



COTTAGE GROVE CITY COUNCIL

September 6, 2023

12800 RAVINE PARKWAY SOUTH
COTTAGE GROVE, MINNESOTA 55016

TRAINING ROOM - 6:00 PM

1 Call to Order

2 Roll Call

3 Workshop

A Mississippi Landing Concept Plan Review – Rachel Development

Staff Recommendation:

1) That the City Council review the Concept Plan submitted by Rachel Development and provide feedback. 2) Approve the Preliminary Development Agreement with Rachel Development, Inc.



City Council Action Request

3.A.

Meeting Date	9/6/2023						
Department	Community Development						
Agenda Category	Action Item						
Title	Mississippi Landing Concept Plan Review – Rachel Development						
Staff Recommendation	1) That the City Council review the Concept Plan submitted by Rachel Development and provide feedback. 2) Approve the Preliminary Development Agreement with Rachel Development, Inc.						
Budget Implication	N/A						
Attachments	<table><tr><td>1.</td><td>Mississippi Landing Concept Plan CC Memo</td></tr><tr><td>2.</td><td>Mississippi Landing Concept Plan Narrative</td></tr><tr><td>3.</td><td>Mississippi Landing Predevelopment Agreement</td></tr></table>	1.	Mississippi Landing Concept Plan CC Memo	2.	Mississippi Landing Concept Plan Narrative	3.	Mississippi Landing Predevelopment Agreement
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2.	Mississippi Landing Concept Plan Narrative						
3.	Mississippi Landing Predevelopment Agreement						

TO: Honorable Mayor and City Council
Jennifer Levitt, City Administrator

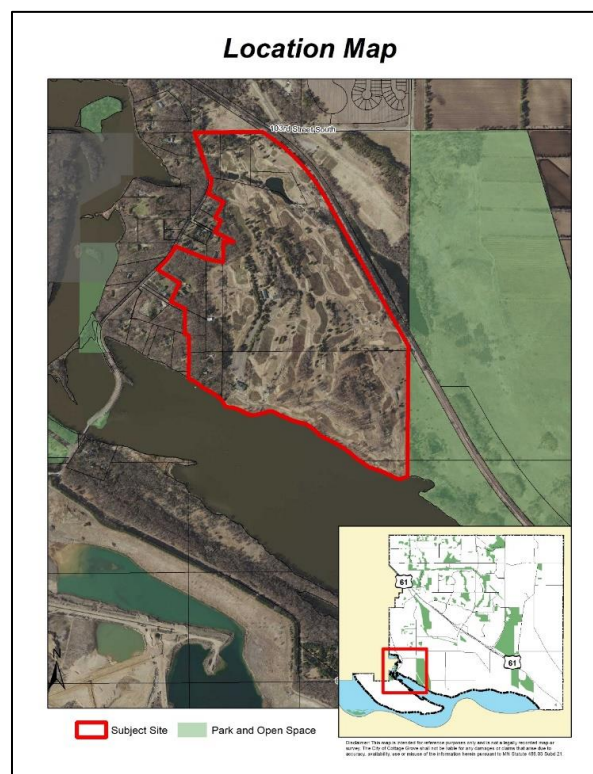
FROM: Emily Schmitz, Community Development Director

DATE: September 1, 2023

RE: Concept Plan Review – Rachel Development

Introduction

Rachel Development is proposing and seeking input on an amended plat for the Mississippi Landing Development. The subject location is the former Mississippi Dunes Golf Course, which is located adjacent to the Mississippi River and east of Grey Cloud Trail.



Background

In 2018, as part of the 2040 Comprehensive Plan, the former Mississippi Dunes golf course was guided as “Transitional Planning Area” which requires master planning efforts prior to any redevelopment opportunities. The City of Cottage Grove initiated drafting the Mississippi Dunes Master Plan in early 2021 to facilitate and begin the master planning process for the former golf course prior to redevelopment. The Master Plan included two components: Park Master Plan and Land Use Master Plan. Once the draft was completed, the City held an open house and made an online forum available for comments to be submitted. The City adjusted the Master Plan based on

feedback from the open house, online forum, and City Council. The Master Plan was granted final approval by the City Council on November 17, 2021.



