

**\* APPROVED MAY 16, 2017 \***

**To: HONORABLE MAYOR AND CITY COUNCIL.**

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

**SUBJECT: GrandStay Hotel.**

**DATE: May 10, 2017.**

**BACKGROUND.**

The ownership group and lender for the GrandStay Hotel have requested that the City of Cannon Falls participate in the financing of a temporary access road from 63<sup>rd</sup> Avenue to the building site. The temporary access is required to permit the timely construction and occupancy of the GrandStay Hotel. Constructing Alexander Court and the GrandStay Hotel simultaneously is impractical due to limited accessibility and site conditions.

Contractually, Rochester Sand and Gravel must complete Alexander Court by July 15<sup>th</sup>. This schedule effectively delays the construction start date for the Hotel until late June. Robby, Morris and I met with representatives of the ownership group and lender to discuss alternatives for addressing this challenge. At this point we feel that the most viable solution is to for the City of Cannon Falls to participate with the ownership group/lender in the financing of the temporary access. The *Preconstruction Conference Minutes*, *Alexander Court Construction Schedule* and my *Memorandum to the Public Works Commission* are attached for further information.

On April 18<sup>th</sup> the Public Works Commission met with representatives of the ownership group to consider their request for a reduction of the SAC and WAC. Following discussion, the Commission prepared their recommendation which is cited in my attached *Memorandum*.

**REQUESTED COUNCIL ACTION.**

The City Council is asked to approve the following actions: *(a) as recommended by the Public Works Commission, approve the adjustment to the SAC and WAC as described by the accompanying Memorandum (April 18, 2017);* (b) as recommended by Staff, authorize preparation of an *Encroachment Agreement* to be executed by and between the City of Cannon Falls and the property owner; and (c) as recommended by Mayor Robinson, Councilor Mattson and the Economic Development Authority, approve a \$10,000 expenditure to assist with paying costs to construct a temporary access road to facilitate construction of the GrandStay Hotel.

**TO: PUBLIC WORKS COMMISSION.**

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

**SUBJECT: GrandStay SAC and WAC.**

**DATE: April 18, 2017.**

***BACKGROUND:***

1 ½ - 2 inch Water Service	\$ 9,800
6 – Inch Sewer Service	<u>\$ 9,800</u>
	\$19,600

6 – inch Water Service (fire)	\$ 30,010
8 – inch Sewer Service (want)	<u>\$ 17,150</u>
	\$ 47,160

Difference - \$ 27,560

Option A. Assess \$ 47,160 over a 10-year term at 5% interest.

Option B. Assess \$ 9,800 (SAC) and \$ 9,800 (WAC) and defer \$ 27,560 (SAC/WAC) similar to OMC (10 – years; property is sold; Code requires the larger service).

Option C. Developer pays \$ 9,800 (SAC), \$9,800 (WAC) and no charge for larger water and sewer services.

***PWC RECOMMENDATION:***

*Developer pay \$9,800 (SAC – 6” service) and \$9,800 (WAC - 1 ½” – 2” service) = \$19,600. The City would be willing to assess this amount (5-year term @ 5%). If the Developer pays \$17,150 (SAC – 8” service) and \$9,800 (WAC- 1 ½” – 2” service) = \$26,950 the City would be willing to assess this amount (10-year term @ 5%). In either case, the \$30,010 (WAC - 6” for fire protection) fee would not be charged.*

City Engineer/Public Works Director recommend “steel” rather than “concrete” culverts subject to *Encroachment Agreement*.

**ALEXANDER COURT UPDATE (May 16, 2017):**

\$ 207,800	Rochester Sand & Gravel
\$ 47,200	Engineering, Legal and Contingency
<u>\$ 10,000</u>	Temporary Access Participation
\$ 265,000	Total Budget

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

**RESOLUTION NUMBER 2313**

**A RESOLUTION ADOPTING THE PUBLIC IMPROVEMENT  
AND SPECIAL ASSESSMENT AGREEMENT**

**WHEREAS**, the City has received a Public Improvement and Special Assessment Agreement from the property owner waiving all applicable assessment procedural requirements and requesting to be assessed for the cost of providing municipal sanitary sewer and water services to the GrandStay Hotel and said agreement is attached hereto as “Exhibit A” (“Assessment Agreement”); and

**WHEREAS**, the City has reviewed the Assessment Agreement and has determined that the request by the Property Owner of the City to allow construction of sanitary sewer and water services to connect to the GrandStay Hotel under the terms and conditions specified in the Assessment Agreement is in the public interest.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Cannon Falls, Minnesota:

