

**Watertown EDA**

January 11, 2022

**Agenda Item: Carver County CDA Community Growth Partnership Grant – Workshops of Watertown, LLC****Request for Action: Adopt Resolution #2022-01EDA, Authorizing Application to CGPI****Employee/Dept.: Jake Foster, City Administrator****Background:**

The site at 701-709 Jefferson Ave. SW has recently changed ownership. The new owner intends to further convert the existing building into a multi-tenant workspace. After the redevelopment is completed, there will be 25 individual spaces that will be leased to small to medium sized businesses that work in the light-industrial spaces. The new property owner envisions a wide variety of potential uses including, but not limited to: Plumbers, electricians, builders, repair shops, light manufacturing, wood working, etc. Each unit will be 1,000 sf or larger, with the largest being 20,000 sf and currently occupied by "Hooked on Classics" (HOC). HOC will continue to lease this space from the new owner.

To make the proposed updates to the existing building(s), the developer will need to bring several items up to City standards. In addition to the interior improvements, the developer will be adding parking, addressing current parking issues, and paving parking lots in the front and back of the building(s), addressing stormwater issues, building roadways around the site, and updating lighting, landscaping, and making some facade improvements.

The new owners are brothers and third generation developers. A number of the properties they owned were developed by their grandfather and father and are still in their portfolios. That have successfully deployed this, "small space for small business" model in other communities, and firmly believe it will be a success in Watertown. Furthermore, they intend to hire local contractors where they are able.

Staff is recommending that the application be made for \$100,000 for 2022. The developer intends for these improvements to take more than one year to complete. There may be opportunities for this project to apply for addition CGPI funds in subsequent years. As part of this purchase, the developer also now owns the adjacent buildings and surrounding land. If Phase 1 of this project is successful, he intends to build another similar building on the adjacent land, and a housing development overlooking the wetland around the property. It is the City's understanding that the total development cost is estimated to be \$4,500,000 including property acquisition.

As in past applications, the EDA is the applicant and then passes through the funds to the developer once the development is substantially complete, or costs are incurred, and documentation is provided. No funds are expended by the EDA in this arrangement other than the administrative costs borne by staff.

**Budget Impact:**

None.

**Funding Source:**

Carver County CDA/CPGI Grant Program  
EDA Fund>Wages & Legal Services

**Recommendation:**

Staff recommends that the City of Watertown EDA adopt Resolution #2022-01EDA authorizing the Community Growth Partnership application be submitted to the Carver County CDA.

**Motion Type:**

Simple majority vote of members present.

**Requested Action/Motion:**

*"I move to adopt Resolution #2022-01EDA authorizing the CGPI grant application for the Jefferson Ave, LLC project be submitted to the Carver County CDA."*

**Attachments:**

Jefferson Ave. CGPI Application

Resolution #2022-01EDA



# Community Growth Partnership Initiative 2022 Community Development Grant Application

Project name:

Applicant:

Contact name:

Contact email and phone:

Authorized official for contract execution (name and title):

Project Summary

## 1. Request Details

1a. Request Amount:

1b. Proposed activities/use of CGPI funds (check all applicable boxes)

Acquisition  
Lighting  
Landscaping  
Streetscaping  
Parking  
Other (list)

Utilities  
Site Work  
Roadways  
Soil Remediation  
Relocation

Sidewalks/Trails  
Demolition  
Stormwater  
Environmental cleanup

## 2. Readiness Details

Milestone	Commitment date or anticipated date	Amount
<i>Construction Timeline</i>		
Market/feasibility study		Not Applicable
Land use approvals (including any zoning, comprehensive plan amendments, variances, etc.)		Not Applicable
Environmental approvals		Not Applicable
Construction bids		Not Applicable
Permits		Not Applicable
Site control		Not Applicable
Financial closing		Not Applicable
Clean up/demolition		Not Applicable
Begin construction		Not Applicable
Project completion		Not Applicable
<i>Project Funding Sources</i>		
First mortgage		
General partner cash/other equity		
Syndication proceeds		
Deferred loans		
TIF		
Sales tax/energy rebates		
Deferred developer fee		
Met Council TOD/LCDA/TBRA		
DEED Redevelopment/Cleanup		
DEED MIF/JCF		
Carver County CDA CGPI		
City		
Other:		
Other:		

2a. Total development cost:

Percentage of funds committed:

2b. List other sources of funds requested or considered but not obtained for the project and explain why.

### 3. Project Details

3a. Site address(es)

3b. Site size

3c. Number of parcels

3d. Parcel ID(s):

#### Housing

3e. Are there any existing housing units on the site:      Yes                  No

    If so, how many?

    Are any of the units vacant?                                  Yes                  No                  N/A

3f. Are any of the existing units affordable?                  Yes                  No

3g. Housing Units (*Indicate the number of housing units planned in the project*)

	Total Units	New Units	Retained Units	Owner-Occupied	Rental Units	Market Rate	Affordable Units	Affordability Level (% AMI)
Single Family								
Townhome								
Apartments/Condos								
Duplexes								
Other (Specify)								

3h. Is there a mechanism to ensure long term affordability?      Yes                  No

3i. If yes, please describe the type and length of affordability.

