



# EDA Board 5<sup>th</sup> & Washington Finance Review

8/26/2024

# EDA Board



- **Review conceptual design financial analysis**
  - Liquor Store
  - Parking
  - Commercial
  - Residential
- **Report from EDA Finance Subcommittee**
  - Questions, other input, added information?
- **Staff recommendations:**
  - Issue Request for Qualifications (RFQ) for a development partner for housing component
  - Endorse liquor store viability
  - Support concept site and layout design as presented
  - Support short- and long-term approaches to parking solutions, including feasibility of structured parking

# Liquor Store Concept



- **12,000 Square Foot Space**

- 7,200 sq. ft of Sales Floor (currently 2,500)
- Welcoming shopping experience, attractive merchandising, plenty of space for promotional eye-catching displays, wide isles, shopping carts, easy entrance/exit
- 34 cooler doors (currently 10 + 5 in stand alone)
- 6x current cooler space/storage
- Loading dock off of Washington (could be shared)

5th



First Floor – at grade

Washington

# Financial Review – Liquor Store



- **Dakota WorldWide Market Study**
  - Projected sales in Year 1 of \$5.01 million (Nfld/Dundas=\$10M)
- **Key Drivers of Study Results:**
  - Sales Floor Area – Variety of Products – Market Leader
  - Shopping Experience
  - Parking (currently 6 spots + 1 Handicapped)
  - Capturing Market “Float”

# Financial Review – Liquor Store



- **Dakota WorldWide Market Study**

- Shelf Space – currently 896 linear feet (Liquor/Wine/THC)
  - New Store – 2,880 linear feet (max)
- Cooler Space – 18 additional doors
  - Potential for 300 -450 additional cold products
- Large space for promotional displays & tasting area
- Welcoming environment for ALL shoppers, ADA compliant, family friendly



# Parking Concept



- **136 Public Parking spots**
  - Underground Parking
  - Second Floor Parking
  - At grade parking (5<sup>th</sup> St, Washington St & Gravstedt Lane)



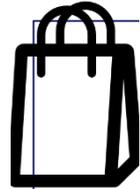
The relocated liquor store is intended to better respond to the customer & goals of: a) control sale of alcohol; b) provide revenue supplement; c) provide stimulus to the downtown; and d) provide convenient location for customers



Objective 2: The downtown core is an important aspect of community life.



*Objective 3: Encourage a compact development pattern, and support infill, redevelopment and land intensification.*



*Objective 5: Guide new commercial/retail and office developments in a mixed use pattern.*



*Policy: Locate and retain community facilities within the downtown area where appropriate and possible.*



*Policy: City-owned facilities will add to the community's sense of place through high-quality architectural design and site orientation that follows the land use principles of Chapter 4.*



*Policy: The City should assist in providing affordable housing*

*Policy: Consider shared parking*



*Policy: Effectively manage the transportation needs of a vibrant, growing town and the surrounding area for residents, businesses and visitors.*



Planning  
Commission  
concerns

2008 Comp  
Plan context  
and policies

## Priorities

- Tax base
- Housing supply
- Housing availability
- Reduction in VMT
- Improved non-motorized infrastructure
- Housing downtown
- Mixed-use
- Intensity