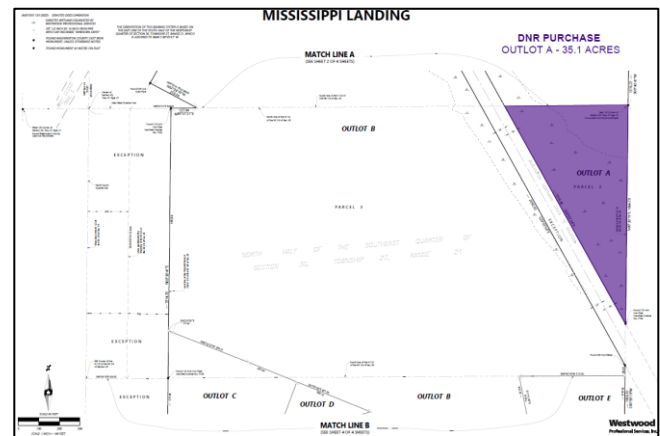
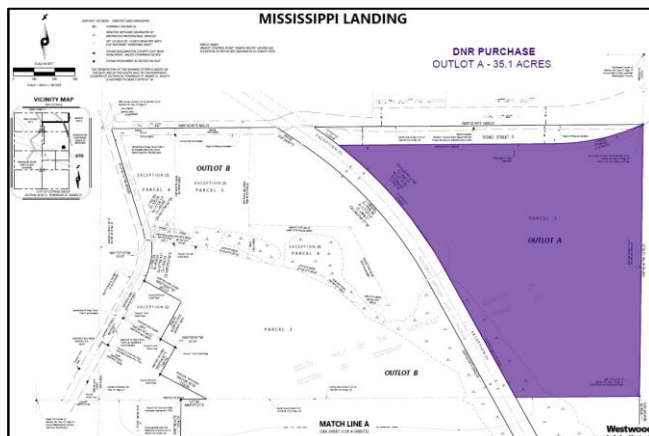
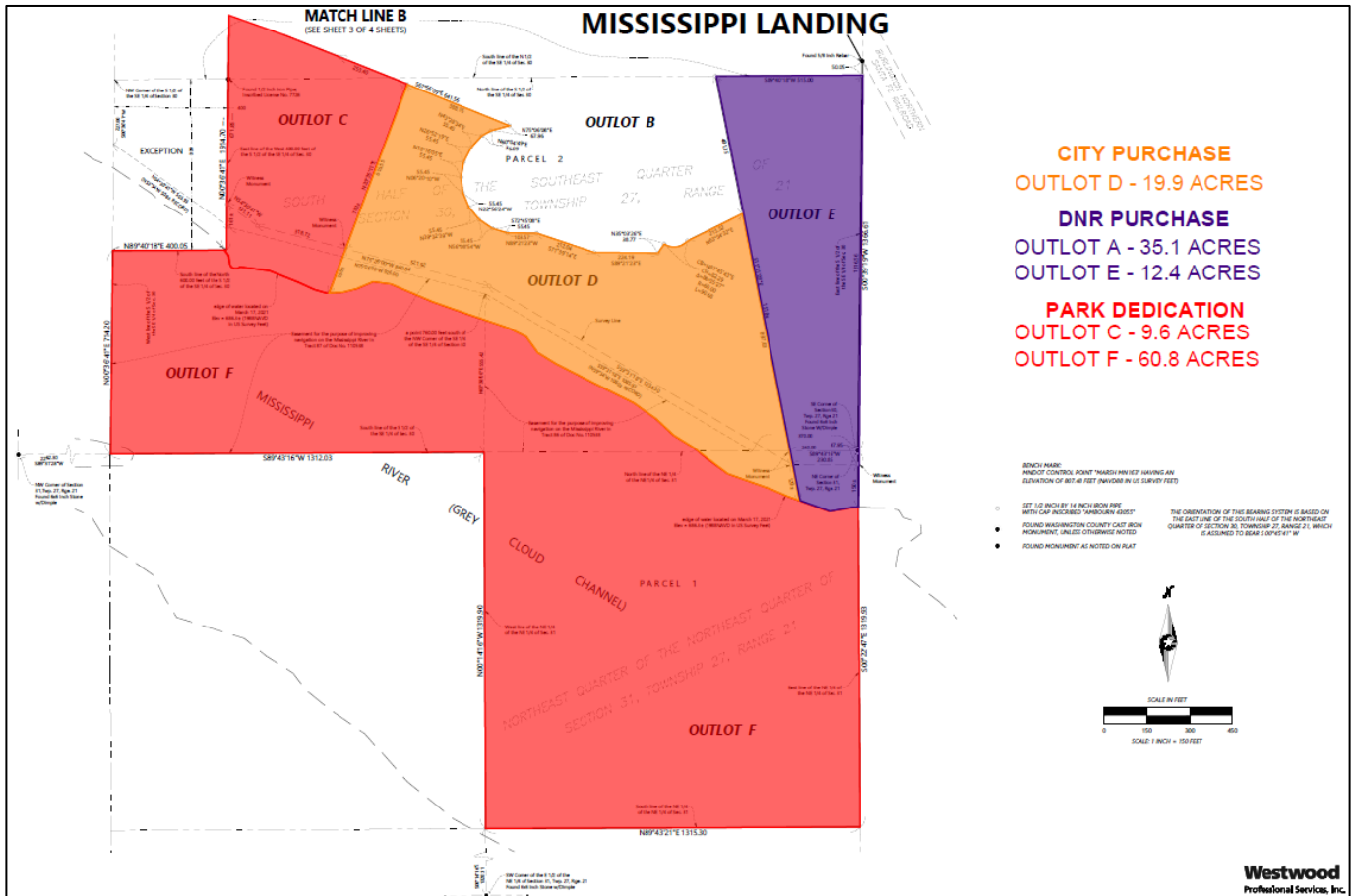
Mississippi Dunes Master Plan

Following the Master Plan approval, the development applicant at the time (Pulte) completed an Environmental Assessment Worksheet (EAW) and worked through the required processes. The proposed development reviewed in the EAW contained 499 units, including 369 single-family detached units and 130 senior units in a multi-family building. The official 30-day review/comment period expired on January 6, 2022, and the Council reviewed the comments on February 2, 2022. From the comments received, it was determined that additional evaluation efforts, including an EIS, would not be required.

At its March 16, 2022, meeting, the City Council approved Pulte Homes' request for a preliminary plat (Resolution 2022-048), site plan review (Resolution 2022-048), and zoning amendment (Ordinance 1053). The preliminary plat consisted of 312 single family lots, 8 twin home units, and a 52-unit senior living cooperative. The plat also included creation of outlots for dedication of the required park land as part of the project, purchase of acreage by the City for additional river front open space, and sale of additional acreage to the DNR to expand the existing SNA area to the east. The proposed park and dedicated open space met the City and MRCCA requirements. The proposed preliminary plat aligned with the City's adopted Master Plan.

