



The City of Fargo
Request for Redevelopment Proposal
Disposition of 419 3rd Street North
November 17, 2021

RIVERFRONT PROJECT

CONTACT

Mike Allmendinger
President, Kilbourne Group
210 Broadway Suite #300
Fargo, ND 58102

701-237-2279
mike@kilbournegroup.com





City of Fargo Auditor’s Office
225 Fourth Street North
Fargo, ND 58102
Attention: Jim Gilmour, Director of Strategic Planning and Research

RE: Request for Development Proposals – Sale of 419 3rd Street North

Dear Mr. Gilmour,

Thank you for the opportunity to present our Development Proposal for the City of Fargo’s property at 419 3rd Street North. When combined with the adjacent property at 225 4th Avenue North, this riverfront location in downtown Fargo holds exciting potential.

We envision a transformation of this largely vacant property into a new multifamily community, offering new options for riverfront living. Our proposal encompasses three options, ranging in size and unit counts, providing options for TIF commitments on behalf of the City of Fargo.

In each option, residences will offer direct views across the river to the iconic Hjemkomst Center. Regardless of the option pursued, the project will embrace the recreational opportunities of the Red River and incorporate a community clubroom, terrace, bike storage, and heated parking. Additionally, our team is conducting a market study to determine the need for 55+ housing. Our development proposals are poised to pivot in this direction if a market need exists.

Kilbourne Group is grateful for the City of Fargo’s leadership and vision in creating a world-class urban experience guided by extensive citizen input and comprehensive planning. Fargo’s plans to redevelop downtown property along the riverfront are certainly the next phase in the city’s core revitalization.

The Fargo InFocus Plan identified the need for 8,000 additional residents in downtown Fargo to support our full potential as a neighborhood with a grocery store, pharmacy, and other desired services. Adding 300 units per year will accomplish this in 20 years. With downtown Fargo’s development track record since the release of the InFocus Plan, we are well on our way to that goal.

Since 2006, Kilbourne Group has been fine-tuning its aptitude for development and construction in the downtown Fargo market, including specific expertise in multifamily projects. We have seen that more people living downtown means more vibrancy, activity, and commerce, supporting the local small businesses that make the neighborhood unique and highly walkable.

As we’ve fulfilled redevelopment partnerships with the City of Fargo, including Roberts Street, Mercantile, Block 9, and Broadway Square, it is our hope that we have established a solid track record of delivering on our commitments. We are excited to do so again as part of the City’s riverfront redevelopment effort.

Sincerely,

Mike Allmendinger, President
Kilbourne Group
701.237.2279, mike@kilbournegroup.com

Table of Contents

02	City Planning Compatibility	18	Option 2
06	Project Features	20	Option 3
10	Unit Style	22	Financial Capacity
12	Amenities	24	Project Experience
14	Proposal Options Summary	28	About Our Company
16	Option 1	30	Purchase Price Offer

Special thanks to architectural photographer Dan Francis and lifestyle photographer Morgan Schleif for the imagery contributions.

City Planning Compatibility



“For years, Fargo has focused on revitalizing its core centered along and around Broadway. With development filling in many of the opportunities in the core of Downtown, the next big opportunity is to step toward the Red River and integrate new development along it.”

-Downtown INFOCUS



A Plan For Downtown Fargo

The Downtown Fargo InFocus Plan is a vital playbook guiding the growth of Fargo's urban core. It has already influenced downtown developments, as well as the neighborhood's walkability, recreational offerings, and its urban design. The GO2030 Comprehensive Plan sets priorities for the benefit of the entire city.

As Fargo turns its attention to redeveloping downtown riverfront properties, it is doing so with an eye toward increasing downtown's housing stock and taxable property value. The project site in this RFP was identified in Downtown INFOCUS as an *Opportunity Site* and a *River Access Point*.

INFOCUS: Grow as a Neighborhood

Each option in our project proposal adds a significant number of new housing units to the neighborhood, which will infuse this area with people and energy. We understand the benefits of designing active and pedestrian-friendly public realms. This is reflected in dozens of downtown Fargo redevelopment projects adding to the vibrancy of this great city.