## Concerns

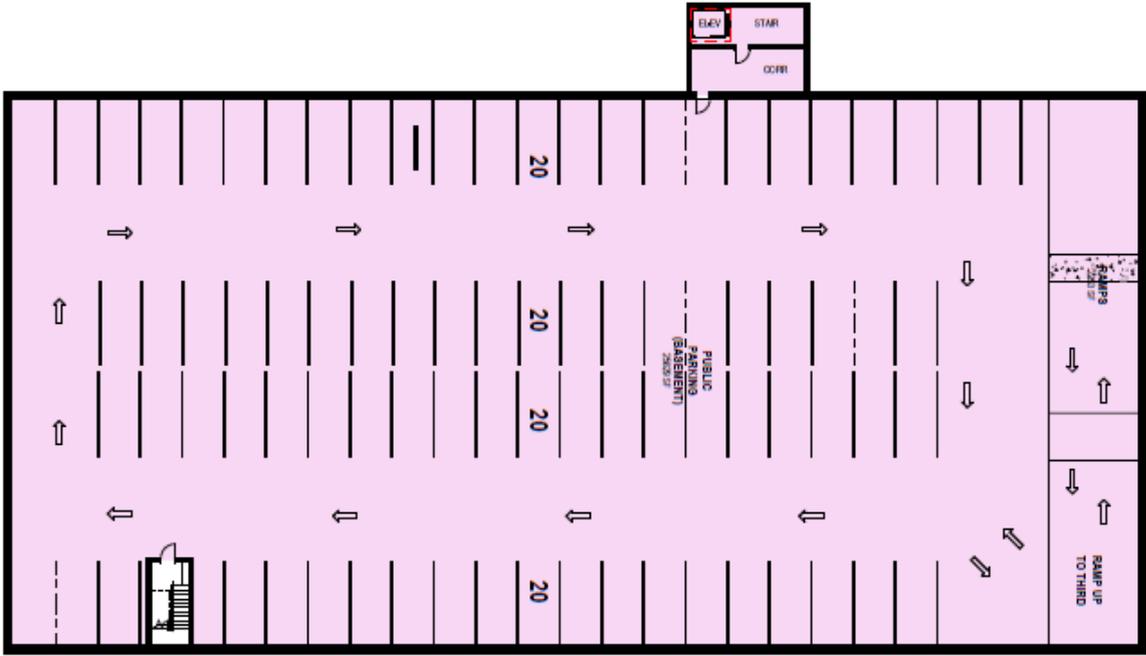
- Shared/managed parking first
- Taxable value of the project, parking in particular is not taxable
- Better transit
- Better rideshare
- What about office space and/or incubator space?