Due to various factors related to market conditions, the previous applicant (Pulte Homes) decided not to move forward with the proposed project in 2023. However, at its June 7, 2023, meeting, the

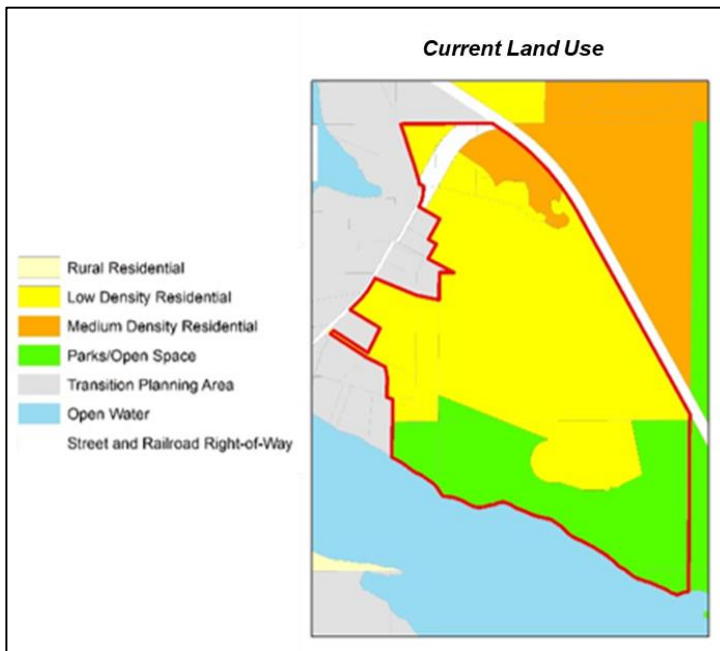
City Council approved the Mississippi Landing Final Plat as well as a Memorandum of Understanding and multiple easements (access easement, construction easement, and conservation easement). The final plat created three outlots for future City open space (two as park dedication, one for City purchase), two outlots for future Department of Natural Resources (DNR) purchase, right-of-way for 103rd Street, and an exception parcel to the west of Outlot C. The City has purchased the outlots from the property owner using funds from Washington County's Land and Water Legacy Program, and the exception parcel to the west of Outlot C is required to be dedicated at the time of development to fulfill all park dedication requirements of the development of the site.



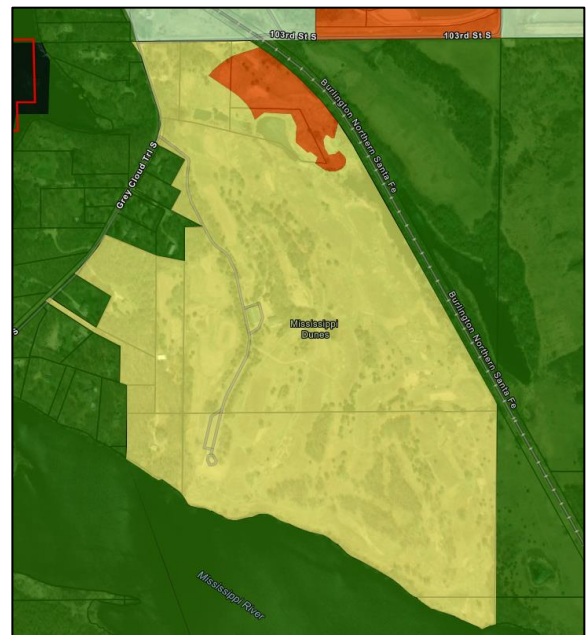
Planning Considerations

Land Use and Zoning

The 2040 Comprehensive Plan guides the land for Low-Density and Medium-Density Residential. A comprehensive plan amendment was completed in 2022, following approval of the Master Plan, which updated the Land Use for the subject parcel from Transitional Planning to the current Low-Density and Medium-Density Residential Land Uses. The Low-Density Residential Land Use allows for densities of 2 to 4 units per acre and the Medium-Density Residential Land Use allows for 5 to 13 units per acre. After approval of the comprehensive plan amendment, the parcels were then zoned to R-4, Transitional and R-3, Single-Family Residential at the March 16, 2022, City Council meeting.



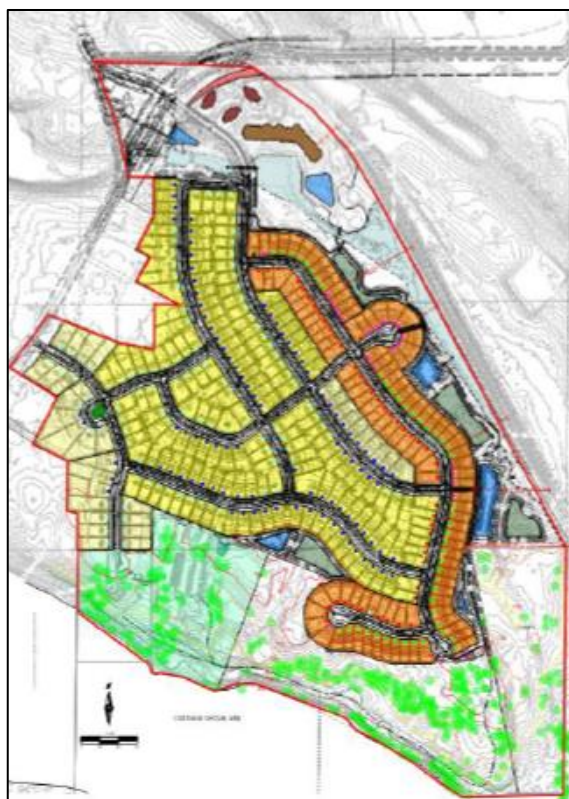
2040 Comprehensive Plan Land Use



Current Zoning of the Subject Property

Proposal

Rachel Development has proposed a concept plan for review, Concept A. The concept proposal closely follows the general layout and lot location of the previously approved Preliminary Plat and Mississippi Dunes Master Plan, with the changes relating primarily to lot sizes. The proposed concept does not change the amount of open space, ponding, or wetland impacts. Furthermore, the concept includes the same number of trails and sidewalks connecting the neighborhood to the Mississippi River City park area as well as adjacent open spaces.



