

Administration

To: Finance Committee

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

Date: March 10, 2025

Subject: Extension to 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 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, during analysis of which they found one instance of a petroleum substance sample in an amount that exceeded state standards. Hyde proposed a solution to this that the City's engineering department is currently reviewing. It is not expected that these findings will be detrimental to the development moving forward.

The developer is continuing to develop their site concepts, as well as their financial proforma. We have found the developers to be engaged and responsive during this process.

As was previously communicated as likely to the Finance Committee, an extension to PDA is needed. In discussions with the developer, we feel that an extension of 45 days should be sufficient, with the goal of bringing a financial term sheet to the Finance Committee for consideration before the end of that period. Attorney Chesebro has reviewed this extension document.

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

Approve the extension to the Pre-Development Agreement between the City of Watertown and Intrepid Investments.