INFOCUS: Play With Purpose

Redeveloping this property allows more people to live in proximity to Fargo's most mature walkable mixed-use center and the Red River's recreational opportunities.

GO2030: Promote Infill and Quality Development

Kilbourne Group uses a very considerate and thoughtful urban design process to develop high-quality infill projects, making the best

use of existing infrastructure. It's our entire development thesis. We build not only for a better downtown Fargo today but also for generations to come.

GO2030: Celebrate the River

In the heart of Fargo's flourishing downtown district, located across the street from the Red River, this project will offer direct access to the six-mile Red River bike and running trail network, including all the recreational opportunities along this urban greenway, such as cross-country skiing, snow-shoeing, canoeing, and fishing.

GO2030: High Design

Our project offers well-appointed units and on-site amenities, including a community clubroom, rooftop terraces, bike storage, and balconies with direct views of the river and the iconic Hjemkomst Center beyond in Moorhead.



In 2017, Kilbourne Group hosted urban planning expert Bob Gibbs in a walking tour of downtown Fargo, and we learned that the most successful retail districts don't "leapfrog" over non-commercial blocks, because it decreases walkability. It is for this reason we believe a residential-only project works best at this location, which is three blocks from the retail district in downtown. In fact, Downtown INFOCUS calls for the concentration of new retail locations to maintain the retail density and vibrancy we've built.