Approved Preliminary Plat Layout



Proposed Concept A

The concept plan proposes a total of 355 lots with varying lot sizes, which is within the required EAW threshold of 499 units. The current zoning district classifications of the subject property allow for a minimum of 65-foot-wide lots in the R-3, Single-Family zoning district and a minimum of 55-foot-wide lots in the R-4, Transitional zoning district. A breakdown of the number of lots by lot size is included below with a comparison to the approved Preliminary Plat, all lots proposed under the permitted lot width of the zoning district would require review under a Planned Unit Development (PUD).

Lot Size	Mississippi Landing Preliminary Plat	Rachel Development Concept A
40-foot Lots	-	182
50-foot Lots	103	-
60-foot Lots (vary from 57.5 to 62.5 feet)	180	99
60-foot Plus Lots	29	74
Twin Homes	8	-
Senior Co-op	52	-
Total Units	372	355

*Lots range from 57.5-feet to 62.5-feet

To note, the proposed concept plan does not include the condominium adjacent to the northern property line as shown on the approved preliminary plat. Based on market changes, the developer has included twenty-three 40-foot lots in this area. However, the developer has also indicated that should the market indicate for a condominium project in the future they would pursue that option.

Included below is Concept B, which includes the condominium project, and a further breakdown of units based on Concept B.



Concept B

Lot Size	Mississippi Landing (Preliminary Plat)	Rachel Development Concept A	Rachel Development Concept B
40-foot Lots	-	182	159
50-foot Lots	103	-	-
60-foot Lots (vary from 57.5 to 62.5 feet)	180	99	99
60-foot Plus Lots	29	74	74
Twin Homes	8	-	6
Senior Co-op	52	-	52
Total Units	372	355	390

Housing Type/Products

The developer has indicated the intent of the proposed concepts is to have at least three builders and various product types and price ranges within the proposed development. Specifically, the developer has been in contact with M/I Homes to build a detached townhome product on the 40-foot lots, Pulte Homes to build one-story and two-story single-family home products on the 60-foot lots, and numerous builders on the larger 65-foot lots. Renderings of the potential product on each lot size are included below.



Potential 40-foot Lot Product



Potential 60-foot Lot One-Story Single-Family Product



Potential 60-foot Lot Two-Story Single-Family Product

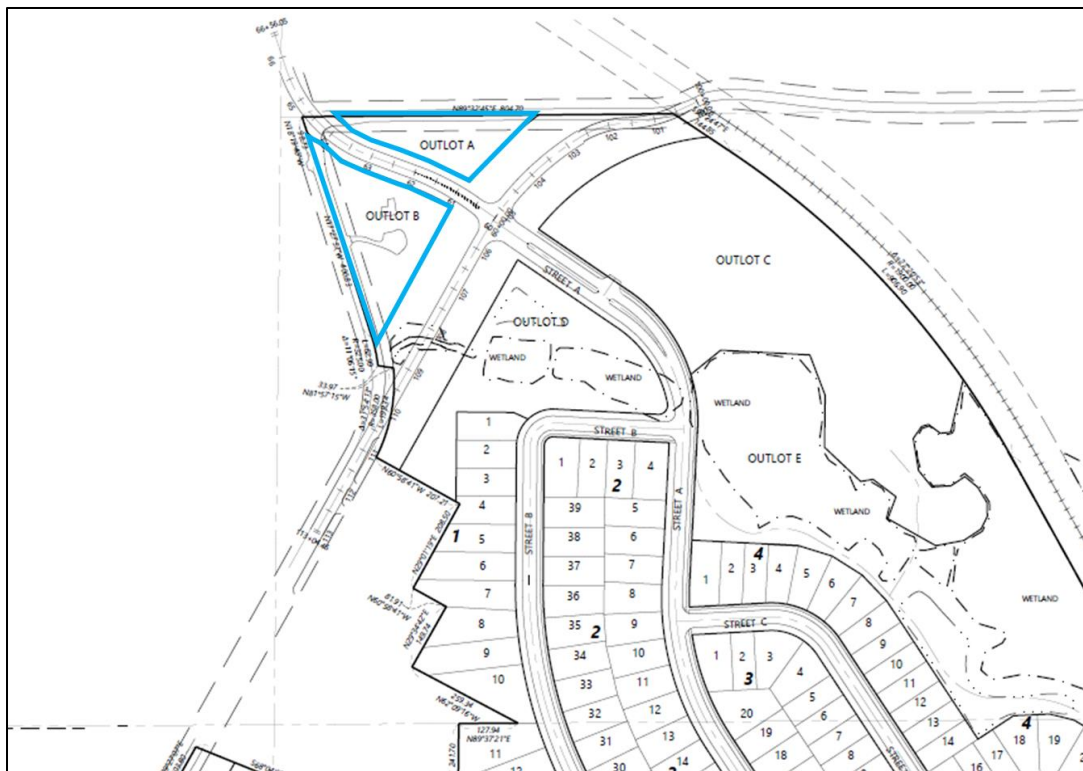


Potential 65-foot Lot Single-Family Product

Preliminary Development Agreement

Given the complexity of the development site and off-site improvements, it is beneficial to work through components ahead of an official application. The Preliminary Development Agreement outlines and clarifies cost sharing of public improvements (trunk water main oversizing, sanitary sewer lift station and force main, 103rd Street and Grey Cloud Trail improvements, and 8-inch redundant water main) and net acres used to calculate trunk fees, tree preservation, and areas

proposed to be deeded to the City including outlots created as part of the realignment of 103rd Street which are planned to support the required lift station for the development.



Previous Preliminary Plat (Pulte) – Outlots to City

Recommendation

1. That the City Council review the Concept Plan submitted by Rachel Development and provide feedback.
2. Approve the Preliminary Development Agreement with Rachel Development, Inc.

