



City of  
**Blue Earth**

**CITY OF BLUE EARTH AGENDA  
CITY COUNCIL WORKSESSION  
MONDAY DECEMBER 17, 2018 @ 4:30 P.M.**

**Call to order.**

**Roll call.**

**Old Business.**

1. Rural Renaissance Update and discussion

**New Business.**

**Adjourn.**

**By Order of the Blue Earth City Council**

**Timothy Ibisch**

**City Administrator**

Post @ City Hall-Friday, December 14, 2018 through Monday, December 17, 2018

Distribute to Mayor & Council members-Media & file

# MEMO



**Date:** December 7, 2018

**To:** Mary Kennedy, Blue Earth EDA

**From:** Janie Hanson, for Rural Renaissance Project (RRP)

**Re:** Update on 3 Sisters redevelopment for Blue Earth EDA Board

## Key updates:

- Fundraising update
- Development / construction status
- Next steps

## Fundraising update:

- Donations – we have not reached \$1 million in donations yet. Challenges to securing:
  - Ineligible for many grants due to RRP being in existence for less than 3 years,
  - Hesitancy for donors to commit prior to “green light” from City to move ahead with building ownership transfer.
- Leases – two tenants obtained for filling the Phase 1 available space
  - Long term leases (10 years) representing \$480,000 of rental income
  - Portion of rent paid upfront to fund renovations
  - Terms of lease include flexibility for hosting community/educational/cultural events and programs
- Events – interest from pop-up retail, fashion designers, artists/galleries, musicians, wedding planners, and others for renting space for special events.
- Construction financing – pursuing traditional real estate loans for filling any gap between donations/grants/pre-paid leases and funds needed to complete Phase 1.
  - Request grant + loan and/or loan guarantee from EDA to facilitate this effort

## Development / construction status:

- Phased approach (returning to the originally proposed phased plan presented to the EDA in Dec 2017)
  - Phase 1: remaining demolition, select exterior work, building mechanicals, 1<sup>st</sup> floor restrooms
    - Tenant-ready renovation: Building 1 Level 1
    - Partial renovation: Building 1 Level 2, Building 2 Levels 1 & 2
  - Phase 2: additional exterior work, fire suppression systems, 2<sup>nd</sup> floor restrooms
    - Tenant-ready renovation: Building 2, Building 1 Level 2
  - Phase 3: elevator, partial renovation of Building 3
  - Phase 4: tenant-ready renovation: Building 3
  - Phase 5: rooftop patio, additional upgrades
- Architectural/engineering design & drawings 75% complete for full renovation

- To be completed phase by phase as timing and tenant uses are confirmed
- Designed to maximize efficiencies during renovation (i.e. updating plumbing/electrical systems for all buildings) while allowing for flexibility on specific uses and timing for full build-out (ex: not installing kitchen equipment, hoods, etc. until later)
- Ready to begin contractor bidding as soon as building ownership transfer date is confirmed

Next steps:

- Confirm financial package from EDA and City of Blue Earth
- Approve timing and terms of ownership transfer