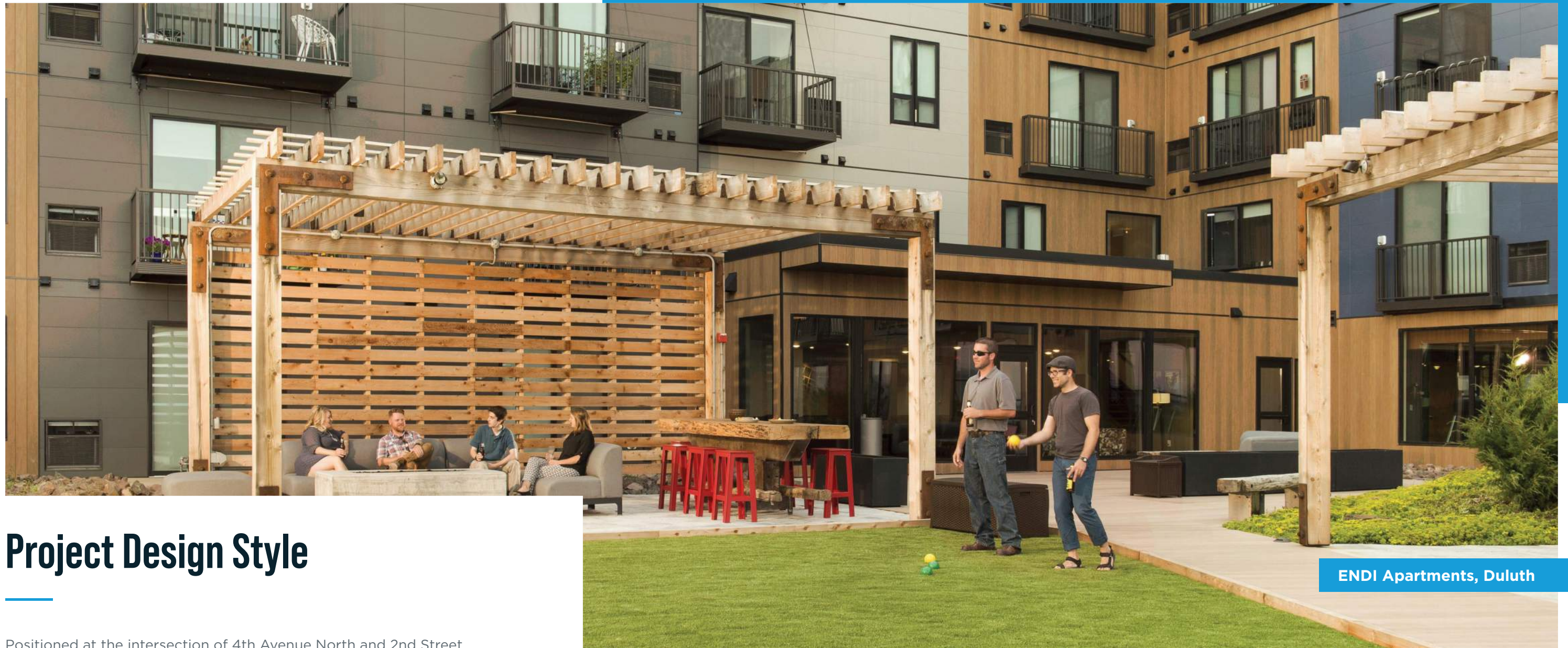


RO CO
APARTMENTS
NOW LEASING
701-289-9030
LIVEATROCO.COM

RO CO

RO CO

Roberts Commons, 625 2nd Avenue North



ENDI Apartments, Duluth

Project Design Style

Positioned at the intersection of 4th Avenue North and 2nd Street North in downtown Fargo, this riverfront multifamily development will be a quality addition to the City of Fargo's redevelopment efforts.

Complete with a brick exterior and precast stone, the riverfront project's units will feature glass patio doors and private balconies that overlook the Red River and the adjacent park trails to the east or face the stunning downtown skyline to the west.

For visual relief and aesthetic appeal at the pedestrian level, the ground-floor façade will consist of windows, doors, public art, and other architectural features using texture, recessed patterns, or other material mediums. The club room and landscaped outdoor patio area will be key features, as they will enhance residents' living experience through additional options for community to gather.



Sunset City Skyline Views



Bike Storage & Heated Parking



Landscaped Outdoor Patio



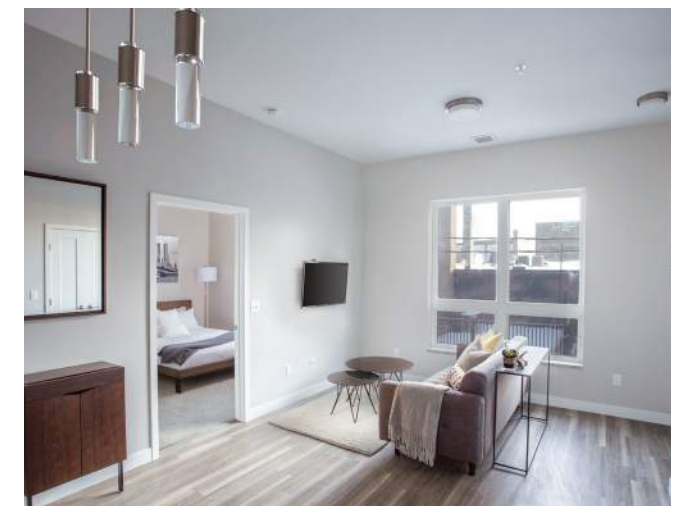
Dillard Apartments, 247 Roberts Street North

Unit Design Style

Our design vision for interior units is modern, yet timeless, ensuring it appeals to a wide variety of demographics. High-quality finishes and a thoughtful, neutral color palette will seamlessly work with whatever the resident's personal style may be.

Large windows and private balconies maximize the riverfront or downtown Fargo views from each unit. All units will be complete with an in-unit washer and dryer, smart home system, quartz countertops, stainless steel appliances, tile backsplash, premium lighting, and high-quality plumbing and finishes throughout.

Common spaces that are comfortable and inviting are important to foster a community within the development. Some elements we chose to include in the clubrooms are kitchenettes, fireplaces, lounge seating, and tables for anything from playing games to co-working.



Amenities

Throughout Kilbourne Group's portfolio of multifamily properties, the need for highly valued amenities has become apparent — ample amounts of natural light, indoor and outdoor spaces for gathering, user-friendly technology and security, and of course a walkable location.