Attachments:

- Developer Narrative
- Preliminary Development Agreement

Mississippi Landing II - Concept Narrative

Date: 8/30/2023

From: Paul Robinson, Rachel Development - Development Director

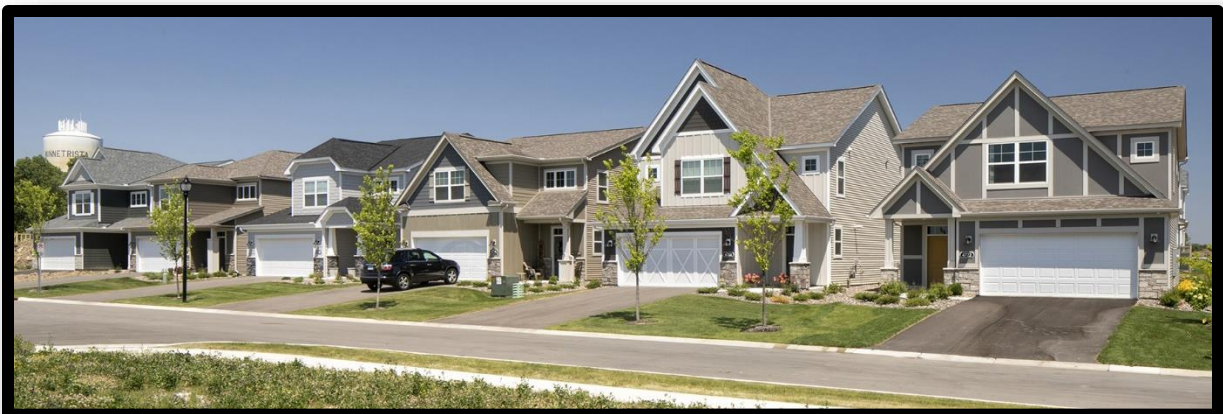
To: Cottage Grove City Council

Re: Rachel Development Concept Review and Pre-Development Agreement

As you may or may not know Rachel Development has had the Mississippi Dunes Golf Course property under contract since earlier this year. During the past several months we have taken a comprehensive look at the previous approvals and all the related work as well as what we believe needs to be done to make this a financially viable great neighborhood.

Attached is our revised concept sketch. Our concept in large part keeps the overall layout and locations of homes generally consistent when compared to the Mississippi Landing Preliminary Plat. The changes we have made primarily affect the sizes of the lots. Before making these changes, we looked at a wide range of options for developing the property; from including townhomes and apartments, to changing all the lots to 40' wide detached townhomes. In the end we created three distinct neighborhoods that generally follow the three lot widths. Each of these sub neighborhoods will has one or more unique builders. Each of these areas are described in greater detail below.

- **40' Lots – Carriage Homes** – The area with 40' lots will likely be built with a product from M/I Homes or similar. M/I calls this product a carriage home. Some may consider these detached townhomes to others they are a type of small lot single family home. This product is generally intended to be a more affordable home within the neighborhood. Below is a typical streetscape with this product.



- **57.5-62.5' Lots – One Story and Two Story Single Family** – We are generically calling this neighborhood 60's lots but it will actually be a mix of 57.5' lots with 45' wide building pads and 62.5' with 50' building pads and single family homes that can fit two different price points one more affordable and one that fits a move up buyer that wants a slightly bigger with more amenities. The builder we are working with currently for this portion of the neighborhood is Pulte Homes.



- **65' Lots – Upper End Single Family** – The 65' lot community is the portion of the neighborhood closest to the river. We do not yet have a specific builder or builders selected for this area of the neighborhood but we have met with several builders who are interested in building here. In general, we see a mix of larger homes from upper end production builders and well as from custom home builders. We see products that are attractive to both empty nesters as well as families. Once a builder or builders are selected it is possible that this sub-neighborhood could have an HOA that maintains the lawns and does snow removal but that not yet been decided.



Below is a visual comparison and table of the approved Mississippi Landing Preliminary Plat compared to the Rachel Concept A. Also below is a table comparing the changes in units and unit types.



Figure 1 – Rachel Concept A

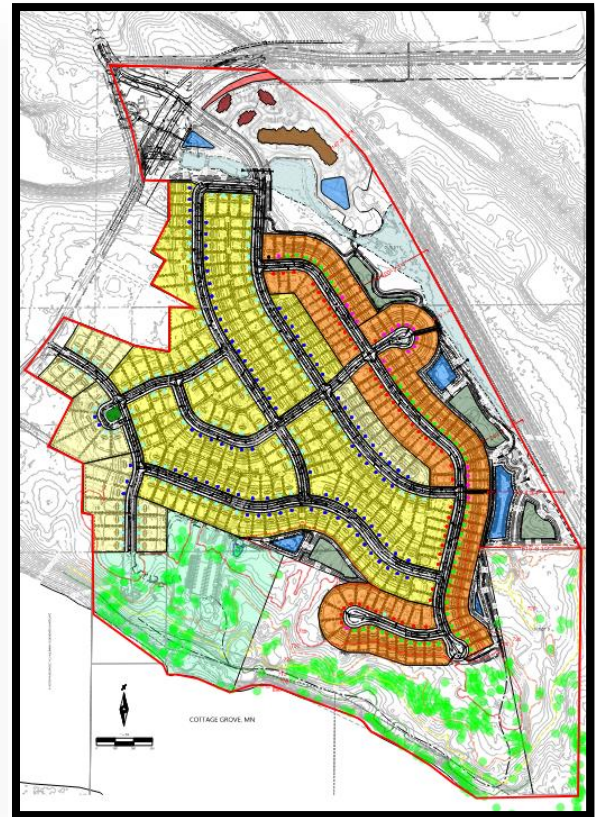


Figure 2 – Mississippi Landing

	Mississippi Landing Preliminary Plat	Rachel Updated Concept A
40' Lots	-	182
50' Lots	103	-
60' Lots*	180	99
60'+ Lots	29	74
Twin Homes	8	-
Senior Coop	52	-
Total Units	372	355
EAW Unit Threshold	499	499

* Ranges from 57.5' – 62.5'

When looking at the comparison between the two plans you can see that a majority of the street layout and lotted area structure of the neighborhood has not changed. One of biggest differences is the absence of the condominium that was previously planned in the north portion of the neighborhood. In

its place are twenty-three 40' homesites. We are still in discussions with Lifestyle Communities about a condominium but they are currently pursuing projects in stronger markets. This will be addressed later in this narrative under future flexibilities.

