



## Legislation Text

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**File #:** 20-0584R, **Version:** 1

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RESOLUTION AUTHORIZING AGREEMENT WITH SPIRIT VALLEY LAND COMPANY TO CONSTRUCT RIVERWEST DRIVE AND UTILITIES AND PROVIDE FOR ASSESSMENT OF PORTIONS OF THE ROAD COST AND THE UTILITY COST.

### CITY PROPOSAL:

RESOLVED, that proper city officials are hereby authorized to enter into an agreement, substantially in the form of that attached hereto as Exhibit A, with Spirit Valley Land Company, LLC., a Minnesota limited liability company ("SVLC"), pursuant to which the city conditionally commits to construct newly-platted River West Drive, formerly known as Kayak Bay Road, from Grand Avenue to the Burlington Northern Santa Fe (BNSF) railroad tracks and to construct utilities in the road right-of-way and committing SVLC to agree to pay the cost of the road and utilities in excess of funds from other sources by assessment, all sums to be payable from working fund no. 411-035-5530-PI 2018-1403 (permanent improvement fund, capital projects, improvements other than buildings, project - Kayak Bay Road & utilities).

FURTHER RESOLVED, that resolution 18-0263 is hereby rescinded.

STATEMENT OF PURPOSE: The purpose of this resolution is to authorize an agreement with Spirit Valley Land Company ("SVLC") for the construction of River West Drive (formerly intended to be called Kayak Bay Drive) from Grand Avenue to the Burlington Northern Santa Fe ("BNSF") railroad tracks located approximately 850 feet south of Grand Avenue, to extend water and sewer mains in the road right-of-way and to provide for storm water drainage, all to facilitate the development of the surrounding land owned by SVLC for commercial and residential purposes. The road will include a small parking area to provide for access to the Munger Trail and other nearby recreational amenities. This agreement will bring to fruition, in modified form, the project originally known as Kayak Bay.

The Kayak Bay project originally contemplated the development of several tracts of land across from the Spirit Mountain Grand Avenue Chalet between Grand Avenue and the BNSF railroad tracks for commercial and residential development and included a road from Grand Avenue across the tracks to the St. Louis River adjacent to Tallus Island with a park and kayak launch/landing along the river. To make the project feasible, St. Louis County committed \$900,000 from the proceeds of its special sales tax and the State granted the City \$357,000 to defray the cost of traffic signal at the intersection of the road with Grand Avenue. This was the form of the project that established the basis for the agreement approved by Resolution 18-0263. Due to project uncertainty, that agreement was not executed.

Since the approval of Resolution 18-0263 both the City and SVLC have expended tremendous effort to secure the needed approvals to advance the project. However, to make the project possible in the form anticipated by Resolution 18-0263, the parties needed to secure approval from the BNSF for the road to cross their right-of-way and to acquire a tract of property from BNSF between the railroad tracks and the river. Despite the

best efforts by all parties, these rights could not be acquired in a timely manner, and so it is necessary to modify the form of the project.

The present project stops the road and utilities at the BNSF right-of-way. This will still allow the SVLC to proceed with the development of their property, which is intended to provide additional commercial and residential development in the western Duluth area and enhanced tax base to the City and the County.

Under the agreement, the city will design and construct the road and utilities. The Company will agree to pay for 20% of the cost of the road and utilities in excess of the County and State funds referenced above, including its share of the engineering costs, and will agree to have the balance assessed against its property.