Planned/possible amenities include:

- Entrance Lobby
- Opportunity for Rooftop Garden
- Clubroom
- Exercise Room
- Outdoor Patio with River Views
- Package Delivery
- SmartRent Technology
- Trash Chutes and Indoor Trash Room
- Pet Walk and Pet Wash
- Bike Room
- UBER Station



Proposal Options Summary

Kilbourne Group is providing three different development proposals with ranging levels of investment.

1



2



3



Option 1

Option 1 would provide riverfront views for all +/-75 units as well as heated first floor parking (one stall per bed). This option would offer lower density and lower cost parking, keeping the total investment at \$15 MM.

Option 2

Option 2 increases the number of units to +/-115 and adds an additional +/- \$10 MM in private investment on this site, bringing the total project cost to \$25 MM. This is accomplished by constructing a first-floor podium across the entire site for parking (one stall per bed). This more complex and costly project achieves greater density for the site and a higher tax base for the City of Fargo. This option requires a larger TIF incentive to make the project feasible but nearly doubles the property taxes generated when compared to Option 1.

Option 3

Option 3 would expand the project to include the former Fargo Public Schools office building, which is for sale at the time of this proposal. This option significantly increases the private investment to \$67 MM through this two-phase development.

This project would include first-floor podium parking and underground parking to provide one stall per bed. Ground-floor walkup units would be located along 4th Avenue North and 4th Street North to match the context of the historic Burrell Apartments.

This project would require the largest TIF incentive of the three options because of the complex construction design, more costly underground parking, the greater risk for the developer, and the need to purchase the school property at \$4 MM. This project provides the highest tax base for the City of Fargo by adding +/-300 units.

PROJECT COMPARISON

	Option 1	Option 2	Option 3
Investment	\$15 MM	\$25 MM	\$67 MM
Units	74	114	310
Parking Stalls	107	152	397
Building Square Foot (Apartments)	72,000	104,000	292,000
TIF Assistance	\$804,164	\$3,003,995	\$8,427,530
Public TIF Increment (25 years)*	\$2,622,273	\$3,415,550	\$7,455,122
Public TIF + Property Tax (25 years)	\$4,050,557	\$4,843,834	\$10,025,450

*Taxing entities receive 100% of current property taxes in addition to public TIF increment.

Option 1



Project Narrative

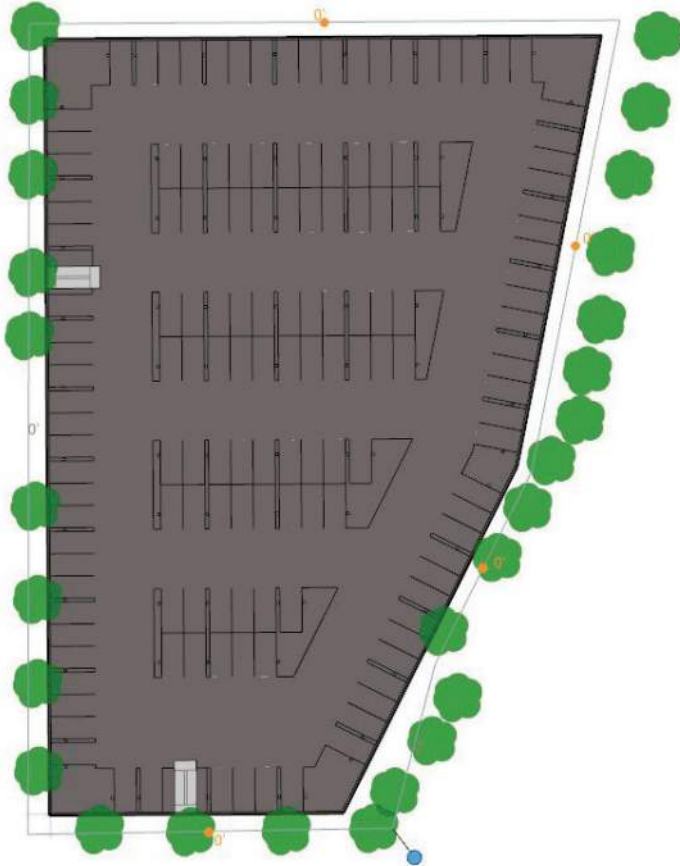
Option 1 would create +/-75 market-rate apartments with riverfront views. This project would be a mix of studio, 1-bedroom, 2-bedroom, and 3-bedroom units. These units include central air and heat, in-unit washer and dryer, smart home system, large windows to maximize views of the riverfront, and balconies. The units would include quartz or granite countertops and coordinating cabinets with hardware, stainless steel appliances, tile backsplash, and premium light and plumbing fixtures in the kitchen. Bathrooms would have tiled floors, vanities with quartz or granite countertops, and premium light and plumbing fixtures. Common residential amenities include heated parking, trash chute, a residential lobby lounge, and a clubroom with landscaped patio.

