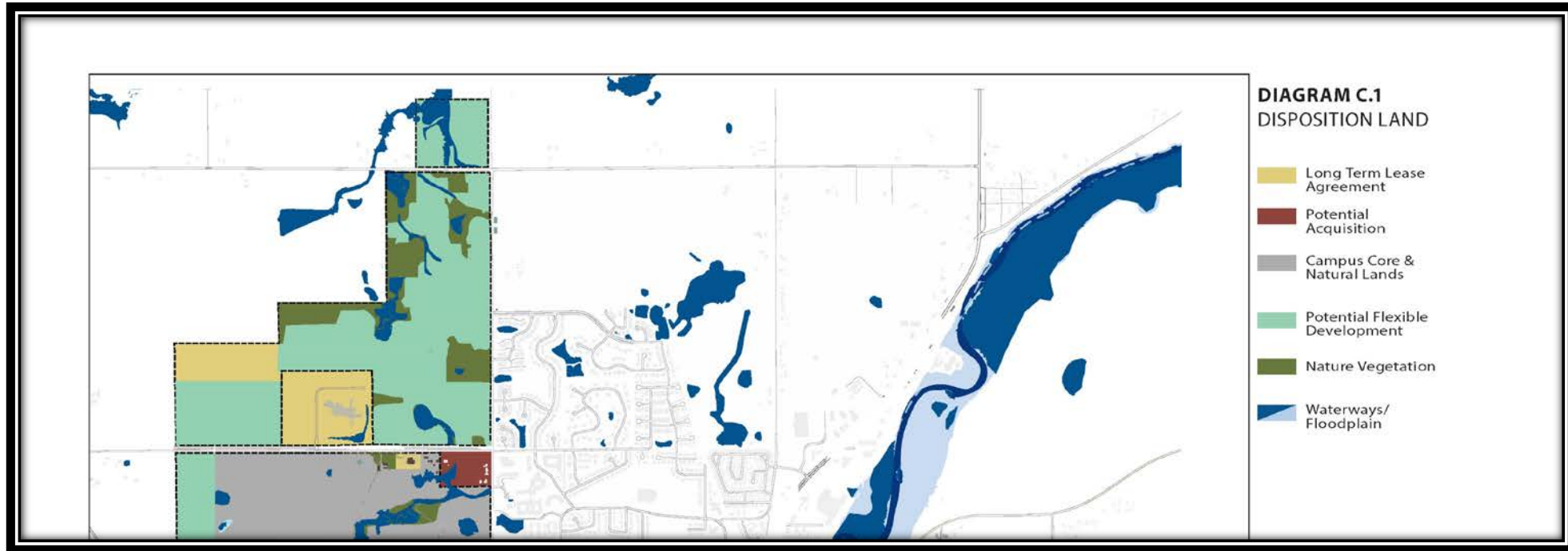
9/28/2017
City of Northfield
Minnesota



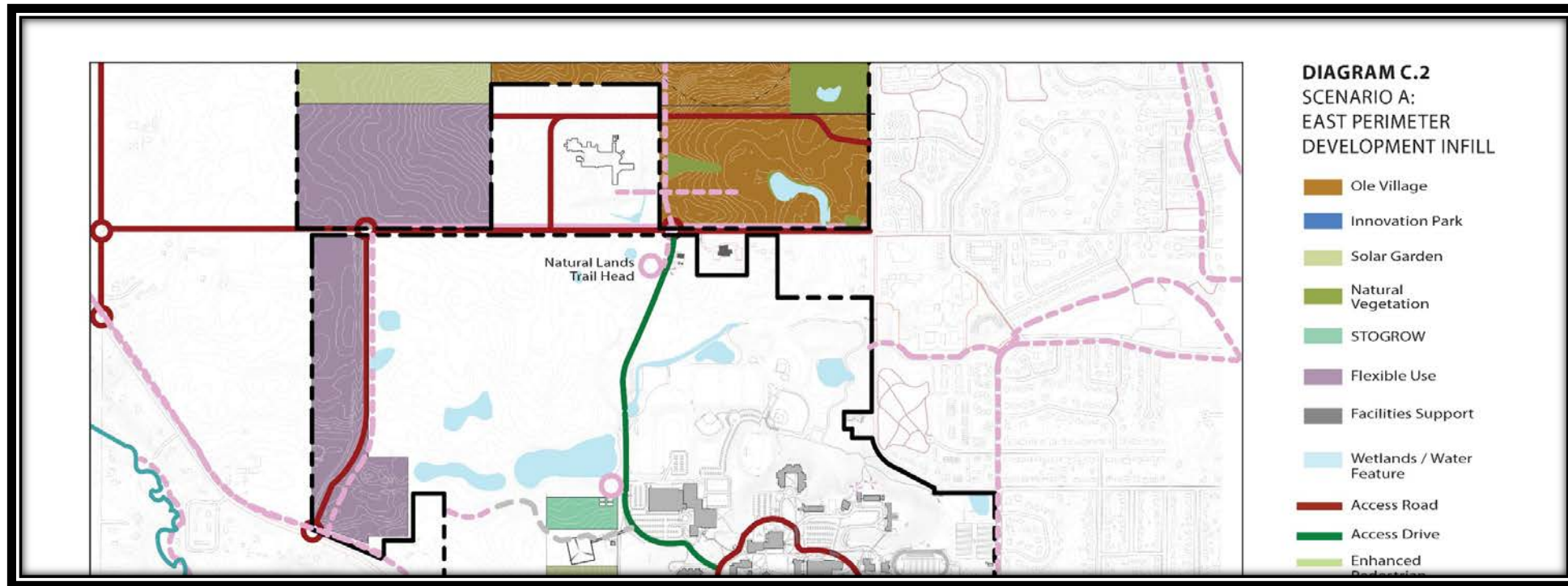
St. Olaf Amendment to Ground