

TO: EDA Board of Directors

FROM: Brian P. O'Connell, Community Development Director

RE: Land (Business Park) Committee Update

The President of the EDA and the Community Development Director will be providing a Comprehensive Update to the entire EDA Board related to the progress that has been underway with respect to the creation of a 3rd Business Park.

Additionally representatives from Land Vista, a local firm that has a listing agreement with several local property owners will also be making a presentation regarding their progress on designing a layout for a new business park west of the Northfield Hospital.

No action is requested of the Board at this time.

BACKGROUND

I. Committee Membership and Make-up

For many months members of the "Land Committee" (recently re-named the Business Park Committee) have been meeting to undertake the many steps and activities associated with the establishment and creation a 3rd business park. The EDA Board members who have served on the Business Park Committee since the beginning have included:

- Bill Cowles - (no longer on EDA Board but continues to serve on Committee)
- Paul Smith - (no longer on Committee)
- Mark Moors - (no longer serving)
- Rick Estenson - Committee member
- Dave Van Wylen - Committee member

II. Initial Activities

Early in the process, September of 2006, a meeting was held at St Olaf College with many area landowners explaining the efforts that the EDA was going to undertake to explore the feasibility of developing a new business park. This meeting was very well attended and included property owners from both Greenvale Township and Bridgewater Township, plus representatives from St. Olaf College and Township officials.

In the fall of 2006 committee members met with many local and regional developers to learn about the interests that development companies might have in business park development in Northfield. Development Companies that were included in this series of meetings included:

Steiner Development	Met Con Construction	Geiger Development
Opus	Welsh Companies	McGough
Local developers		

Once the meetings with the various development companies was finished, it was obvious to the Business Park Committee that obtaining some form of “land control” was essential to the success of moving the business park forward.

The Business Park Committee then undertook the effort to analyze the cost feasibility of developing a new business park in two general locations. These two locations included:

- An area west of the Northfield Municipal Hospital
- An area south of Hwy 19, west of Armstrong Road and Industrial Boulevard.

(Refer to the map attached to this Staff report entitled Possible Locations for Commercial and Industrial Development)

III. Development Feasibility Analysis

A conceptual layout of the two different areas was created as a means to estimate development cost. The cost estimates included costs associated with street, water sewer, storm sewer, and any other related development cost. These cost estimates were developed to give an order of magnitude comparison between the two areas and were not meant to be an exacting cost estimate or even reflect the actual development cost that a developer would experience when and if either of the two areas would develop. The cost comparison between the two areas reveals the following:

- | | |
|--|-----------------------|
| • Area west of Northfield Hospital | \$10,900,000 (approx) |
| • Area south of Hwy 19 west of Armstrong | \$ 6,400,000 (approx) |

These costs were prepared in the winter of 2007 with many basic design assumptions and are now dated, but they reflect the magnitude of cost that is necessary to undertake the development of a business park. Equally important to the understanding of the cost magnitude is the fact that the development costs estimated for the two areas does not include any cost associated with purchase of land. Any land acquisition cost would be in addition to the infrastructure cost already estimated.

The Business Park Committee explored various sources of information related to land prices in the Northfield area and found that there is a high degree of land price variability and that land prices in neighboring communities create stiff competition for business development in Northfield. Some Business Park Committee members have had several focused conversations with individuals representing property owners

in the Northfield area and have stressed the importance of land being priced in line with overall market trends. It has been stressed that if land price expectations are too high and not in line with larger market trends, the success potential for a new business park decreases.

This background information on infrastructure cost estimates and land prices is being offered as a means for all EDA Board members to have a complete understanding of the development economics that are being faced when a business park development project is being contemplated.

As part of this development feasibility analysis, Business Park Committee members have also followed closely the efforts that have been underway by St. Olaf College to create a longer-term vision with respect to the land that is owned by the College and how this vision might affect the Business Park development initiative. The efforts by the College to evaluate their long term land ownership desires has been timely and the early outcome of this effort has provided valuable direction for the Committee to understand where to explore opportunities for business park development and to also understand where other land areas owned by St. Olaf College are simply off limits for business park development.

IV. Recent Activities

More recently the Business Park Committee has renewed focus on business park development feasibility with the continued assistance from representatives from the McGough Companies. Since the economy has softened considerably, it was initially indicated that the EDA should proceed with extreme caution and not devote any large sum of capital to an interest in development land. More recently it has been indicated by McGough that securing land control may be a wise strategy since there is very little activity in the raw land market and that this might represent a good time to secure an option of some form in land for a business park with the understanding that the pace of build out would likely be slow and take much time. (The EDA budget in 2007 and 2008 has included sizeable amounts of money being available for land purchase options.)

In the past several weeks, members of the Business Park Committee have undertaken a series of stakeholder meetings with a wide variety of business and community wide interests to better understand key issues and gauge the support or reaction to the business park initiative. These meetings have included:

Chamber representatives	Hospital Officials
St. Olaf College officials and faculty	Carleton College Officials
Planning Commission members	Township Officials
MnDOT Transportation staff	Area land owners
NDDC representatives	County Officials

The general outcome of these meetings has revealed general support for future business park development with a variety of responses related to how much area and

where development should locate. Many questions also centered around transportation concerns for the surrounding areas.