- ✓ **\$15 MM Total Investment**
- ✓ **Purchase Price - \$162,984**
- ✓ **TIF Assistance - \$804,164**
- ✓ **Annual Public Tax Increment Est.**
Year 6 - \$104,891
Year 11 - \$139,855
Year 16 - \$139,855

Project Summary

Square Footage	72,000	Parking - Level 1	42,000 SF	107 Stalls
Investment	\$15 MM	Apartments	72,000 SF	74 Units
		Per Level	14,500 SF	15 Units

Option 2



Project Narrative

Option 2 would create +/-115 market-rate apartments with a mix of riverfront and downtown views. This project would include studio, 1-bedroom, 2-bedroom, and 3-bedroom units. These units include central air and heat, in-unit washer and dryer, smart home system, large windows in all units to maximize views. Select units will also feature balconies.

The units would include quartz or granite countertops and coordinating cabinets and hardware, stainless steel appliances, tile backsplash, and premium light and plumbing fixtures in the kitchen. Bathrooms would have tiled floors, vanities with quartz or granite countertops, and premium light and plumbing fixtures.

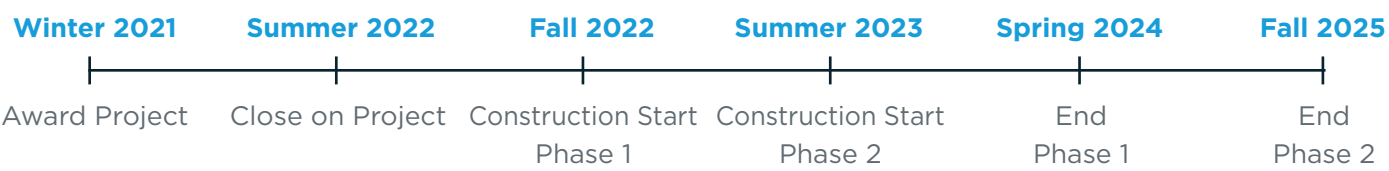
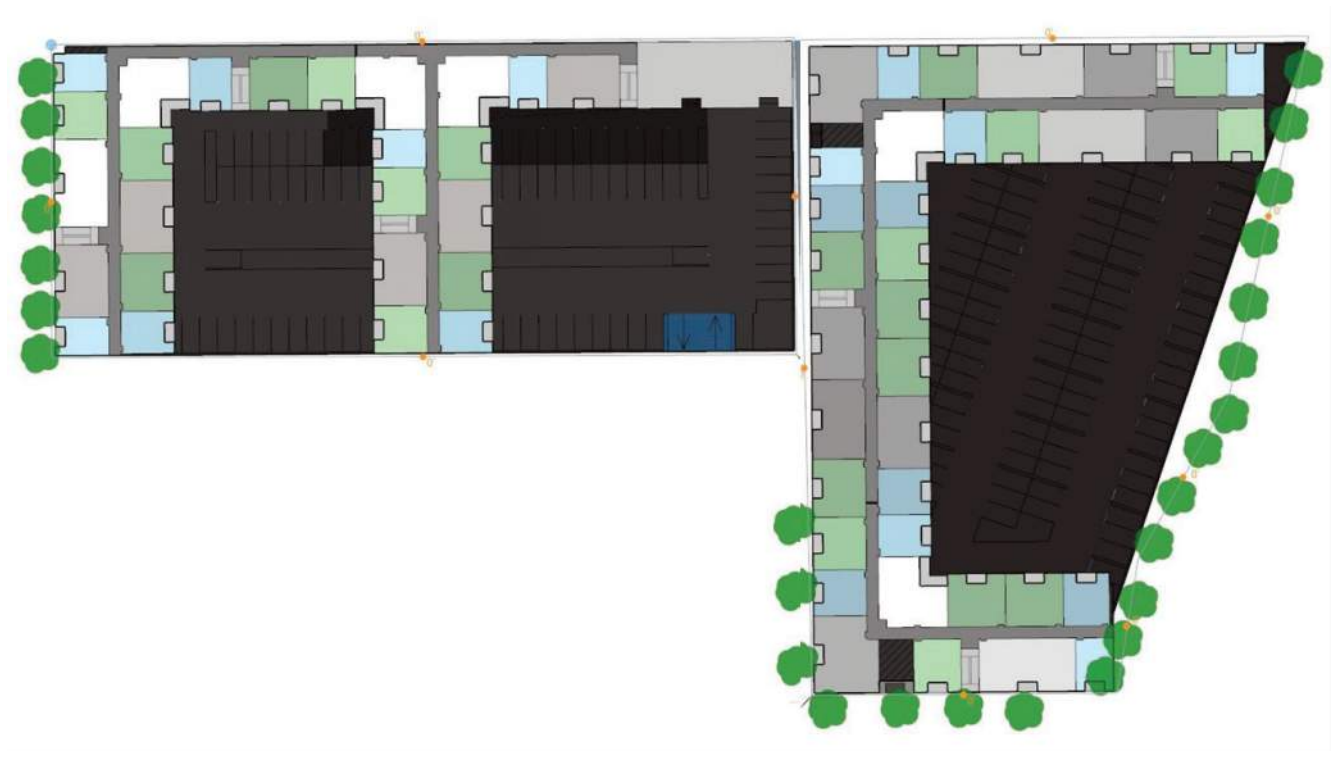
Common residential amenities include heated parking, trash chute, a residential lobby lounge, and a clubroom. A large, elevated terrace with resident seating and rooftop greenspace overlooking the river would be a signature feature for this project.

- ✓ **\$25 MM Total Investment**
- ✓ **Purchase Price - \$162,984**
- ✓ **TIF Assistance - \$3,003,995**
- ✓ **Annual Public Tax Increment Est.**
Year 6 - \$62,101
Year 11 - \$124,202
Year 16 - \$248,404

Project Summary

Square Footage	104,000	Parking - Level 1	58,000 SF	152 Stalls
Investment	\$25 MM	Apartments	104,000 SF	114 Units
		Per Level	26,000 SF	29 Units

Option 3



Project Narrative

Option 3 would create +/-300 market-rate apartments with a mix of riverfront and downtown views. This project would include studio, 1-bedroom, 2-bedroom, and 3-bedroom units. It would also include unique ground-floor units with walk-up front doors to provide a tailored residential experience and activate the frontage along 4th Street North and 4th Avenue North.

This project would be built in two phases, and all units will include central air and heat, in-unit washer and dryer, smart home system, and large windows in to maximize views. Select units will also feature balconies. The units would include quartz or granite countertops and coordinating cabinets with hardware, stainless steel appliances, tile backsplash, and premium light and plumbing fixtures in the kitchen. Bathrooms would have tiled floors, vanities with quartz or granite countertops, and premium light and plumbing fixtures.

Common residential amenities include heated ground-floor and underground parking, trash chute, a residential lobby lounge, and a clubroom. A large, elevated terrace with public seating and rooftop green-space overlooking the river would be a signature feature for phase one of this project, as well. The second phase would include an additional elevated terrace with outdoor amenities facing downtown with southern exposure to provide residents with a variety of unit orientations and experiences.

- ✓

\$67 MM Total Investment
- ✓

Purchase Price - \$162,984
- ✓

TIF Assistance - \$8,427,530
- ✓

Annual Public Tax Increment Est.
Year 6 - \$64,827
Year 11 - \$129,654
Year 16 - \$648,272

Project Summary

Square Footage	292,000	Parking - Total	153,000 SF	397 Stalls
Investment	\$67 MM	Parking - Underground	53,000 SF	146 Stalls
		Parking - Level 1	100,000 SF	251 Stalls
		Apartments	292,000 SF	310 Units
		Levels 2-6	56,000 SF	61 Units

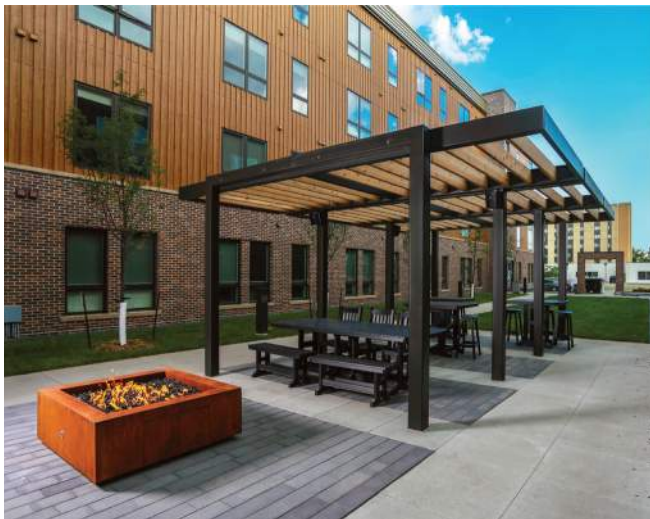


Financial Capacity & Funding Sources

Kilbourne Group intends to finance the selected project through a combination of equity and bank-loan financing. Kilbourne Group plans to raise sufficient capital to cover the project requirements for the proposed development. It is estimated that this project will require 30-40% of project costs funded by equity with the remaining drawn from loan funding. Kilbourne has a successful track record of raising capital, having invested nearly \$400 MM into downtown Fargo in the past five years. Kilbourne Group intends to close on the land July of 2022. However, the Developer Agreement is to include the right to close as late as May 2023.

Project Experience





Woodrow Residential Apartments and Montessori School 1222 4th Avenue North, Fargo, ND 58102	
Total Project Cost	\$15,587,047
Total SF	78,330
Status	Complete
Residential Units	97
Retail SF	0



Dillard Mixed-Use Residential and Retail 247 Roberts Street North, Fargo, ND 58102	
Total Project Cost	\$17,357,979
Total SF	98,361
Status	Complete
Residential Units	84
Retail SF	12,440



The Landing at 1001 NP Mixed-Use Residential and Retail 1001 NP Avenue North, Fargo, ND 58102	
Total Project Cost	\$33,041,457
Total SF	217,073
Status	Opening Spring 2022
Residential Units	154
Retail SF	5,100

Roberts Commons Mixed-Use Residential and Retail 625 2nd Avenue North, Fargo, ND 58102	
Total Project Cost	\$14,279,843
Total SF	69,232
Status	Complete
Residential Units	72
Retail SF	13,950



Mercantile Mixed-Use Residential and Retail 405 Broadway North, Fargo, ND 58102	
Total Project Cost	\$23,171,962
Total SF	114,315
Status	Opening Spring 2022
Residential Units	100
Retail SF	16,922



Kesler Mixed-Use Residential and Retail 624 2nd Avenue North, Fargo, ND 58102	
Total Project Cost	\$23,607,717
Total SF	146,630
Status	Opening Summer 2022
Residential Units	109
Retail SF	9,318



**Additional information available upon request*



Kilbourne Group has assembled a highly qualified team of professionals with a visible track record of working together to make downtown Fargo projects a reality.



