

To: HONORABLE MAYOR AND CITY COUNCIL.

FROM: Dave Maroney, Director of Economic Development and Planning.

SUBJECT: Sandstone Ridge Proposal.

DATE: January 12, 2016.

BACKGROUND.

Staff have been in conversation with the Southeastern Minnesota Multi-County Housing and Redevelopment Authority (*Authority*) relating to their interest in evaluating property in the Sandstone Ridge Addition for development of rental housing – see the attached Agreement. The Public Works Commission and the Economic Development Authority have each considered the proposal submitted by the *Authority* and recommend that the City Council authorize the *Authority* to undertake the evaluation pursuant to the amended Agreement. *Section 3 on Page 2* amends the Agreement to state that the property may be sold to the *Authority* for **an agreed upon purchase price and subject to terms of a Development Agreement.**

REQUESTED COUNCIL ACTION.

The City Council is asked to approve the amended Agreement in accordance with the accompanying Resolution.

AGREEMENT

THIS AGREEMENT, is made on or as of the ____ day of _____, 2015, by and between the City of Cannon Falls, Minnesota, a home rule charter city under the laws of the State of Minnesota (hereinafter referred to as the "City"), and having its principal office at 918 River Road, Cannon Falls, Minnesota 55009, and the Southeastern Minnesota Multi-County Housing and Redevelopment Authority (hereinafter referred to as the "Authority"), having its principal office at 134 East Second Street, Wabasha, Minnesota 55981.

WITNESSETH:

WHEREAS, The City is a home rule charter city under the Constitution and laws of the State of Minnesota; and

WHEREAS, the Authority is a multi-county housing and redevelopment authority organized pursuant to Minnesota Statutes, section 469.004, which has as one of its objectives the development of affordable housing for persons and families of low and moderate income; and

WHEREAS, Goodhue County, Minnesota (the "County") is responsible for the administration of the property tax forfeiture process within the County and is the owner of certain real property that has been forfeited for non-payment of property taxes, which real property is legally described on Exhibit A to this Agreement and is referred to herein as the "Property"; and

WHEREAS, the former owner of the Property had planned to develop the Property as a mixed owner-occupied and residential rental development and had installed infrastructure improvements on the Property to prepare the Property for such development; and

WHEREAS, because of the existence of defective soil conditions on the Property some of the infrastructure improvements installed on the Property have been damaged and need to be repaired before the Property can be developed; and

WHEREAS, the City and the Authority believe that it is their respective best interests to facilitate the development of the Property; and

WHEREAS, under Minnesota law the County has the legal authority to sell the Property to another governmental subdivision upon presentation of an acceptable plan for the development of the Property; and

WHEREAS, because of the soil conditions existing on the Property and the condition of the previously installed infrastructure improvements, before a development plan can be prepared for the Property it is necessary to undertake a survey and analysis of the condition of the Property to determine what corrective measures will be necessary to prepare the Property for development; and

WHEREAS, the Authority has the resources to undertake the necessary survey of the Property and is willing to do so but only on the conditions contained in this Agreement.

NOW THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, the City and the Authority hereby covenant and agree as follows:

Section 1. Survey and Analysis of the Property. The Property was previously improved through the installation of infrastructure that would support a mixed owner-occupied and residential rental development on the Property. Due to the soil conditions existing on the Property some of the infrastructure on the Property has been damaged and needs to be repaired. Also, additional infrastructure may need to be installed to service a development on the Property that differs from the development contemplated by the previous owner of the Property. The Authority agrees that it will retain the services of an engineering firm to do a survey of the Property and to make recommendations as to what soil correction measures and what repairs to the existing infrastructure must be undertaken to prepare the Property for development. The engineering firm will also make recommendations regarding any additional infrastructure improvements that will be necessary to prepare the Property for the construction of a residential development. The Authority agrees that it will pay the costs of the engineering survey. The Authority currently estimates that the cost of the engineering survey will be approximately \$7,500.

Section 2. Use of Survey Information. The City and the Authority will use the information provided by the engineering survey to formulate a plan for the development of the Property to be presented to the County a part of a proposal to purchase the Property, which proposal may include the proposal for the development of a portion of the Property by the Authority as described in Section 3.

Section 3. Authority Development. In the event that the County conveys the Property to the City, the Authority may submit to the City a proposal to develop a parcel of the Property as a multifamily residential workforce and or elderly tax credit rental development. Using the information provided by the engineering survey the Authority will identify, if possible, a parcel of the Property suitable for such development. If the City determines to convey such parcel of the Property to the Authority, the costs for such property will be sold to the Authority for ~~\$1.00~~ or agreed upon purchase price. *and subject to terms of a Development Agreement.*

Section 4. Representations by the City. The City makes the following representations as the basis for the undertaking on its part herein contained:

(a) The City is a home rule charter city organized and existing under the laws of the State. Under the laws of the State, the City has the power to enter into this Agreement and to perform its obligations hereunder.

(b) The execution of this Agreement has been authorized by the governing body of the City.

Section 5. Representations by the Authority. The Authority represents that:

(a) The Authority is a public body politic and corporate and a political subdivision of the State duly organized and existing under the laws of the State.

(b) The execution of this Agreement has been authorized by the governing body of the Authority.

