



Reviewed By:	
Legal	<input type="checkbox"/>
Finance	<input type="checkbox"/>
Engineer	<input type="checkbox"/>
City Administrator	<input checked="" type="checkbox"/>
Community Development	<input type="checkbox"/>
Purchasing	<input type="checkbox"/>
Police	<input type="checkbox"/>
Public Works	<input type="checkbox"/>
Parks and Recreation	<input type="checkbox"/>

Agenda Item Number

Mayor's Report #1  
Supplemental Information

Tracking Number

CC 2022-05

### Agenda Item Summary Memo

**Title:** Bright Farms Development Agreement

**Meeting and Date:** City Council – February 22, 2022

**Synopsis:** \_\_\_\_\_  
\_\_\_\_\_

#### Council Action Previously Taken:

Date of Action: CC – 01/25/22 Action Taken: \_\_\_\_\_

Item Number: CC 2022-05

**Type of Vote Required:** None

**Council Action Requested:** Informational

**Submitted by:** Bart Olson Administration  
Name Department

#### Agenda Item Notes:

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# Memorandum

To: City Council  
From: Bart Olson, City Administrator  
CC:  
Date: February 16, 2022  
Subject: Bright Farms Development Agreement

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## **Summary**

Review of the status of the Bright Farms development agreement, and feedback on specific components of the agreement.

## **Background**

This item was last discussed by the City Council at the January 11<sup>th</sup> City Council meeting, when the City Council reviewed a development status memo, heard a presentation from Sean O'Neill of Bright Farms, approved a grant application for \$1m in sewer funding on behalf of Bright Farms, and authorized a design engineering agreement with EEI to design a sewer out to Bright Farms. Since that meeting, the grant application has been submitted to the state, the developer has worked on their water use and well analysis, the staff have continued the planning and design efforts on the sanitary sewer and recapture areas, the developer has put up additional funds to keep the design engineering agreement moving, the staff have briefed the YBSD board on the project and funding request to generally positive reception, and the development agreement draft has begun.

## **Water Well**

We expect that Sean O'Neill of Bright Farms will be present (remote vs. in person TBD) to discuss the data shown from his test water well and his analysis of how a permanent well would impact other wells in the region. The offshoot of this presentation will be a detailed discussion of their operational water use and recycling on the property. Bright Farms understands the questions already posed by the City Council and the greater concern for agricultural and residential wells in the region, and they are expected to answer any questions from the City Council or residents in advance of development agreement approval.

## **Updated Sewer Design and Cost Breakdown**

The staff has updated the conceptual sewer design, refined the cost estimate, and determined the recapture value for each tributary property. The total cost of the entire sewer project is still estimated in the \$2.866m range. One way to look at this total project is by sewer pipe cost breakout:

- 1) Sewer cost, in full - \$2,866,000
  - a. 30" pipe - \$665,000
    - i. Funded by Bright Farms Infrastructure Participation Fees and YBSD \$158,000 contribution

- b. 16" pipe - \$1,999,480
  - i. Funded by Bright Farms ~\$300,000 responsibility, Bright Farms \$1,000,000 payment towards other properties' responsibilities, and ~\$700,000 in funding shortfall TBD
- c. 12" pipe - \$200,000
  - i. Funded by Bright Farms ~\$175,000 responsibility, Bright Farms \$25,000 payment towards other properties' responsibilities.

Another way to look at this project is by party responsibility breakout:

- 2) Sewer cost, in full - \$2,866,000
  - a. YBSD will pay \$158,000
  - b. Bright Farms will pay \$2,000,000
    - i. Of which, around \$975,000 is their responsibility and \$1,025,000 is payment towards other properties obligations and would be recapturable by Bright Farms in the future
  - c. Funding shortfall, TBD \$700,000

In an effort to move the project along, the Mayor and staff have offered a total City contribution of \$150,000 towards the \$700,000 funding shortfall, if Bright Farms could initially cover this amount and allow the City to repay Bright Farms over a four-year period. Bright Farms has not accepted this offer, and they seek to make the pitch to City Council directly to increase that City contribution.