Kilbourne Group | Real Estate Developer

Since 2006, Kilbourne Group has been a leader in the revitalization of downtown Fargo. Kilbourne Group has invested in historical redevelopment and mixed-use infill projects designed to create a vibrant 18-hour city and offer unique experiences and places for residents, those working downtown, and visitors alike. Today, downtown Fargo is thriving with a retail district of more than 75 unique retail stores, 40 restaurants, more than 2,400 apartments, and more than 2 million square feet of office space. With proven expertise in urban development, fund management, real estate, construction management, and property management, Kilbourne Group is guided by the knowledge that vibrant downtowns create smart, healthy cities. Current development projects include Mercantile (410 Broadway), Kesler (624 2nd Avenue North), and The Landing at 1001 NP, which together bring to the market 363 residential units, 31,000 square feet of commercial space, and 653 parking spaces.

Project Team



Mike Allmendinger

President

- Founding team member of Kilbourne Group with more than 15 years of broad experience in identifying, developing, permitting, designing, building, and managing mixed-use redevelopment and infill projects in downtown Fargo
- Nearly 20 years of experience in historic renovation, adaptive reuse, and mixed-use urban infill projects, leading a multi-disciplinary, integrated team of professionals in real estate project, from site selection, acquisition, redevelopment, operations, and disposition
- Founder of Land Elements, a leading landscape architecture company base in Fargo, ND, acquired in 2019 by Des Moines-based Confluence



Bill Rothman

Chief Financial Officer

- Joined Kilbourne Group in 2017 as the Chief Financial Officer
- Over 30 years' experience in real estate and corporate finance with 15 years focused in capital raising, financial management, accounting, restructuring, mergers and acquisition, and capital markets



Deb Wendel Daub

Senior Project Manager

- Joined Kilbourne Group in 2016; licensed architect in ND and MN
- Leads and manages project vision, establishes initial project budgets and schedules, collaborates with stakeholders, assembles and manages the design team and consultant scopes, strives for optimal execution while staying within the budget and schedule, and serves as client liaison



Mike Zimney

Senior Project Manager

- Joined Kilbourne Group in 2015 with urban design expertise in developing mixed-use multifamily projects
- Manages the full cycle of the physical vertical development process, including entitlements, design, sub-consultant management, incentive packages, project schedule, managing and forecasting budgets, commercial tenant fit-ups, and community outreach
- Guides projects through program development and schematic design and serves as owner representative throughout the design and construction process



Keith Leier

Vice President of Development and Construction

- Joined Kilbourne Group in 2016
- Leads KCM, a full-service construction management company that specializes in mixed-use urban development and historic renovation
- Experience in commercial, retail, and multifamily projects, specializes in problem-solving on tight, urban construction sites
- Responsible for project planning, pre-construction services, construction management, and custom fit-up



Adrienne Olson

Vice President of Communications

- Joined Kilbourne Group in 2015
- Responsible for stakeholder and neighborhood engagement, investor relations, branding, marketing, and media communications

Purchase Price Offer

Kilbourne Group is offering to purchase the City of Fargo parcel for \$162,984. This property would be purchased as-is, and Kilbourne Group would be responsible for the demolition and removal of the existing buildings and improvements, environmental cleanup, removal of any undocumented fill, and site preparation.

Kilbourne Group has developed three distinct multifamily project options. Option 1 and Option 2 utilize the City's parcel and an adjacent parcel of privately owned land for sale, which if awarded, Kilbourne Group has the first right of refusal to purchase.

Option 3 would include the purchase of the former Fargo Public Schools Office Building, 415 4th Street North, by Kilbourne Group. The property is listed for \$4 MM. Option 3 would be contingent on the school office building purchase and the vacation of a portion of 3rd Street North. The buy-down of this property is reflected in the TIF request for this option.





 **KILBOURNE**
GROUP