Another difference is found where in the sub-neighborhood located along the park/river. This area now has the largest homesites in the neighborhood. This sub-neighborhood is also buffered from the other two sub-neighborhoods with ponding and a landscaped buffer. These buffers help this portion of the overall neighborhood feel more unique and cohesive which in turn helps to generate some additional value. This is part of what is being done with our plan to help off-set some of the unique additional costs of constructing within this area of the City which includes bedrock removals for the installation of utilities.

A part of reorganizing the lots along the park/river included modifying the park boundary. Some of the lots were adjusted into the disturbed northern portions of the park. This was in turn off set by adding to the park area four lots that were previously located in the most heavily wooded portions of the property. The net park area remains the same. This type of adjustment was contemplated in the agreement between the City and Dunes LLC when Dunes LLC dedicated the park land proactively to the City earlier this year.

Our Concept plan when compared to the approved Mississippi Landing preliminary plat does not change the amount of open space, ponding, wetland impacts and has generally the same amount of trails and sidewalks connecting the neighborhood to the river and adjacent open spaces.

Overall, we believe the changes we have made, makes this a better neighborhood. It will have a greater diversity of housing options. This diversity will be visually more interesting but also help to increase the pace of sales which we believe will help make this a premier and successful neighborhood within the City.

Extra Ordinary Costs

Over the past several months we have worked our stakeholders including the City staff to better understand a number of the development and financial challenges that this site has that are in many ways unique to this property and its location within the City. We have looked any and all areas to make this a financially viable project. This has included working with all of the stakeholders to find ways to raise revenue and cut costs. Below is a summary of this effort.

1. Our Builders - We are asking our builders to accept lot pricing at new levels not typically seen for this area of Cottage Grove, much like what I needed to do to make Eastbrooke a successful neighborhood.
2. Our Seller – The land we are purchasing is being sold below comparable land sales in the surrounding area. In addition to that the Seller is providing us with additional concessions to give us the time needed to process the necessary changes and platting that will be required.
3. Us as the Developer - Even with the requested stakeholder concessions we are reducing our development margins below what is typical for this type of master planned community.
4. Us as the Contractor – We are also pushing ourselves to generate savings and efficiencies through value engineering and asking our partner company Rachel Construction to also share in helping make this project viable.

5. The City - Lastly, we are asking the City to help clarify and apply the City's codes and credits in a way that makes sense for this project given the uniqueness of the project and its challenges. We believe there are mutual timing considerations and a mutual desire to see this property become a successful neighborhood.

The items we have discussed with staff include:

- Allocation of trunk infrastructure, fees and off-site costs.
- PUD exception from the Tree Preservation Ordinance justified by including the trees saved within the portions of Mississippi Dunes sold to the DNR for the expansion of the S & A and that the opens spaces were concentrated into a public amenity making tree preservation more difficult in other areas of the neighborhood.
- Memorializing agreements previously contemplated for land being acquired by the City.
- Creatively applying engineering standards to allow for reasonable like/kind material alternatives where possible.
- Documenting these clarifications and understandings in a Pre-Development Agreement.
 - We realize that entering into a Pre-Development agreement of sorts is unique. However, being able to document and rely on these clarified costs is critical for us to be able to move forward. In any case this type of agreement will require us to submit a plan that will be approved by the City that is reasonably consistent with the Concept Plan provided.

Future Flexibilities

We are not specifically asking for any decision on future flexibilities with this concept review. However, we do want to raise the idea of creating some built in flexibility. One way this could be done is by creating a master PUD development agreement.

What does this mean?

In general, if we were to have a master PUD development agreement, approved with our preliminary plat, it could allow us, in the future, to swap out products and make reasonable site plan changes with Council approval versus having to process a full PUD amendment. An example of this type of change is illustrated on Concept B. If for example the market changes for condominiums as was initially proposed we would like to ability to change our plan to include a condominium project. This concept and how the unit count would changes is shown on the following page.

Revised Concept Plan B



	Mississippi Landing Preliminary Plat	Rachel Updated Concept A	Rachel Updated Concept B
40' Lots	-	182	159
50' Lots	103	-	-
60' Lots*	180	99	99
60'+ Lots	29	74	74
Twin Homes	8	-	6
Senior Coop	52	-	52
Total Units	372	355	390
EAW Unit Threshold	499	499	499

As I mentioned earlier we are not looking for an answer about this type of flexibility at the work session but wanted to raise the topic for future consideration.

Thank you for consideration of our requests. We look forward to seeing you at the September 6 Work Session.

**PRELIMINARY DEVELOPMENT AGREEMENT
BETWEEN THE CITY OF COTTAGE GROVE AND RACHEL DEVELOPMENT**

THIS PRELIMINARY DEVELOPMENT AGREEMENT (“Agreement”), dated this _____ day of _____, 2023, (“Effective Date”) by and between the City of Cottage Grove (“City”) and Rachel Development, Inc. (“Developer”).