#### YBSD Participation

The staff has briefed the Yorkville Bristol Sanitary District Board on the City's project proposal and funding request. The YBSD board was generally receptive to the City's requests to:

- 1) Allow the City to design the entire sewer project including the 30" sewer section that would normally be a YBSD responsibility, as long as YBSD has input / sign-off on the design
- 2) Allow the City to construct the entire project including the 30" sewer section that would normally be a YBSD responsibility, as long as YBSD has input / sign-off on the construction process
- 3) Allow the infrastructure participation fees (IPF) paid by Bright Farms in an estimated amount of \$507,000 to YBSD to eventually be sent to the City to offset the City's cost to construct the project
- 4) Have YBSD pay the difference of the cost of the 30" sewer and the Bright Farms IPF to the City, currently estimated at \$158,120
- 5) Memorialize all of the above in a three party development agreement (YBSD, City, Bright Farms)

We anticipate all of the above to be completed before the March 14<sup>th</sup> YBSD Board meeting, in anticipation of their consideration of the agreement at that meeting.

### Draft Development Agreement Status

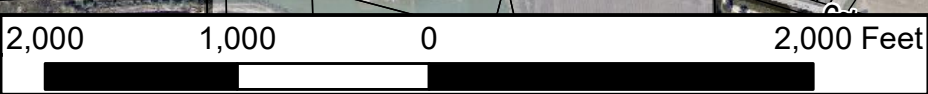
The draft development agreement is expected to contain the following terms, for your early review and feedback:

- 1) Bright Farms project commitment – 120 acres with 1.9m total square feet of buildings at final development. Phased construction of four greenhouses of approximately 400,000 square feet each connected to two central processing headhouses of 150,000 square feet each.
- 2) Approval to drill their own water well (requires City Council review and approval during the development agreement phase)
- 3) Payment of Bright Farm's direct costs for the sewer project, estimated at \$500,000 for their share of the 12" and 16" sewer lines, \$507,000 for annexation fees into the sanitary district, and \$507,000 for infrastructure fees into the sanitary district
  - a. The \$507,000 for annexation fees do not go to the sewer project; the fees go to the sanitary district to offset the cost of the sanitary district's general expenses.
- 4) Payment of tributary properties direct costs for the sewer project, with recapture due to Bright Farms in an amount and method to be determined, based on the ongoing funding gap discussion.
- 5) An exhibit with the recapture agreement and related provisions due to Bright Farms
- 6) Reconciliation of design engineering costs and credits for Bright Farms based on their share of the engineering agreement and their deposits to keep the engineering work moving along
- 7) Clarification that if the CDBG sewer grant application is awarded, that the money will be sent to Bright Farms (they have the burden of providing financial information and project commitments to the state, the City is the pass-through entity) and that the grant application will not be used to offset the share of what other properties will eventually have to pay as recapture
- 8) Authorize the City to design and construct the sewer project, with YBSD input
- 9) Authorizes YBSD and Bright Farms to negotiate the timing of the YBSD annexation fees and IPF payments to the district, as long as the City is not at risk for project costs during construction
- 10) Commitment to complete the sewer project by January 2023, and if that design is not met, a commitment from the City to Bright Farms to allow them to use temporary onsite septic and process water until the permanent sewer is constructed.

### Recommendation

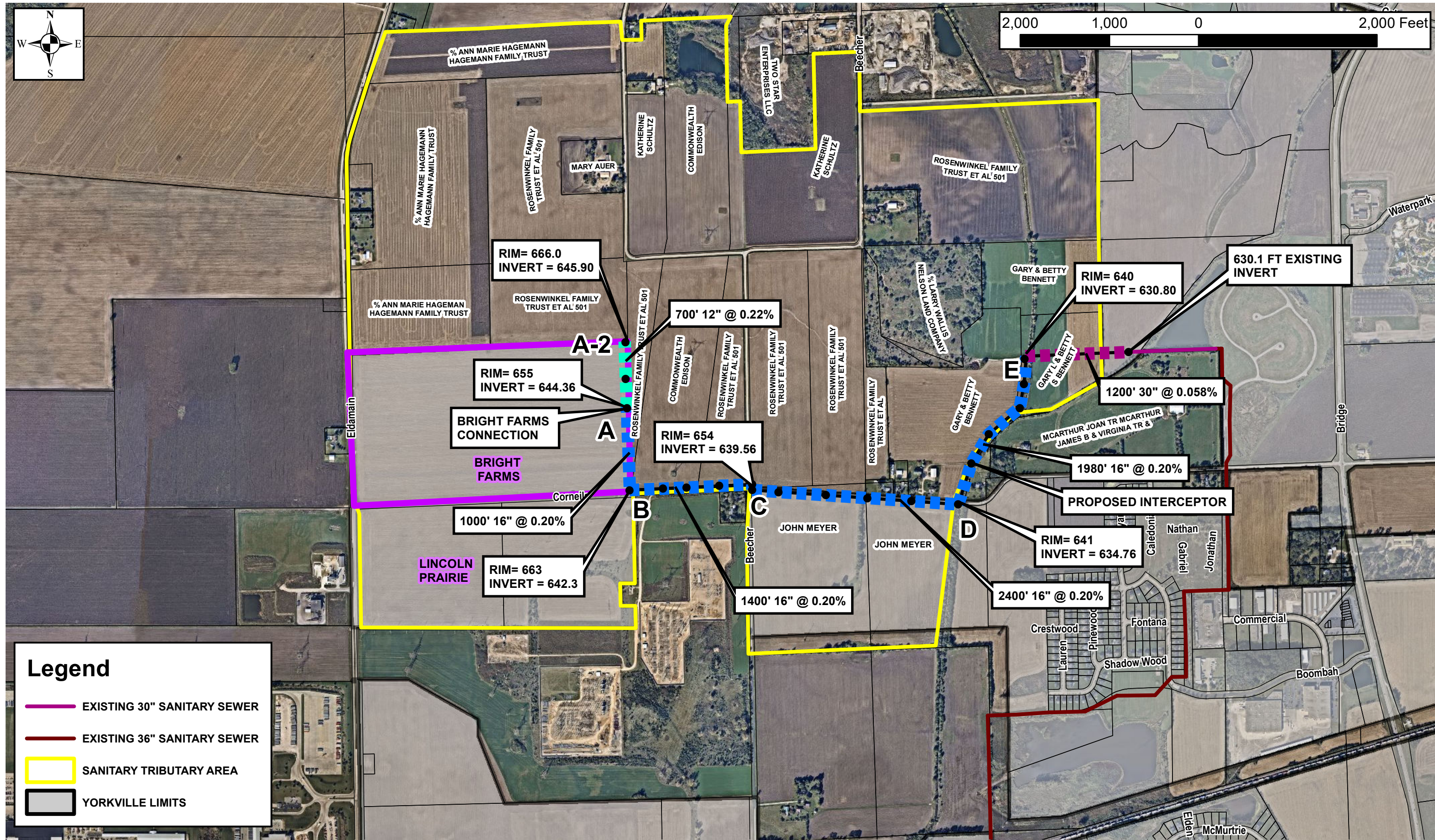
Staff requests feedback on all parts of the memo and attachments provided.