Planning  
Commission

Other policy  
concerns &  
questions

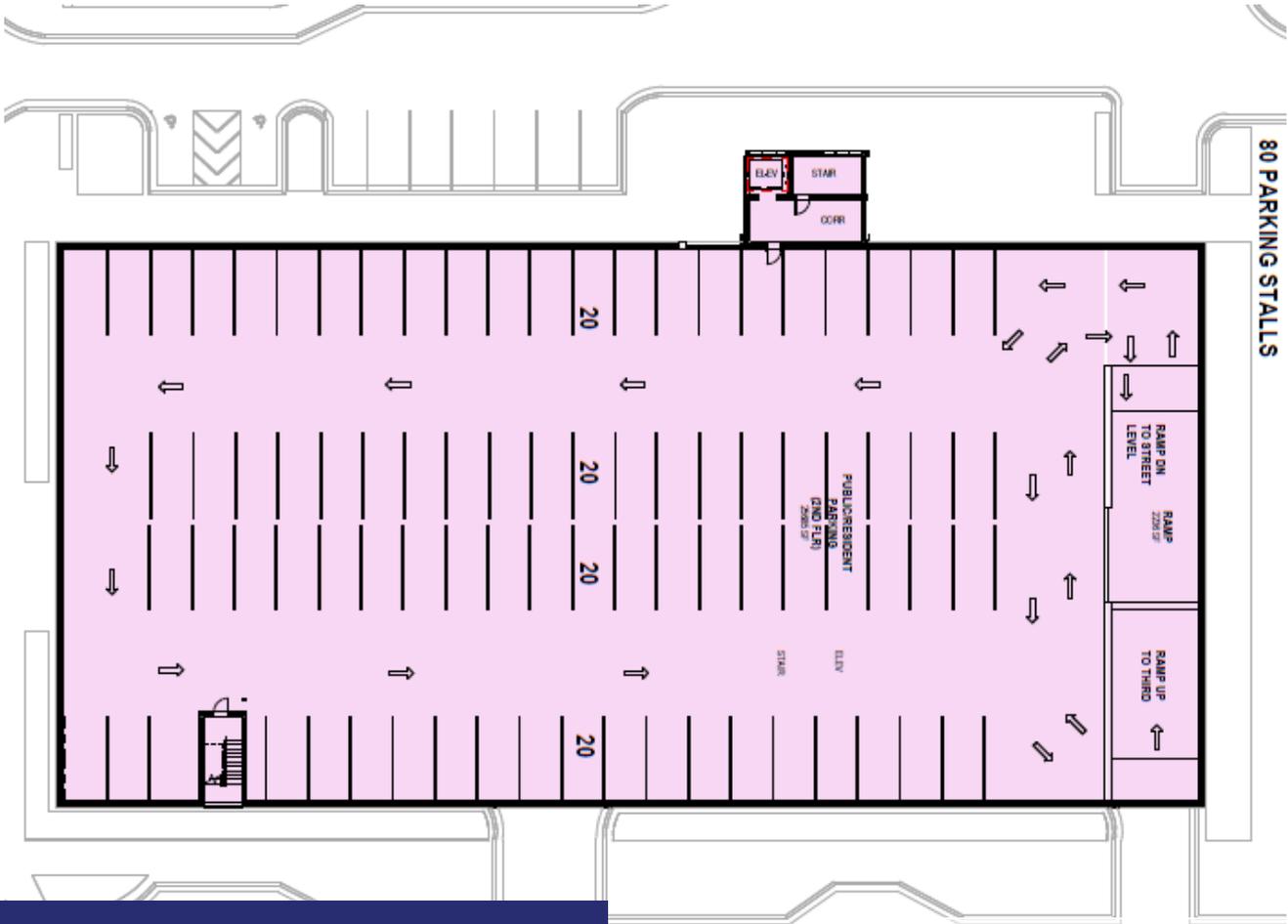
80 PARKING STALLS



5th

Lower Level – below grade

Washington



# Second Floor

# Washington

# Financial Review – Parking



- **Financing Estimate: \$9,790,000**

- Sources: \$ 9,790,000 Tax-exempt Bonds
- Public Space and Solar cost: \$2,315,000
- Parking cost: \$7,475,000 (\$54,964 per stall)

<b>Public / Parking Infrastructure Debt Service*</b>		
Debt Service:	\$727,711	
	<u>TIF Revenues Available</u>	<u>Remaining Public Revenues</u>
	164,117	563,594
Example Parking Revenue at \$100 Per Stall:		\$163,200
Remaining from Levy or Other:		\$400,394

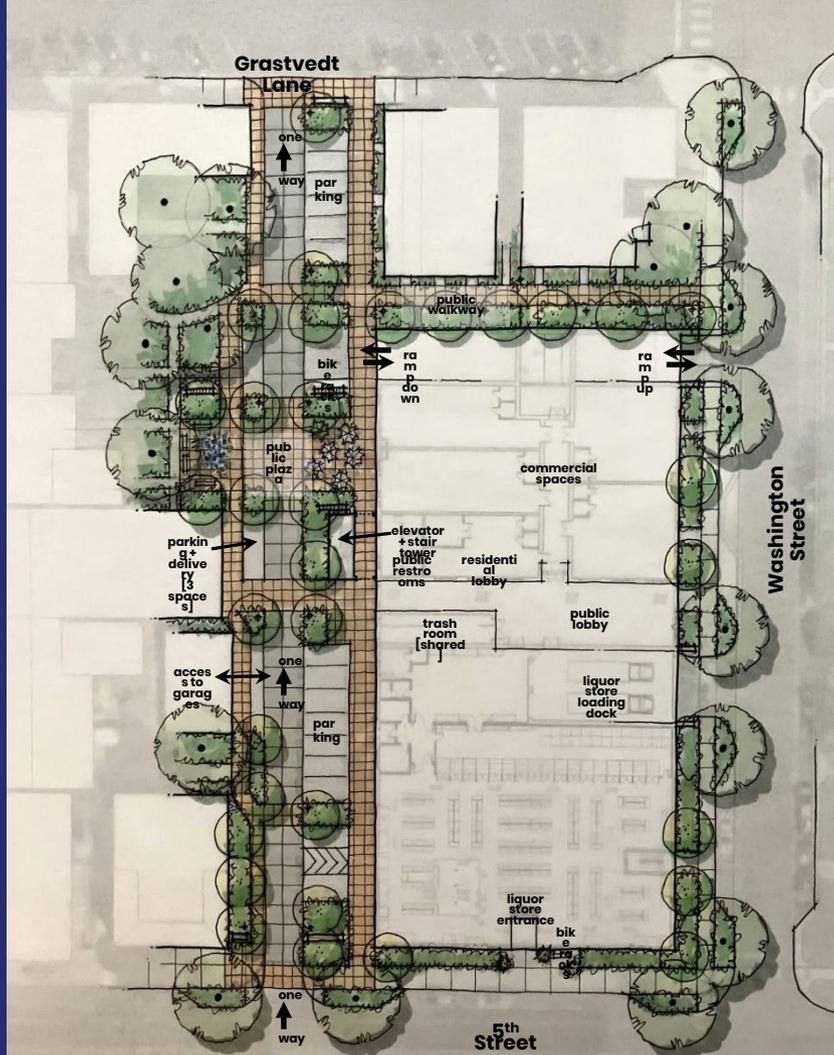
\* Based on tax-exempt "AA-" municipal bond rates and 20 year term

