

Administration

To: Finance Committee

From: Mason Becker, Manager of Economic Development and Strategic Initiatives

Date: February 10, 2025

Subject: Update on Pre-Development Agreement w/ Intrepid Investments

Background

As committee members may recall, the City entered into a Pre-Development Agreement (PDA) with Intrepid Investments in late November 2024. This PDA allowed the developers to enter into an exclusivity window with the City of Watertown regarding two separate potential development sites, 111 S Water St (adjacent to the Bentzin Family Town Square) and the N First St parking lot, (adjacent to City Hall). This was approved at the November 25, 2024 Finance Committee meeting.

Both parties have been taking various steps to get these two sites ready for development. The developer has already completed a third-party market study of Watertown to determine the feasibility of the proposed housing developments. This was a positive first step.

At the developer's request, the City has solicited a Phase II Environmental Site Assessment (ESA) from Hyde Environmental, the same firm that conducted the Phase I ESA on the N First St parking lot. Hyde has conducted soil borings and is currently analyzing results returned from a lab. This information will be informative to the developer in determining any further due diligence required on the site. Environmental concerns on the site relate to past uses that occurred decades ago.

The developer that previously had 111 S Water St under contract with the City completed several steps to gain DNR approvals for their previous development plan. Intrepid has been in contact with the DNR, and thus far, the DNR has been indicating that the previously completed steps "count" towards the development being proposed by Intrepid. As an aside, the developer shared that DNR staff have been very complimentary toward the City of Watertown and our past collaborations with them. Intrepid is working with Tetra Tech (an environmental engineering firm) to "re-tread" this environmental work for the site. Tetra Tech will also be conducting a required site walk of the property before signing off.

It is likely that an extension to this PDA will be needed. In discussions with the developer, we feel that an extension of six weeks should be sufficient, with the goal of bringing a financial term sheet to the Finance Committee for consideration, on or before March 31, 2025.

Budget Goal

Fosters community growth by assessing opportunities, stakeholder input, environmental needs, and modern code and policy priorities

Financial Impact

None at this time. Development of these two sites will result in positive economic contributions to the City while also addressing an identified need for more housing.

Recommendation

No action is being sought from the Finance Committee at this time, as the intent of this memo is to provide an informational update. Any request for a possible extension to the PDA will be brought at a future meeting.