Lease (in yellow) & Xcel Energy Certified Site Program (in red)



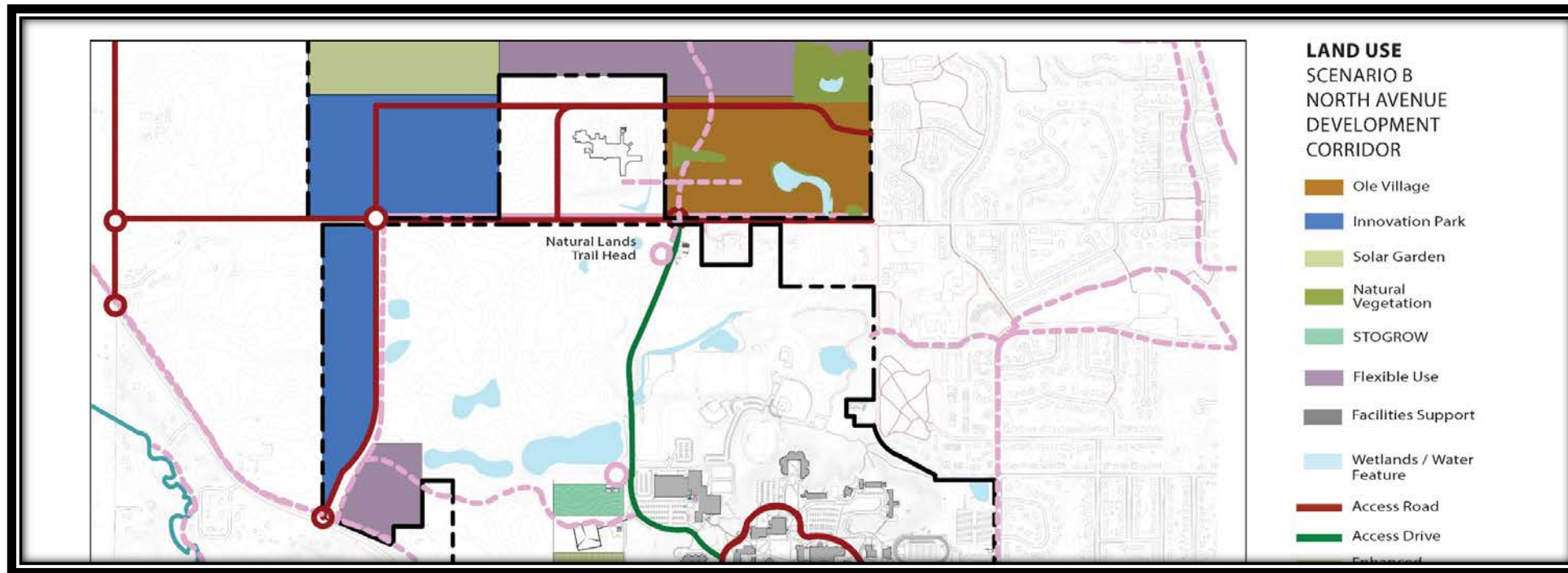
St. Olaf Framework Plan (October 2016)



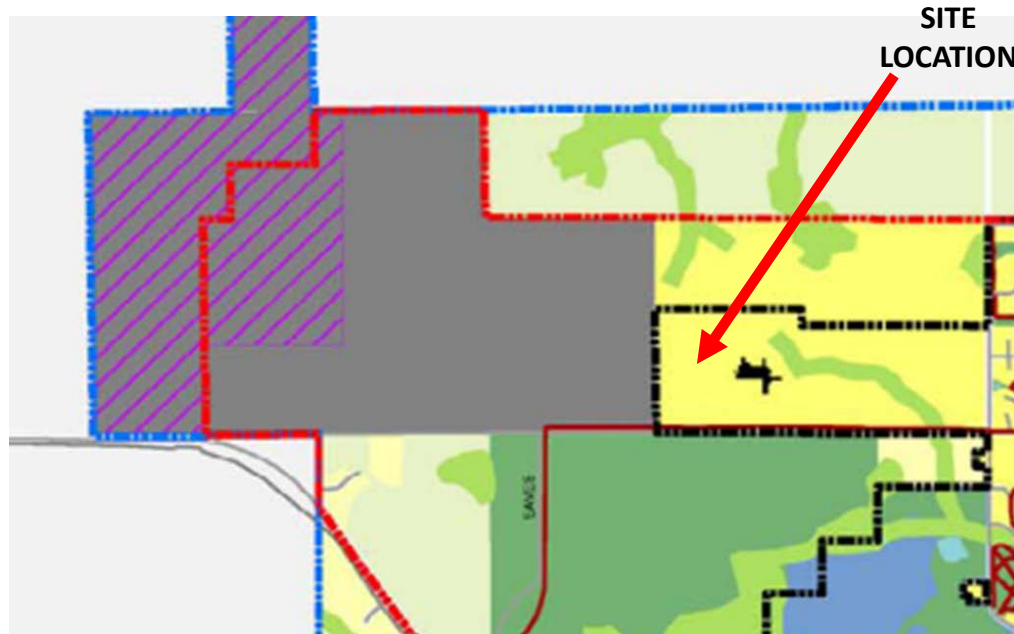
St. Olaf Framework Plan (October 2016)



St. Olaf Framework Plan (October 2016)



Comprehensive Plan



Comprehensive Plan: Framework Map (2008)

- “District” Designation on West of Hospital site are typically of a single use; in this case composed of large business or industrial structures.
- “Neighborhood General I” residential designation on East of Hospital site.

Strategic Plan (2018-2020)

- Economic Development: A Community That's Economically Thriving.
 - *New Growth Expansion Strategic Initiative.*
- Exploration of development planning is intended in the area.
- Process to be determined but will include: Planning Commission, City Council, Economic Development Authority.
- Review past concepts.
- Future site area concepts and goals.



Urban Growth and Expansion

The site lies within the Urban Expansion Area as identified in the 2008 Comprehensive Plan. The eastern 70% of the property is identified as being within the City's Priority Growth Area. In 2009, the City of Northfield annexed the site from Greenvale Township, primarily to accommodate future expansion of employment growth.

Tentative Timelines

- December 5th Council Meeting – discussion of ground lease amendment (includes development agreement provision).
- December 12th Council Meeting – consider approval of ground lease amendment (includes development agreement provision).
- January 9th Council worksession – review and discuss development agreement.
- January 16th Council meeting – consider development agreement.