3j. Who is the target population for these units (seniors, families, etc.)?

3k. If the project is a rental project, is the owner willing to accept Tenant Based Rental Assistance (Housing Choice Voucher or other tenant based rental assistance)?

    Yes                                  No

Commercial

3l. Are there existing commercial buildings on the site: Yes No If so, how many?  
 Are any of the units vacant? Yes No N/A

3m. Commercial square footage (*Indicate the square footage and jobs planned for the project*)

	Total square footage	New square footage	Retained square footage	New FTEs	Retained FTEs	Jobs with wages ≥\$17/hour
Retail/commercial						
Industrial						
Office						
Other (Specify)						

3n. List and describe any businesses that will be located on the site. Identify any that are Small Business Enterprises (SBE), Women Business Enterprises (WBE), Minority Business Enterprises (MBE) or Veteran owned.

4. Project Costs

4a. Current taxable market value of the site:

4b. Anticipated taxable market value after redevelopment:

4c. Development costs

Acquisition cost:

Total development cost:

4d. Proposed cost of activities/use of CGPI funds

Activity	Total Cost	CGPI Request
Acquisition		
Utilities		
Sidewalks/Trails		
Lighting		
Site Work		
Demolition		
Landscaping		
Roadways		
Stormwater		
Streetscaping		
Soil Remediation		
Environmental cleanup		
Parking		
Other		
Other		

## 5. Narrative

5a. Describe how this project fits into the city's goals and the Redevelopment Plan, its public purpose, any extraordinary costs, and the community's need for the project. Describe other projects completed/underway as part of the Redevelopment Plan or in the area and how this project may catalyze additional (re)development.

5b. Provide a brief history of the site including previous uses, slum or blight, activities, contamination and other attempts at redevelopment.

5c. How does your project create a more livable community? Include information about the mix of uses, proximity to transit, reduced/shared parking, resiliency, walkable neighborhoods, green space, increased density, benefits to businesses/organizations, and community building elements.

5d. Describe any contamination on the project site or in the redevelopment plan area. Was a Response Action Plan developed? Will the project be cleaning up any contaminated soils, hazardous waste or other elements? If so, describe the type of clean up.

5e. Describe how the project is maximizing the potential of the site.

5f. Will any existing residents, tenants or businesses be temporarily or permanently relocated as a part of this project? If so, please describe how relocation will occur.

5g. Describe the biggest challenges or extraordinary costs facing your project and explain why the project is not feasible without CGPI funds. Please include any challenges not previously described such as status of site control, financing, rents and returns, tenants/leasing and other items pertinent to a successful project.

## Attachments

1. City Resolution (sample is attached and must contain all provisions listed)
2. Location map
3. Site plan and elevations (if available)
4. Existing conditions photos
5. Redevelopment plan (if it is a redevelopment project)
6. Relocation plan (if applicable)
7. Copies of any funding commitments
8. Evidence of site control
9. Development pro forma that includes such things as sources and uses, financing assumptions of any debt, debt service coverage ratio, loan to value, loan to cost, percent equity and cash on cash return.



**CITY OF WATERTOWN  
ECONOMIC DEVELOPMENT AUTHORITY  
RESOLUTION NO. 2022-01EDA**

**A RESOLUTION APPLICATION FOR COMMUNITY GROWTH PARTNERSHIP  
INIATIVE GRANT PROGRAM**

**WHEREAS**, the City of Watertown Economic Development Authority (“the EDA”) has identified a proposed project within the city that meets the Carver County Community Development Agency (CDA) Community Growth Partnership Initiative Grant Program’s purpose and criteria; and

**WHEREAS**, the EDA has established a Redevelopment Plan of which the proposed project is a component; and EDA has identified a project that will create living wage jobs; and

**WHEREAS**, the EDA has the capacity and capability to ensure the proposed project will be completed and administered within the Community Growth Partnership Initiative predevelopment program guidelines; and

**WHEREAS**, the EDA has the legal authority to apply for financial assistance; and

**WHEREAS**, the EDA is supportive of affordable housing and of the CDA’s mission to improve the lives of Carver County residents through affordable housing and community development.

**NOW THEREFORE BE IT RESOLVED** that the City of Watertown Economic Development Authority approves the application for funding from the Carver County CDA Community Growth Partnership Initiative Grant program.

**BE IT FURTHER RESOLVED** that if the application is approved by the Carver County CDA, Ken Grotbo, the EDA President, is hereby authorized to execute such agreements as are necessary to receive and use the funding for the proposed project.

Adopted by the Economic Development Authority of the City of Watertown this 11th day of January 2022.

\_\_\_\_\_  
Ken Grotbo, President

ATTEST: \_\_\_\_\_  
Lynn Tschudi, Secretary