

South Cottonwood Lake Subdivision

Sealed Bid Auction

1. Why is the EDA marketing lots they do not own?

The EDA Board and City Council will make a decision in April or May whether to move forward with the Cemstone redevelopment project. To minimize the risk to the City, the EDA is pursuing commitments from builders and developers to move forward with the project. The sealed bid auction is one way to market the potential new subdivision and to assist in financing options for the purchase of the property from Cemstone. Partnering with Cemstone allows the EDA to market potential lots prior to purchasing the property. If there are a number of commitments for the presale of lots, the EDA Board and City Council will consider the interest in the new subdivision when making the decision to move forward.

2. Will the property owners who construct new homes in the subdivision be able to apply for the housing tax abatement program?

No, the South Cottonwood Lake Subdivision is in a Redevelopment TIF District. The incentive to build in the subdivision is the lot price.

3. What is the proposed financing for the project?

It is very difficult for any new single-family housing development to cash flow without multiple family projects in the development area or an injection of cash from another source. This is due to infrastructure costs and the market rate for lots. The market rate for lots in the majority of Greater Minnesota cities is not sufficient to cover the infrastructure costs.

In Worthington, the Utility is investing \$1.5M into a new single-family housing development. In Windom, my direction from the Mayor and City Council is to cash flow the South Cottonwood Lake Subdivision with new tax revenue generated within the TIF District. This is possible because of the new multiple-family apartment building that is being constructed in the TIF District.

The financing plan is to utilize grants and a bond to finance the redevelopment project. General fund dollars are not an option to support the project.

4. Has there been any water and soil testing on this property?

West Central Environmental Consultants completed an Environmental Site Assessment on the 34-acre Cemstone property for the EDA. The EDA's Phase I ESA includes the previously-completed Phase I ESA dated April 8, 2016, on the subject property, Phase II ESA on the subject property in August 2016, and additional investigative information on the subject property. According to West Central Environmental Consultants, there is minimal risk for redeveloping the 34-acre Cemstone property into housing.

5. What is the plan for purchase of the property from Cemstone?

Cemstone has expressed its interest in selling all of the property rather than selling parcels in a piece-meal manner. The EDA is attempting to organize the purchase of the property through a combination of bids from the sealed bid auction, presale agreements, and an agreement to purchase the remaining property. If the project moves forward, the presold lots will be purchased directly from Cemstone by the bidders. The remaining lots will be purchased by the EDA. The EDA acknowledges that purchase of the entire 34+-acre property (CEMSTONE's Parcel) must be accomplished through presale agreements and a purchase agreement between CEMSTONE and the EDA.

6. What are the infrastructure costs?

If the City/EDA move forward with the project, the infrastructure costs will include installation of utilities and the street. DGR Engineering has provided preliminary estimates for the first phase of the project (the West Phase). The water for the West Phase is \$156k. The Sanitary Sewer for the West Phase is \$360k. The site and storm sewer work is \$474k. The cost for the street will depend on the type of road surface. If it is a concrete street, the EDA will be working with Cemstone on that portion of the project.

7. How is the project being financed?

The financing plan is to utilize grants and a bond to finance the project. General fund dollars are not an option to support the project.

8. Is there a more accurate layout of this site that is not overlapping other properties?

This is a preliminary layout for marketing purposes. If the City/EDA move forward with the project, a formal plat of the subdivision will need to be prepared and approved by the City Council. The West Phase will be the first phase of the project, if we move forward with the project. The East Phase is only a draft at this point. All of the farm sites on the east side of 490th Avenue are currently outside of city limits. The EDA will need to work with all of these landowners concerning the East Phase.

There is a lot of work to be done regarding the East Phase. Discussions will be required regarding city services including water, sewer, telecom and options for 490th Avenue (paving or gravel road). All of this is in the future.

Right now we are working on commitments to build in the West Phase. The EDA and City will make a decision on moving forward with the South Cottonwood Lake Subdivision in April or May 2020. The decision to move forward depends on the interest, number of presale agreements, and commitments to build in this subdivision.

9. When is there going to be an open public forum and presentation at the community center for this project so it is transparent?

This project will be discussed at numerous public meeting before a decision is made. I am available to meet with community members regarding the project. EDA Board Members and Council Members are also available. The EDA Board and City Council will make a decision regarding the project in April or May 2020.