

City of Underwood

Underwood Outdoor Complex Feasibility Study



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Project Overview

Background

The City of Underwood (City) owns two parcels directly north of the speedway and wants to determine the highest and best use of the property for potential disposition. The City contracted with Better City LLC to conduct a Feasibility Study of the highest and best use for the parcels.

The community's priorities for the property are:

- Generate additional property tax revenues
- Create public benefit
- Grow the local economy

Process

The process to complete this Feasibility Study was as follows:

- Site inspection
- Interviews of local residents and leaders
- Review of local real estate market
- Analysis of potential uses
- Review recommendations with EDC
- Publish Feasibility Study with an outline of next steps



Recommendations

The plot's size (approximately 61 acres) is too large for any one use that would be scaled appropriately for the Underwood market – other than large industrial uses. A large industrial use would bring incremental property tax and create jobs, however it would not generate public benefit.

To provide tangible benefits to all Underwood residents, it was determined that the best use of the land is to create a modular phased development that meets several synergistic commercial needs at a scale. This approach enables the concepts to be successful and allows for future growth and development.

The concept is to create the Underwood Outdoor Complex – a destination that celebrates the outdoors and the Underwood lifestyle while leveraging the region's connection to hunting, fishing, and camping.

The key developments are:

- Hunting Lodge
- Outfitter
- RV Park
- Senior Living Development
- Green space / Fishing Pond (where current wetlands are)
- Town Square / Amphitheater

Developing this city-owned property in this way meets the City's priorities as follows:

City Revenues

\$4,000,000 – The average sale price of properties with utilities in the greater area is \$97,403 per acre. The sale of the property once it is developed with utilities, roads, and gutters should net at least \$100,000 per acre. At full build out the approximately 40 acres can be sold for a total of \$4,000,000.

\$19,938 – Estimated annual incremental property tax from development.

Public Benefit

The proposed development would provide the residents of Underwood with a new town center featuring a fishing pond, nearly two miles of walking / biking trails, an amphitheater for performances, and the potential for more retail outlets as the development fills out.

Local Economy

Between the outfitter, hunting lodge, and RV park, it is estimated that at least twenty-five new jobs will be created.

The hotel and RV park lodging options and outfitter services will increase visitation to the City, which will benefit local businesses (such as restaurants and retail shops) and create new opportunities for Main Street / Lincoln Avenue.

Proposed Site Plan



Green Space & Town Square

Green Space & Fishing Pond

Background

The existing wetland area along Old Highway 83 can be converted to a pond that will provide both recreation as well as retention for the site. The pond, stocked with fish, with docks for fishing, and rented paddle boards and kayaks, will create an important recreation amenity for the community. The fishing pond brings value for the entire development, benefiting the developments' outfitter, hotel, RV park, and senior housing.

A trail network that circles the pond and connects to the fairgrounds will provide another important community asset.

- Docks
- Paddle board, canoe, kayak rental (from outfitter)
- Walking Trail – that connects with Speedway and fairgrounds
- Stormwater retention pond
- Fishing pond



Town Square

Background

While Underwood has several good parks, a Town Square with an amphitheater and plaza would become the City's heart and gathering place for celebrations and events.

Potential amenities onsite include:

- Amphitheater
- Splash-pad
- Statue garden / public art
- Benches and picnic areas



Hunting Lodge

Background

A hunting lodge is distinct from a conventional hotel in both its rustic appearance and its services that cater specifically to sportsmen – larger parking spaces to accommodate boats and ATV trailers, gun lockers, guided trips, and a mud room for dirty clothing.

There is an opportunity to create a destination resort without par in North Dakota. The location of the lodge within the Underwood Outdoor Complex would give it several distinctive advantages:

- Close proximity to fantastic hunting and fishing
- Adjacency to an outfitter
- Fishing pond and trails within the complex