RECITALS

WHEREAS, the City desires to promote development of certain property located in the City of Cottage Grove platted and identified as:

Outlot B, Mississippi Landing

(the “Property”); and

WHEREAS, Developer will submit a proposal for the development of an approximately 355 unit development with a variety of housing types, depicted on Exhibit A, attached hereto (the “Development”) to be located on the Property; and

WHEREAS, City and Developer are interested in discussing and planning for the Development of the Property; and

WHEREAS, City is willing to consider, and Developer is desirous to undertake the Development if:

- (i) A satisfactory agreement can be reached regarding the Developer’s and City’s obligations with respect to certain public improvements for the Development, as defined below;
- (ii) A satisfactory agreement can be reached for calculations of certain trunk fees and tree preservation; and
- (iii) A satisfactory agreement for the City to purchase Lots 14 and 15, identified on Exhibit B, attached hereto.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and obligations set forth herein, the parties agree as follows:

1. Future Negotiations. The parties agree to continue negotiations in an attempt to formulate a definitive plan for a mutually satisfactory development agreement.
2. Statement of Intent. Although not conclusive or binding on either party, it is the intention of the parties that this Agreement: (a) documents the present understanding of the parties; and (b) is intended to lead to execution of a mutually satisfactory development agreement prior to the termination date of this Agreement. The development agreement (together with any

other agreements entered into between the parties hereto contemporaneously therewith) when executed, will supersede all obligations of the parties hereunder.

3. Public Improvements. City and Developer agree to the following cost sharing allocations on the trunk water main oversizing, the sanitary sewer lift station and force main, the 103rd Street and Grey Cloud Trail improvements and the 8-inch redundant water main (collectively, “Public Improvements”):

- (a) **Trunk Water Main Oversizing:** The Cottage Grove Comprehensive Water Supply Plan requires that an 18-inch trunk water main be installed along 103rd Street and Grey Cloud Trail to provide water supply in the River Pressure Zone. A portion of this trunk water main will be installed by the Developer. As only an 8-inch water main is required to serve the Development, the City will pay all costs related to oversizing the water main to 18-inch. The City will pay a portion of the crossing costs of the BNSF Railroad, proportional to the cost of oversizing the water main. The City will also cost share on the pressure reducing valve and pit, proportional to the cost of oversizing the water main.
- (b) **Sanitary Sewer Lift Station and Force Main:** A sanitary sewer lift station and force main is required to be installed to serve the development. This lift station is also included in the Cottage Grove Comprehensive Sanitary Sewer Plan. To the maximum extent practical, the City desires to have this lift station constructed to serve future development. The lift station will include, but is not limited to, a prefabricated structure which will include pumps, controls, SCADA communication, and electrical. It will also include a wet well and backup generator. Any portion of the lift station that meets the needs of the ultimate design capacity will be paid for by the City. Preliminary design estimates include an 8-inch force main to serve the Development. The City will cost share on this force main, proportional to the cost share of the lift station. If the City requests to install a larger force main to serve future development, the City will be responsible for all oversizing costs.
- (c) **103rd Street & Grey Cloud Trail Improvements:** As part of the Development, 103rd Street and Grey Cloud Trail are required to be realigned following the approved Washington County Southwest Arterial Study. This realignment is necessary to ensure the development entrance will function correctly with the future County Arterial Roadway. Currently 103rd Street and Grey Cloud Trail are two-lane undivided rural roadways; this same design will be used for the realigned roadways. The realigned roadways are not required to be sized or constructed to handle future arterial traffic. This realignment is required to be paid for and constructed by the Developer. Outside of the realignment limits, the City agrees to complete an overlay of 103rd Street to improve the roadway condition. If any portion of 103rd Street outside of the realignment limits is removed during utility installations, it shall be replaced in-kind by the Developer.
- (d) **8-Inch Redundant Water Main:** Due to the quantity of homes being constructed with the proposed development, a redundant 8-inch water main is required to be

installed by the Developer. This will ensure water service is maintained to the development in the event of a pipe failure. The redundant 8-inch water main will only provide service to the Development and will not be a City cost share item.

- (e) **Storm Sewer Pipe Material:** Currently, Cottage Grove Standard Specifications require all storm sewer pipe to be reinforced concrete pipe (RCP). The City has agreed to pilot the installation of dual wall high performance polypropylene corrugated (PP) pipe in this Development. PP pipe will be allowed in green spaces outside of right-of-way. The City agrees to update the Standard Specifications to include PP pipe prior to the start of this Development.

4. **Reduction in the Net Acres Used to Calculate Trunk Fees:** City agrees to subtract DNR land, city park open space and land from gross acres for Trunk Fees. Specifically, Outlots C, D, E and F Mississippi Landing along with PID 3002721430001.

Trunk Charges – City’s current net area calculation

Gross Acres	165.4
Wetlands	(7.7)
Storm Water HWL	(6.6)
Major ROW	(4.2)
	146.9

Trunk Charge – developer’s net area calculation request

City Net Acres	146.9
City Park	(13.76)
Conservation Land	(19.7)
DNR Land	(12.4)
	101.08

5. **Tree Preservation.** City agrees to eliminate the tree preservation requirement as a PUD exception, as long as the DNR enters into a purchase agreement for Outlots A and E, Mississippi Landing for the 38 acre parcel and 12.3 acre parcel. This tree preservation exception does not remove the requirement of Developer to install landscaping on individual lots as required by the City Code.

6. **Purchase of Lots.** City agrees to purchase Lots 14 and 15, Block 1 as identified on Exhibit A, for a lump sum of \$250,000.

7. **Feasibility.** It is expressly understood that execution and implementation of any development agreement (together with any other agreements entered into between the parties hereto contemporaneously therewith) shall be subject to:

- (a) A determination by City in its sole discretion that its undertakings are feasible based on (i) satisfaction of City Code requirements; (ii) the purposes and objectives of

any development plan created or proposed for the Development; and (iii) the best interests of City.

- (b) A determination by Developer that the Development is feasible and in the best interests of Developer.

