

Subject: Resolutions Approving a Development Agreement with M/I Homes and acceptance of Real Property

Meeting Date: Monday, July 11th, 2022

Submitted/Presented by/Department: Ben Boike - Community Development

Action Type

- | | |
|---|--|
| <input type="checkbox"/> Consent Item | <input type="checkbox"/> Discussion/Direction |
| <input type="checkbox"/> Public Hearing | <input type="checkbox"/> Informational Only |
| <input checked="" type="checkbox"/> Action/Motion | <input type="checkbox"/> Report |
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Other: Closed Session |

Action

City Staff requests that the City Council approve the attached resolutions approving the Development Agreement with M/I Homes and to accept real property, Outlot A, from the EDA.

The City has been working with Oppidan and M/I Homes over the past 6 months to finalize development plans. The three parties, Oppidan, M/I Homes, and the City agreed that the Development Agreement (and Purchase Agreement) should be between the City and M/I Homes rather than through Oppidan. As a result, the existing Development Agreement with Oppidan was terminated by both the City Council and EDA last meeting.

Similar to the previous Purchase/Development Agreement, the proposed sale price for the land is \$1.16M (\$20,000 per lot/58 lots) with the Developer being responsible for financing and managing the soil remediation project. Under the previous terms, should the soil remediation work come in between \$1.16M and \$1.8M, the City would be responsible for paying the difference to the Developer through cash or tax abatement. Conversely, should the soil remediation work come in lower than the sale price of \$1.16M, the City would receive the difference in cash from the Developer. If the soil work comes in at \$1.16M, the property would be sold for \$1.

The Developer received bids for the soil work two weeks ago with the low bid coming in at \$1.27M. The bid includes demo of the existing golf course club house, removal of the parking lot, clearing of the site, erosion control, and the soil remediation. The soil remediation portion of the quote came in at \$950,000, however, it's important to note, that should the City have opted to finance and complete the soil remediation work, the additional cost to demo the clubhouse, remove the parking lot, clear the site, etc. would have been required. So, the total cost to complete the soil remediation is higher than \$950,000.

In addition, as discussed with the zoning application review, Dakota County is requiring improvements to Oakdale Avenue based on the requested access for the proposed development. Said improvements include the installation of turn lanes on Oakdale Avenue

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(requiring the road to be widened) and sidewalk improvements within the Oakdale right-of-way. The Developer's portion of this cost is \$190,000 (County is paying 50%). Finally, the Developer is also incurring \$150,000 in soft costs for the soil remediation work.

As a result of these additional costs, negotiations between the Developer and the City centered around accounting for these additional project costs: the demo of the existing club house and parking lot, clearing of the site, Oakdale improvements required by the County, and soft costs related to the soil remediation work. The proposed Purchase Agreement, which is on tonight's EDA agenda, is based on the City essentially paying \$1.16M for the soil remediation work, which includes cost sharing the additional site work, Oakdale improvements, and soft costs. The end result is that no additional cash or tax abatement is needed from the City. Essentially, the EDA will be selling the property for \$1 and closing costs.

In addition to requesting approval of the Development Agreement, staff is also requesting that the City Council accept the conveyance of Outlot A from the EDA to the City, which is the portion of the EDA owned property being utilized for the Dakota County/City reclamation project.

Should the City Council approve the zoning applications, the Development Agreement, and the EDA approve the Purchase Agreement, M/I Homes is looking to close on the property within the next month, start the soil work with the intent of building model homes this fall.

Attachments

Resolutions
Development Agreement

Previous Relevant Actions

N/A

Alternatives

N/A

Financial

Budgeted: Yes No Financial Impact

Fund:

Department:

Account:

Amount: