



Legislation Text

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City Council Meeting Date: August 4, 2020

To: Mayor and City Council
City Administrator

From: Mitzi A. Baker, Community Development; David Bennett, Public Works/Engineering; Brenda Angelstad, Finance

Introduction and consideration of a public improvement project, with assessments, for Bluff View phase I residential development.

Action Requested:

The Northfield City Council is requested to consider a motion to support staff proceeding to prepare documents for constructing public infrastructure for a residential subdivision through a public project.

Summary Report:

Staff has worked with the Koester family for several years to identify options for proceeding with the Bluff View subdivision development. This project was originally proposed by Arcon Development in 2003 and stalled following the housing crash. More recently, staff has been approached by Reiland Development to explore their involvement in developing the property. To help facilitate advancing development, they recently requested consideration of the City to construct the public infrastructure for Phase I and to assess the costs to the individual lots.

Connecting Ford Street to Hwy. 246 is an important connection that will improve access and circulation to this part of the community. Though completing the entire roadway is not feasible at this time, it appears a two-phase approach is a suitable alternate to moving toward completion. Completing Bluff View Phase I would result in completing approximately ½ of the remaining segment of Ford Street to Hwy. 246. The second ½ will need to include construction within the Hwy. 246 right-of-way, in cooperation with MNDOT, to include intersection improvements and turn lanes. This will result in additional expenses that benefit a broader geographic area and are not entirely attributable to the remaining Bluff View/Koester land. A funding strategy that more evenly distributes these additional expenses will need to be considered. Staff has discussed the potential for tax abatement, area assessments and/or other cost share tools to be used to pay for a share of those improvements. If Phase I proceeds, staff will approach the Council later this year to determine what funding mechanisms should be used to complete Ford Street and the improvements in the Hwy. 246 right-of-way.

Public Project Process:

If the Council agrees to the public project, staff would proceed to develop the appropriate agreements with the developer, as well as construction documents.

The developer would petition for the improvement, agree to waive their right to a public hearing and waive any objection to assessments for the public improvements.

Once the public improvement project is completed for phase I, the project costs would be assessed to the properties proposed in the first phase.

The developer proposes the assessments would be paid on a per lot basis, in full, prior to issuance of a building permit. Staff would develop a process to verify payment prior to issuing permits within this subdivision.

Public Project Financing:

Timing of this project would allow for the costs to be included in bonding cycle with the 2021 Street Reclamation Project and issuing separate bonds wouldn't be necessary. A discussion of how the bonds could be structured is attached in a memo from Ehlers.

The public infrastructure costs aren't the only costs related to developing this first phase. The proposed Public Infrastructure is currently estimated at \$1.1 million dollars. The developer has other private costs they will be paying for separately, estimated to be over \$800,000. These costs include land acquisition, site grading, electrical distribution, cable, gas and phone, etc.

Alternative Options:

The City could decline pursuing a public infrastructure project. The developer would need to determine whether to proceed to develop the subdivision.

Financial Impacts:

The City would issue debt for the public improvement with the 2021 bonding cycle. The public improvement cost, at this stage, are estimated to be \$1,100,000. The structure of how the bonds would be setup is discussed in Ehlers attached memo. There are different options available to the City.

Tentative Timelines:

Documents and Agreements, including a Final Plat, would proceed in the coming months to facilitate bidding in early 2021, with infrastructure construction starting in spring 2021.

The developer is also interested in starting construction on a spec home at the current end of Ford Street, so that it would be available for showings and pre-sale in advance of completing the street and utilities work.