Throughout this process there has been very frequent interaction with area landowners and representatives of landowners to keep these individuals updated on the progress that is being made by the EDA. One group in particular has taken the significant step of applying for annexation, which is an important first step in the process of business park development. This annexation request represents an area of approximately 490 acres and is located west of the Northfield Municipal hospital. More recently another property owner has been approached by some members of the Business Park Committee to inform him of recent activities by the Committee and learn of his near-term plans with his land. This interaction occurred as a means to ensure that all possible development locations are being given fair and complete consideration. The reaction to this inquiry was positive and may result in further exploration occurring in another area of possible development potential south of Hwy 19. We were asked to help them understand the attitude of annexation of his property from the Bridgewater Township leaders and our City Council members. Another meeting with this landowner will follow in mid February.

V. Next Steps

Based on favorable reaction from the full EDA Board, the Business Park Committee expects to present a similar update report to the City Council at the meeting of the Council on February 11, 2008. It is then expected that the Business Park Committee will then continue with the following steps as part of the creation of a new business park for the City.

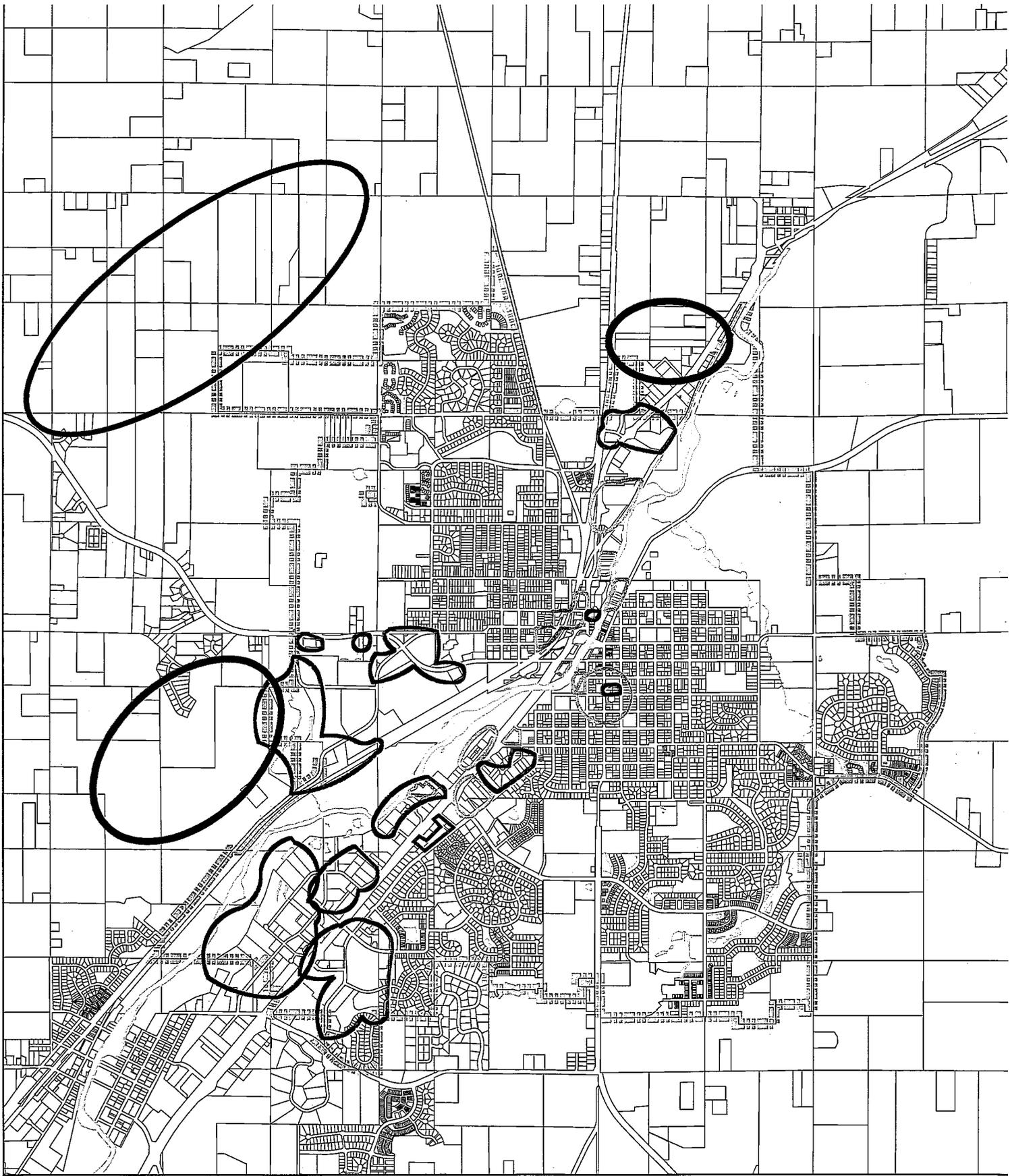
- Support efforts of property annexation for business park areas
- Identify alternative financing strategies for full business park development
- Securing Land Control if necessary
- Prepare Master Site Development Plan
- Launch Concept Phase Marketing Campaign of Business Park

If the EDA Board of Directors believes that there are other activities that the Business Park Committee should be pursuing in the effort to accomplish this initiative, the Committee Members are seeking this type of feedback at this time.

Finally, it should be stated that the Business Park Committee views the needs of Northfield to include continued and increased activity of the EDA on the Infill and Redevelopment opportunities within the existing City Limits and realizes this means many difficult decisions ahead for use of limited resources. Furthermore, if we are to attract talented companies from outside Northfield or expect growing companies in our midst to see this as a favorable community to reside, we believe our Downtown needs to remain unique and vibrant. All these elements need to mix together well for the success of Northfield.

ATTACHMENTS

1. Map- Possible Locations for Commercial and Industrial Development



Possible Locations for Commercial and Industrial Development