# Commercial Concept



- **4 commercial spaces**
  - Why commercial space?
  - Engagement of Grastvedt Lane
  - Potential commercial users

# Public spaces for people



Grastvedt

Lane

looking north



5th



First Floor – at grade

Washington

# Financial Review – Commercial



- **Financing Estimate: \$1,740,605**

- 5,969 rental square feet (design includes up to 4 leaseable spaces; configurable options)

Sources		Per RSF
Supportable Mortgage (115% DSC)	1,644,870	276
Supportable Equity (5% Initial Return)	355,026	59
<i>Private Funding Gap</i>	<i>(259,291)</i>	<i>(43)</i>
<b>Total:</b>	<b>1,740,605</b>	<b>292</b>

Uses		Per RSF
Land / Acquisition	-	-
Construction	1,492,800	250
Parking (0 stalls)	-	-
Escalation (6%)	89,568	15
Soft Costs and Contingency (10%)	158,237	27
<b>Total:</b>	<b>1,740,605</b>	<b>292</b>

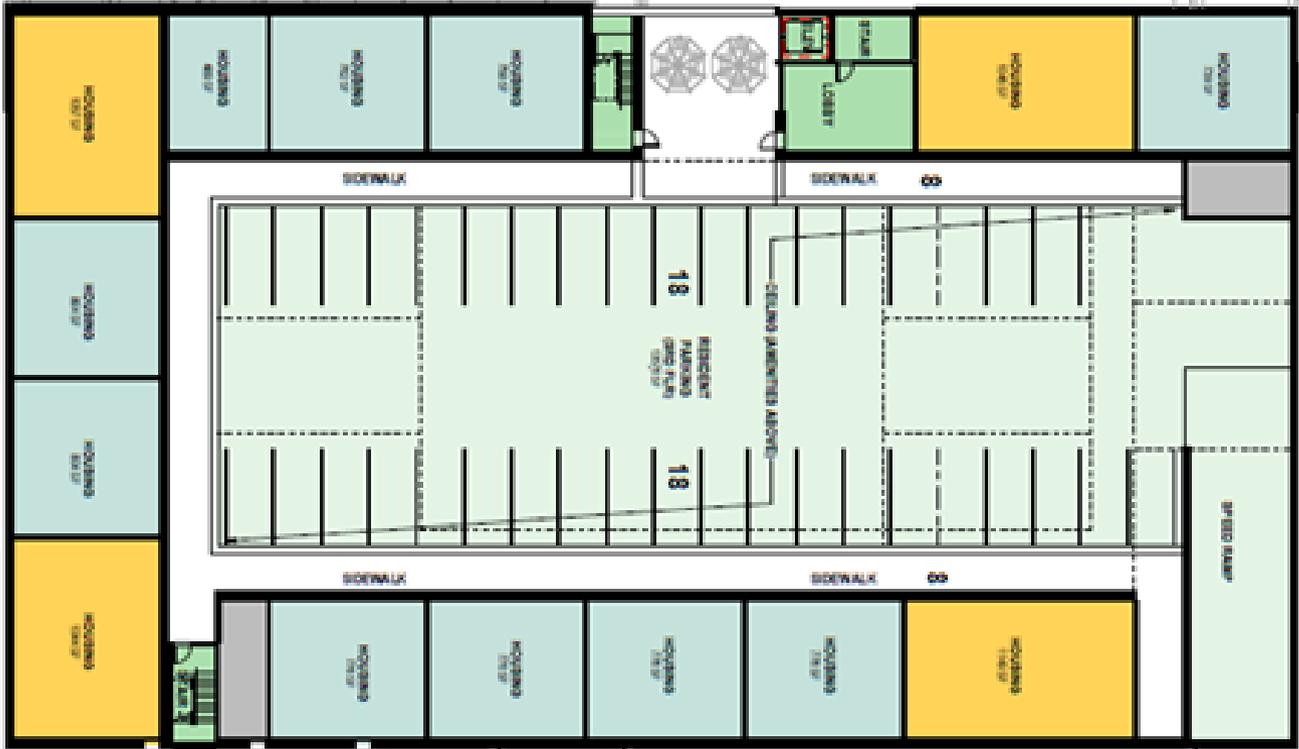
Operating Assumptions		
Rentable SF	Average Rent	Annual Total
5,969	\$24.00	143,256
	CAM Charges	52,492
	Vacancy (5.0%)	(7,163)
	<b>Gross Revenue</b>	<b>188,585</b>
	Management	(5,444)
	Operating Expenses	(11,938)
	Property Taxes	(32,126)
	Reserves	(2,985)
	<b>Net Operating Income (NOI):</b>	<b>136,093</b>
Mortgage Assumptions		
	NOI:	136,093
	Available for Debt Service (115% DSC)	118,342
	30-yr Debt Constant (6.0% Rate)	7.19%
	<b>Supportable Mortgage</b>	<b>1,644,870</b>