1. The Assessment Agreement is hereby approved. The Mayor and City Administrator are authorized and directed to sign the Assessment Agreement.
2. The Assessment Agreement and the assessment provided therein is hereby accepted and shall constitute the special assessment against the lands named therein and each tract of land therein included is hereby found to benefitted by the proposed improvements in the amount of the assessment levied against it.
3. The property owner identified within the Assessment Agreement may, at any time prior to certification of the assessment to the County, pay the whole of the assessment on such property to the City, except that no interest shall be charged if the entire assessment is paid prior to certification of the assessment. The owner may at any time thereafter pay the City the entire amount of the assessment remaining unpaid with interest accrued to December 31 of the year in which the payment is made. Such payment must be made before November 30 or interest will be charged through December 31, of the next succeeding year.
4. The Clerk shall forthwith transmit a certified duplicate of this assessment to the County to be extended on the proper tax lists of the County and such assessment shall be collected and paid over in the same manner as other municipal taxes.

5. The cost of the public improvement assessed by this Resolution shall be as identified in the Assessment Agreement. Terms of the Assessment shall be as provided in the Special Assessment Agreement.

**ADOPTED** this 5th day of December, 2017, by the City Council of the City of Cannon Falls, Minnesota.

**CITY OF CANNON FALLS**

BY: \_\_\_\_\_  
Lyman M. Robinson, Mayor

**ATTEST:**

\_\_\_\_\_  
Ronald S. Johnson, City Administrator

## **EXHIBIT “A”**

*Ironbridge Lodging, LLC Public Improvement and Special Assessment Agreement*

**PUBLIC IMPROVEMENT  
AND  
SPECIAL ASSESSMENT AGREEMENT**

**AGREEMENT** made this \_\_\_\_\_ day of \_\_\_\_\_, 2017, by and between the **CITY OF CANNON FALLS**, a Minnesota municipal corporation ("City") and **IRONBRIDGE LODGING, LLC**, a Minnesota limited liability company ("Property Owner").

**RECITALS**

A. Property Owner is the fee owner of real property legally described on the attached Exhibit A, (the "Subject Property").

B. Property Owner hereby petitions the City to allow construction of a six-inch (6") sanitary sewer service and two-inch (2") water service on the Subject Property to connect to the GrandStay Hotel as represented by Exhibit A ("Public Improvement").

C. Property Owner has requested that the City assess the cost of the Public Improvement against the Subject Property.

**NOW, THEREFORE, IN CONSIDERATION OF THEIR MUTUAL COVENANTS, THE PARTIES AGREE AS FOLLOWS:**

**1. PUBLIC IMPROVEMENT.** The City will allow construction of the Public Improvement by the Property Owner.

**2. SPECIAL ASSESSMENT.** The City will specially assess \$19,600 (\$9,800 Sanitary Access Charge and \$9,800 Water Access Charge) against the Subject Property for the Public Improvement. The assessment shall be spread over five (5) years, together with five percent (5%) interest per year on the unpaid balance from the date of the adoption of the assessment resolution. Prepayment shall be accepted as provided by law. The first installment shall be payable in 2018. The Property Owner waives any and all procedural and substantive objections to the Public Improvement and special assessment including, but not limited to, hearing requirements and any claim that the assessment exceeds the benefit to the Subject Property. The Property Owner waives any appeal rights otherwise available pursuant to Minn. Stat. § 429.081.

**3. BINDING EFFECT; RECORDING.** This Agreement shall be binding upon the Property Owner and the Property Owner's successors and assigns. This Agreement may be recorded against the title to the Subject Property.

# CITY OF CANNON FALLS

BY: \_\_\_\_\_  
Robby Robinson, Mayor

AND \_\_\_\_\_  
Ron Johnson, City Administrator

[illegible]

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2017, by Robby Robinson and Ron Johnson, respectively the Mayor and City Administrator of the City of Cannon Falls, a Minnesota municipal corporation, on behalf of the corporation and pursuant to the authority granted by its City Council.

Notary Public

**PROPERTY OWNER:  
IRONBRIDGE LODGING, LLC**

BY: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[illegible]

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2017, by \_\_\_\_\_, the \_\_\_\_\_ of Ironbridge Lodging, LLC, a Minnesota limited liability company, on behalf of the limited liability company.

Notary Public

**DRAFTED BY:**  
CAMPBELL KNUTSON, P.A. [RNK]  
860 Blue Gentian Road, Suite 290  
Eagan, MN 55121  
612-452-5000

**EXHIBIT A  
TO  
PUBLIC IMPROVEMENT AND SPECIAL ASSESSMENT AGREEMENT**

**Legal Description**

Lot 4, Block 1 of the Winter Addition, City of Cannon Falls