### Legend

- EXISTING 30" SANITARY SEWER
- EXISTING 36" SANITARY SEWER
- SANITARY TRIBUTARY AREA
- YORKVILLE LIMITS



NO.	DATE	REVISIONS	

DATE:	FEBRUARY 2022
PROJECT NO.:	YO2116
PATH:	H:\GIS\PUBLIC\YORKVILLE\2021\
FILE:	YO2116-Yorkville - Bristol Sanitary District Sanitary Sewer Improvements Overall 1-17-22



**Potential Funding Breakdown - Bright Farms  
February 9, 2022**

Preliminary Estimate 30" Interceptor	\$ 665,480.00
YBSD - Infrastructure Fee	\$ 507,360.00
<b>Balance - Potentially To be Paid for by YBSD</b>	<b>\$ 158,120.00</b>

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Preliminary Estimate 16" Interceptor	\$ 1,999,480.00
Bright Farms (15% Capacity)	\$ 299,922.00
<b>16" Interceptor Balance</b>	<b>\$ 1,699,558.00</b>
Preliminary Estimate 12" Sanitary	\$ 201,900.00
Bright Farms (0% Capacity)	\$ -
<b>12" Sanitary Balance (Per Code It is the Developer's Responsibility to Extend Sewer to Limits of Property)</b>	<b>\$ 201,900.00</b>
<b>Total Balance</b>	<b>\$ 1,901,458.00</b>
DCEO Grant (City)	\$ 1,000,000.00
<b>Additional Funding Needed</b>	<b>\$ 901,458.00</b>

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**Potential Funding Summary:**

<b>Total Cost</b>	<b>\$ 2,866,860.00</b>
<b>YBSD Funding</b>	<b>\$ 665,480.00</b>
<b>Bright Farms Funding</b>	<b>\$ 501,822.00</b>
<b>DCEO Grant</b>	<b>\$ 1,000,000.00</b>
<b>TBD Funding</b>	<b>\$ 699,558.00</b>

**Bright Farms Engineering Breakdown  
February 9, 2022**

	<b><u>Preliminary Cost</u></b>	<b><u>% of Overall</u></b>	<b><u>Portion of Design PSA</u></b>	<b><u>Capacity / Allocation to BF</u></b>	<b><u>Portion of Design PSA - BF</u></b>
Preliminary Estimate 30" Interceptor	\$ 665,480.00	23%	\$ 45,842.60	7%	\$ 3,208.98
Preliminary Estimate 16" Interceptor	\$ 1,999,480.00	70%	\$ 137,737.21	15%	\$ 20,660.58
Preliminary Estimate 12" Sanitary	\$ 201,900.00	7%	\$ 13,908.19	100%	\$ 13,908.19
Totals	\$ 2,866,860.00	100%	\$ 197,488.00	-	\$ 37,777.75
Design PSA	\$ 197,488.00				

## Tributary Area Pipe Capacity Calculations

### 12" Sanitary Sewer

<u>Property</u>	<u>Peak Hourly Flow</u>	<u>% of Total Flow</u>	<u>Cost Breakdown</u>
Haggemann Family Trust	535,073	57%	\$ 14,129.46
Rosenwinkel Family Trust	365,891	39%	\$ 9,661.94
Mary Auer	<u>41,982</u>	<u>4%</u>	\$ 1,108.60
	942,945	100%	

Total Cost of Upsizing \$ 24,900.00

### 16" Sanitary Sewer

<u>Property</u>	<u>Peak Hourly Flow</u>	<u>% of Total Flow</u>	<u>Cost Breakdown</u>
Haggemann Family Trust	535,073	18%	\$ 364,989.03
Mary Auer	41,982	1%	\$ 28,637.11
BrightFarms	449,706	15%	\$ 306,758.08
Lincoln Prairie	369,423	13%	\$ 251,994.82
Katherine Schultz	298,015	10%	\$ 203,284.97
Meyer	337,490	12%	\$ 230,211.70
Bennett	54,738	2%	\$ 37,338.29
Rosenwinkel Family Trust	<u>844,804</u>	<u>29%</u>	\$ 576,265.99
	2,931,230	100%	\$ 1,999,480.00

Total Cost \$ 1,999,480.00