# Housing Concept



- 50+ Housing Units – Market Rate
  - Why housing?
  - Why market rate?
  - Identify interested partners
  - Examine options to increase success/reduce gap
  - If not housing, then what?

14 UNITS  
36 PARKING STALLS



5th

Third Floor

Washington



17 UNITS

5th

Fourth Floor

Washington

# Rooftop terrace amenities





**View Grastvedt Lane from 5<sup>th</sup>  
Street looking North**

# Financial Review – Housing



- **Financing Estimate: \$20,397,300**

- \$ 339,955 development cost per unit (includes cost of 1 parking stall)

Sources		Per Unit
Supportable Mortgage (115% DSC)	9,981,625	166,360
Supportable Equity (5% Initial Return)	2,154,416	35,907
<i>Private Funding Gap</i>	<u>8,261,260</u>	<u>137,688</u>
<b>Total:</b>	<b>20,397,301</b>	<b>339,955</b>

Uses		Per Unit
Land / Acquisition	-	-
Construction	14,726,050	245,434
Parking (60 stalls)	2,767,347	46,122
Escalation (6%)	1,049,604	17,493
Soft Costs and Contingency (10%)	1,854,300	30,905
<b>Total:</b>	<b>20,397,301</b>	<b>339,955</b>

Operating Assumptions			
Units	Average Rent	Annual Total	Rent Per SF
60	1,900	1,368,000	\$2.29
	Vacancy (5.0%)	(68,400)	
	<b>Gross Revenue</b>	<b>1,299,600</b>	
	Management	(51,984)	
	Operating Expenses	(239,400)	
	Property Taxes	(167,357)	
	Reserves	(15,000)	
	<b>Net Operating Income (NOI):</b>	<b>825,859</b>	
Mortgage Assumptions			
	NOI:	825,859	
	Available for Debt Service (115% DSC)	718,139	
	30-yr Debt Constant (6.0% Rate)	<u>7.19%</u>	
	<b>Supportable Mortgage</b>	<b>9,981,625</b>	

# Financial analysis: staff notes



- Liquor Store: feasible, including excess debt service
- Parking: public support required. Incremental approach recommended. Further analysis of need, costs and operation model required.
- Commercial: likely financially sound
- Housing: Challenges related to construction costs and cost of borrowing money

# EDA Board: feedback & potential actions



- Assessment of staff recommendations & evaluation?
- What did we miss?
- Other questions or concerns to be addressed?
  
- **EDA discussion of recommended approach. Do you ...**
  - ... issue Request for Qualifications (RFQ) for a development partner?
  - ... endorse liquor store viability?
  - ... support concept site and layout design as presented? Other?
  - ... Support short- and long-term approaches to parking solutions, including structured parking?