



Legislation Text

File #: Res. 2018-066, **Version:** 1

City Council Meeting Date: June 19, 2018

To: Mayor and City Council

City Administrator

From: Chris Heineman, Community Development Director

Consider Resolution of Approval for Agreements Related to the Benedictine Living Community of Northfield LLC Project.

Action Requested:

The Northfield City Council approves a Resolution to approve the attached documents, Appendices A through G, in the order listed herein below and substantially as to form, and authorizes and directs the Mayor and City Clerk to: (a) execute the documents substantially in the form hereby approved and allowing any necessary minor or technical changes to the documents or applicable exhibits; (b) execute such other documentation as necessary to accomplish the proposed development project.

Summary Report:

The Northfield Hospital & Clinics (NH+C) has provided traditional nursing home services to Northfield residents since 1963. In 2015, NH+C began to evaluate alternatives for providing senior care services, including potential partnerships with other service care providers. A feasibility study conducted in June of 2017 indicated a new model of services would reduce the cost of care to seniors and would not be as susceptible to changes in government payment systems.

In July of 2017, the NH+C Board of Directors recommended continued operation of the current nursing home and working with other partners to provide additional senior services. In October of 2017, the NH+C Board of Directors proposed a new facility consisting of independent living, assisted living, and memory care units with services provided by Benedictine Health Systems.

At the December 12, 2017 City Council meeting, the City Council adopted a motion to approve the First Amendment of the Ground Lease and Declaration of Restrictions and Release of Parcels. The amendment to the ground lease between the City of Northfield and St. Olaf College was the first step to move the proposed senior housing project forward. The developer (Chester J. Yanik & Associates Inc.) has partnered with a non-profit service provider (Benedictine Health Systems) to develop the 97-unit independent living, assisted living and memory care housing project on a parcel immediately west of the Northfield Hospitals and Clinics main campus. The partnership between NH+C, Yanik Companies, and Benedictine Health Systems provides additional senior housing with services that will help address the financial challenges of offering traditional nursing home services in a hospital setting.

At the January 9, 2018 City Council Work Session and the January 16, 2018 regular City Council meetings, the

Council was asked to review the terms of the draft Development Agreement for the proposed Senior Housing Project with Chester J. Yanik & Associates. The City Council Approved the Development Agreement for the Northfield Senior Housing Project at the February 13, 2018 Council meeting (Motion 2018-014).

The developer was also required to submit a Site Plan Application, which follows the standard Type 2 development review procedure. This application was submitted in April, and staff reviewed the applicable grading, stormwater management, and Land Development Code (LDC) criteria through the Development Review Committee (DRC) review process. City Planner Scott Tempel issued an approval letter on behalf of the DRC on May 23, 2018 (see attached PDF).

According to the Development Agreement for the Northfield Senior Housing Project, the Developer may not grade or otherwise disturb the earth, remove trees, construct sewer lines, water lines, storm sewer, roads/driveways, utilities, public or private improvements, or any buildings within the Development Property related to the Project until several conditions precedent have been satisfied. These conditions include the following agreements:

1. Appendix A - SECOND AMENDMENT TO GROUND LEASE by and between St. Olaf College and the City of Northfield;
2. Appendix B - CONSENT AND RELEASE OF CITY OF NORTHFIELD to Assignment and Assumption of Development Agreement to Assignment by and between Chester J. Yanik & Associates, Inc. ("Assignor") and Benedictine Living Community of Northfield, LLC, ("Assignee");
3. Appendix C - GROUND LEASE HOLDER CONSENT TO AGREEMENT TO USE SEWER AND STORMSEWER LINES by and between the Northfield Hospital & Clinics ("Licensor") and Benedictine Living Community of Northfield LLC ("Licensee");
4. Appendix D - GROUND LEASE HOLDER CONSENT TO AGREEMENT TO USE AND MAINTAIN HOSPITAL DRIVE by and between the Northfield Hospital & Clinics ("Licensor") and Benedictine Living Community of Northfield LLC ("Licensee");
5. Appendix E - DECLARATION OF COVENANTS AND AGREEMENT FOR MAINTENANCE OF STORMWATER FACILITIES by and between Benedictine Living Community of Northfield LLC ("Responsible Party") and the City of Northfield ("City"); and
6. Appendix F - THIRD AMENDMENT TO GROUND LEASE by and between St. Olaf College and the City of Northfield releasing Parcels 1 and 2.
7. Appendix G - GROUND LEASE by and between ST. OLAF COLLEGE ("Lessor") and BENEDICTINE LIVING COMMUNITY OF NORTHFIELD LLC ("Lessee");

Each of the above listed items are included as attachments to the required Council Resolution. City Attorney Chris Hood and Benedictine Health Systems Attorney Daniel D. Maddy drafted the documents and staff has reviewed and approved the specific details included in each of the agreements. Each of these agreements can be signed and executed by all applicable parties with City Council approval of the Resolution. Staff recommends approval of the Resolution.

Alternative Options:

The attached agreements are the culmination of staff due diligence and significant efforts by the City Attorney. In consideration of this review, staff is not recommending alternative options to the agreements as

recommended.

Financial Impacts:

The developer is responsible for all development costs and there are no direct financial impacts for the City of Northfield resulting from this project.

Project Timeline:

- ✓ November 28 - Project presentation to joint Northfield Hospital Board and City Council
- ✓ November 30 - Northfield Hospital Board recommends lease amendment to Council
- ✓ December 5 - City Council review of proposed lease amendment
- ✓ December 12 - City Council approval of lease amendment
- ✓ January 9 - City Council reviews and discusses development agreement terms
- ✓ January 16 - City Council review of draft development agreement
- ✓ February 13 - City Council approval of Development Agreement
- ✓ May 23 - Approval of site plan application by Development Review Committee
- June 19 - Approval of Agreements related to Northfield Benedictine Living project
- June 25 - Anticipated submission of Building Permit Application
- July 15 - Anticipated start of grading, preliminary site work, and construction