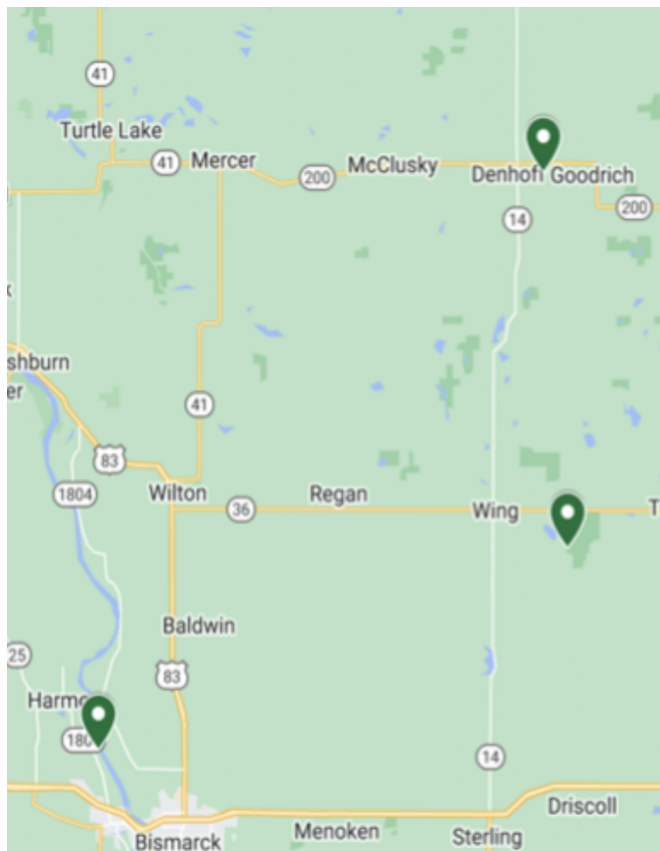
Competitive Analysis

Area Hunting Lodges

- Dirty Bird Outfitters (Mandan) – 54 miles
- Arena Hunting Lodge (Arena) – 61 miles
- Central Dakota Lodge (Goodrich) – 52 miles

Site Development

- 30,000 to 50,000 square feet
- 20 to 30 rooms
- 3 to 10 acres



Outfitter

Background

As one of the country's leading destinations for hunting and fishing, Underwood is an excellent location for an outfitter that provides hunting, fishing, and camping necessities. There are no full-service outfitters on the south side of the lake – nowhere for sportsmen to resupply outside of traveling to Garrison.

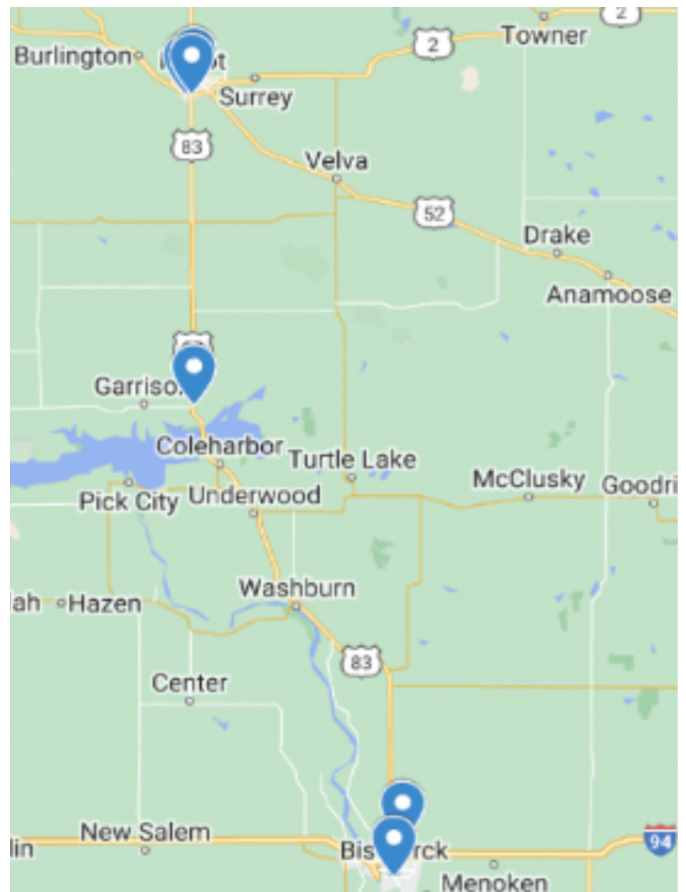
Competitive Analysis

Area Outfitters

- The Outfitters (Minot) - 56 miles
- Scheels (Minot) – 56 miles
- Sportsman's Loft (Minot) – 55 miles
- Hwy 83 Leisure & Tools (Garrison) – 17 miles
- Dicks Sporting Goods (Bismarck) – 50 miles

Site Development

- 5,000 to 10,000 square feet
- Approximately 1 acre lot



RV Park

Background

There is high demand for RV facilities for hunters and fishers in the area. Conversations with the operators of RV Parks in the area indicate that demand is relatively constant during the year due to the different hunting and fishing seasons.

There is an opportunity to differentiate from the competition by creating a RV Park that provides a more holistic experience for the campers – especially longer-term customers. The Underwood Outdoor Complex could create an exceptional experience with nice pads that are spaced to give greater privacy, landscaping, good amenities and proximity to the fishing pond and trail.