Section 6. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 7. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by a party to the other parties shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(a) in the case of the Authority, is addressed to or delivered personally to the Authority at 134 East Second Street, Wabasha, Minnesota 55981;

(b) in the case of the City, is addressed to or delivered personally to the City at 918 River Road, Cannon Falls, Minnesota 55009; and

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section.

Section 8. Disclaimer of Relationships. Nothing contained in this Agreement nor any act by the City or the Authority shall be deemed or construed by any person to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture among the City, the Authority, and/or any third party.

Section 9. Modifications. This Agreement may be modified solely through written amendments hereto executed by the City, the County and the Authority.

Section 10. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 11. Judicial Interpretation. Should any provision of this Agreement require judicial interpretation, the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the party who itself or through its agent or attorney prepared the same, it being agreed that the agents and attorneys of all parties have participated in the preparation hereof.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and behalf, the Authority has caused this Agreement to be duly executed in its name and

EXHIBIT A
Description of Property





Stantec Consulting Services Inc.
6188 Rome Circle NW
Rochester MN 55901
Tel: (507) 282-2100
Fax: (507) 282-3100

April 9, 2015

Joe Wheeler, Executive Director
SEMMCHRA
134 East Second Street
Wabasha, MN 55981

Reference: Sandstone Ridge – Cannon Falls
Feasibility Report Preparation

Dear Joe,

We understand that SEMMCHRA is interested in the possibility of acquiring portions of the Sandstone Ridge subdivision in the city of Cannon Falls, Minnesota (the City) for the purpose of redevelopment. The subdivision was originally developed in ~ 2003 and subsequently experienced significant geotechnical issues that have resulted in the deficiencies in the public infrastructure that has been constructed to date. Due to these geotechnical issues and associated public infrastructure deficiencies, the City is prohibiting the construction of residential housing within the subdivision as originally planned until the aforementioned issues are corrected.

Engineering Services

SEMMCHRA is interested in the evaluation of options to redevelop all or portions of the Sandstone Ridge subdivision with the findings of the evaluation summarized in the form of a feasibility report on the Sandstone Ridge subdivision. To accomplish these goals, Stantec proposes the following work tasks:

- Meet with City and SEMMCHRA Staff to discuss the City's concerns with the existing infrastructure within the Sandstone Ridge subdivision and how they foresee that we could mitigate existing infrastructure deficiencies.
- Collect and evaluate pertinent infrastructure design information from the City and SEMMCHRA.
- Develop up to three alternatives to partially or completely redevelop the subdivision and correct the failing public infrastructure within these areas.
- Prepare a feasibility report discussing alternatives evaluated to redevelop the Sandstone Ridge subdivision and correct the infrastructure deficiencies within these areas. The Feasibility Report would include the following information:
 - Figures illustrating areas of Sandstone Ridge subdivision (and number of lots) that are proposed for redevelopment.
 - Project cost estimates associated with design and construction activities needed to correct infrastructure deficiencies within each redevelopment scenario. The project cost estimates would also include a cost per redeveloped lot analysis.



April 9, 2015
Joe Wheeler, Executive Director
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Reference: Sandstone Ridge – Cannon Falls

- Stantec's conclusions and recommendations associated with our engineering and project cost analysis for SEMMCHRA's considerations.
- A summary of project "next steps", should SEMMCHRA wish to proceed with the acquisition of part or all of the Sandstone Ridge Subdivision.

Compensation

Based upon our aforementioned scope of services, we propose to complete the work on a lump sum basis, including reimbursable expenses totaling \$7,500. This work would be completed in accordance with the terms and conditions of our Professional Services Agreement with SEMMCHRA and would be completed within one month of SEMMCHRA's notice to proceed.

Should you have any questions or concerns, please feel free to contact me at (507) 529-6036.

Regards,

STANTEC CONSULTING SERVICES INC.

A handwritten signature in cursive script that reads "Joseph C. Palen".

Joseph C. Palen
Senior Associate
Phone: (507) 529-6036
Joseph.palen@stantec.com

**CITY OF CANNON FALLS
GOODHUE COUNTY, MINNESOTA**

RESOLUTION NUMBER 2179

RESOLUTION APPROVING AGREEMENT WITH SEMNMCHRA

WHEREAS, the City of Cannon Falls and Goodhue County are working together to determine a plan for redevelopment of the forfeited property known as Sandstone Ridge; and

WHEREAS, the Southeastern Minnesota Multi-County Housing and Redevelopment Authority (Authority) has submitted a proposal and Agreement relating to their interest in evaluating the feasibility of developing rental housing in Sandstone Ridge; and

WHEREAS, the Public Works Commission and the Economic Development Authority have reviewed the development proposal submitted by the Authority and recommend approval subject to the amended language in Section 3 of the Agreement.

NOW THEREFORE BE IT RESOLVED, that the City Council hereby approves the attached amended Agreement with the Authority as recommended by the Public Works Commission and Economic Development Authority and hereby authorizes the Mayor and City Administrator to execute the amended Agreement.

ADOPTED by the City Council of Cannon Falls this 19th day of January, 2016.

CITY OF CANNON FALLS

Lyman M. Robinson
Mayor

ATTEST: _____
Ronald S. Johnson
City Administrator