8. Effective Date; Expiration. Unless otherwise extended by mutual agreement of the parties this Agreement is effective from the Effective Date through June 1, 2024, unless extended by the parties in writing. After such date, neither party shall have any obligation hereunder except as expressly set forth to the contrary herein.

9. Termination. Either party may terminate this agreement (with or without cause) by providing 30 days written notice to the other party.

10. Sole Developer. Developer is designated as sole developer of the Development of the Property during the term of this Agreement. The City agrees not to market the Property or to entertain, make, accept, negotiate, or otherwise pursue any other developments or purchase of any portion of the Property, unless otherwise agreed to by the parties in writing, until this Agreement expires or is terminated.

11. Severability. If any portion of this Agreement is held invalid by a court of competent jurisdiction, such decision shall not affect the validity of any remaining portion of the Agreement.

12. Notice. Notice or demand or other communication between or among the parties shall be sufficiently given if sent by mail, postage prepaid, return receipt requested, delivered personally or sent via email:

As to City:	City of Cottage Grove Attn: Jennifer Levitt 12800 Ravine Parkway South Cottage Grove, MN 55016
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As to Developer:	Rachel Development Attn: Paul Robinson 4180 Napier Ct. NE St. Michael, MN 55376
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13. Counterparts. This Agreement may be executed simultaneously in any number of counterparts, all of which shall constitute one and the same instrument.

14. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota, Washington County District Court.

15. Incorporation. The Recitals set forth in the preamble to this Agreement and the Exhibits attached to this Agreement are incorporated into this Agreement as if fully set forth herein.

IN WITNESS WHEREOF, the Developer and the City have caused this Agreement to be duly executed as of the day and year first above written.

CITY:
CITY OF COTTAGE GROVE

By: _____
Myron Bailey
Its Mayor

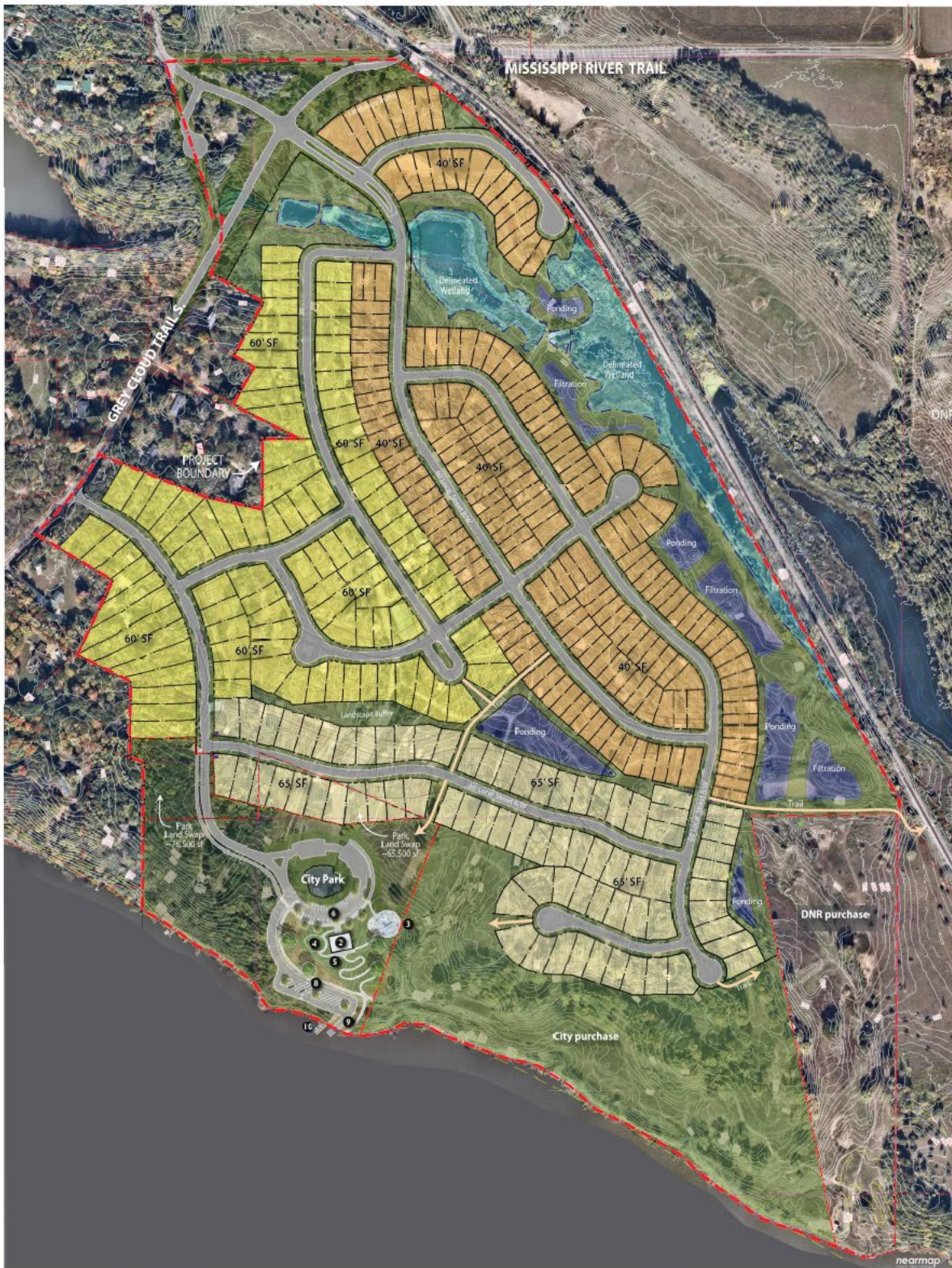
By: _____
Tamara Anderson
Its City Clerk

DEVELOPER:
RACHEL DEVELOPMENT

By:
Its:

EXHIBIT A

Revised Concept Plan A



Revised Concept Plan B



EXHIBIT B

