

Community Development Committee

Meeting date: December 1, 2014

For the Metropolitan Council meeting of December 10, 2014

Subject: Request from the City of Watertown to extend the Livable Communities Demonstration Account grant SG009-078, *South Lewis Avenue Redevelopment*

District(s), Member(s): 4 – Gary Van Eyll

Policy/Legal Reference: Minnesota Statutes §473.253

Staff Prepared/Presented: Deb Streets Jensen, Livable Communities Grant Administrator (651) 602-1554; Paul Burns, Manager, Livable Communities (651) 602-1106

Division/Department: Community Development/Livable Communities

Proposed Action

That the Metropolitan Council approve a 12-month extension to Livable Communities Demonstration Account (LCDA) grant number SG009-078, *South Lewis Avenue Redevelopment*, for the City of Watertown, provided that by February 28, 2015 the City submits evidence of full financing, an executed development agreement and a detailed construction schedule showing the starting and completion dates of all remaining grant-funded activities and construction of both phases of the senior housing development associated with the project.

Background

Procedural requirements. LCA amendment procedures limit grant terms to a total of five years, including administrative extensions. Extensions beyond five years require the approval of the full Council.

Grant history. The Council has awarded two LCDA grants to the City of Watertown to assist with two phases of a senior housing development.

The first grant, awarded in 2009, provided funds for design and engineering, demolishing existing buildings and constructing the water main, sanitary sewer, storm sewer, and a stormwater treatment pond for the housing development. The original grant term expired in 2011 and was extended administratively to December 31, 2014. The fifth year of the 2009 grant will expire on December 31, 2014; therefore, to amend the grant further requires approval by the full Council.

The second grant, awarded in 2011, assisted a second phase of the project and funded land acquisition, lighting, benches, a trail, design and engineering, and project coordination. The original term of this grant will expire December 31, 2014 and can be extended administratively.

Most of the grant -funded activities have been completed for both grants. However, work associated with the sidewalk, lighting, benches, bike racks and associated project coordination cannot be completed until near the end of the construction.

Project progress. The developer has experienced delays in securing construction financing. He now expects to close on financing by the end of December 2014 and begin construction in January 2015, with completion of both phases of the project by the end of 2015.

The City has indicated they are very close to executing a development agreement for the project and the developer has secured full financing for the project, and therefore they are requesting extensions of the grants to secure the remaining balances.

Amendment constraints. Staff recommends granting the extension but adding a deadline in the proposed grant amendment requiring the City to provide to the Council by the end of February 2015 evidence that:

- the project is fully financed;
- the development agreement has been executed; and
- a construction schedule showing the start and end of all construction activities, including the remaining grant-funded activities.

The same set of requirements will be included in the administrative amendment for the 2011 grant to keep the two amendments consistent.

The City has agreed that if it does not provide the documents as required, it will relinquish the balance of both grants.

Rationale

The remaining grant-funded activities approved for both grants cannot be undertaken until both phases of building construction are complete, because the remaining sidewalk work is located in the same area as the construction entrance. Staff recommends allowing the City another year in which to complete the project, because the developer has assured the City that he has assembled his funding and expects to close yet this year. He and the City will then execute the development agreement. The project site is covered, which will keep the site accessible for the start of construction through the middle of January 2015. The developer intends to begin work immediately after closing. The combined balance of the two grants is \$111,585. Without these funds, it is unlikely that the project will be able to move forward.

Funding

There is no impact on funding. The amounts of the two awards and their respective balances are shown below.

Grant	Amount	Balance
SG009-078	\$366,318.00	\$58,584.75
SG011-152	\$240,687.00	\$53,000.74

Known Support / Opposition

Staff is unaware of any opposition to the recommendation.