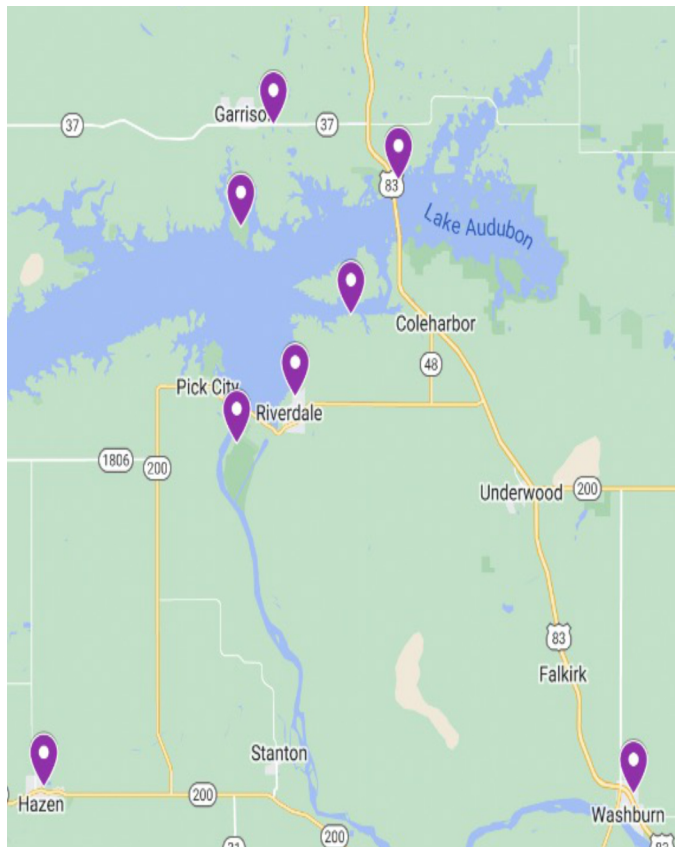
Competitive Analysis

Area RV Parks

- Northview Mobile Home & RV Park (Washburn) – 14 miles
- Morning Star Campground (Riverdale) – 14 miles
- Wolf Creek (Coleharbor) – 14 miles
- East Totten Trail Campground (Coleharbor) – 14 miles
- Downstream Campground (Hazen) – 17 miles
- Fort Stevenson State Park (Garrison) – 26 miles
- Stoney Hill RV Park (Garrison, ND)
- Antelope Creek RV Park (Hazen, ND)

Site Development

- 5 acres
- 30 to 50 pads



Senior Living Development

Background

The median age in the US is 38.8, in North Dakota it is 35.2, in McLean County it is 45.8, and in Underwood it is 44.5.

There are 1,481 residents over the age of 70 in McLean County, yet the only Senior Living facility in the County is the Benedictine Living Community in Garrison.

Locating a Senior Living development within the Underwood Outdoor Complex would give the residents an unparalleled quality of life with walking trails, open space, and fishing pond.

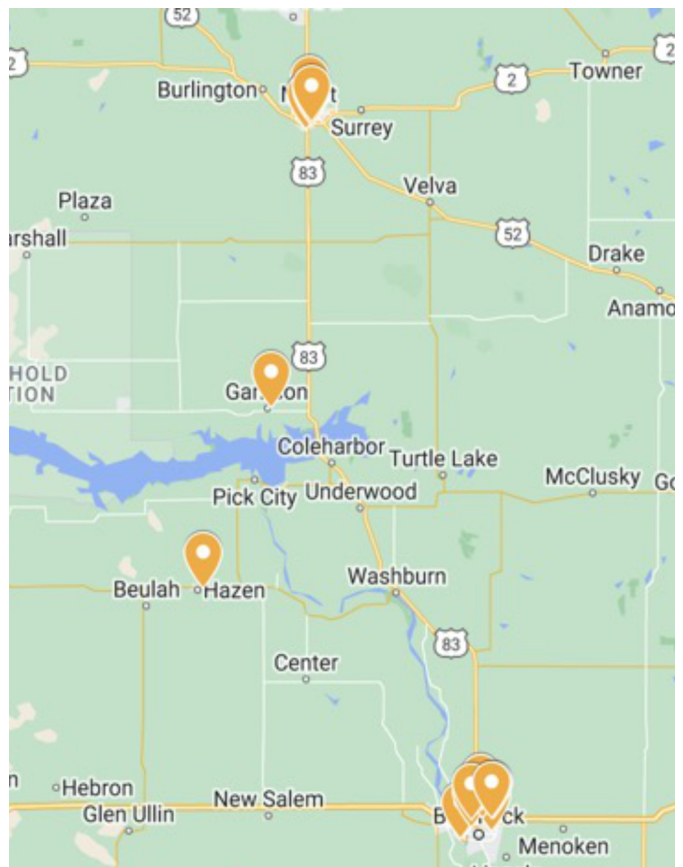
Competitive Analysis

Area Senior Living Facilities

- Benedictine Living Community (Garrison) – 22 miles
- 5+ assisted living places in (Minot) – 57 miles
- 10+ assisted living places in (Bismarck) – 54 miles

Site Development

- 10 acres
- 20 to 40 units



Other Developments

In addition to securing the anchor tenants – an outfitter, a hunting lodge, RV park, and senior living center, the developer will also create pad space for other uses and actively recruit additional businesses.

Aside from the core tenants outlined above, there are approximately 21 acre-sized pads that will be available for development over time. The developer will be responsible for creating design standards and determining the layout; but it is recommended that the storefronts be placed along the road with parking in the rear to give the aesthetic of an old town / village that invites walking and engagement in the total development.

Additional businesses to recruit to fill out the development include:

- Restaurants
- Health clinic
- Retail – especially unique, destination retail
- Coffee shop
- Ice cream / yogurt shop



Next Steps

Create Coalitions

There are numerous state and federal programs that could be leveraged to bring this project to fruition. It is critical to establish working relationships with the agencies listed below to learn which programs would be most applicable and to gain their assistance in securing the funding. The Underwood Area Economic Development Corporation (UAEDC) should reach out to the agency representatives listed below to present the project and solicit support. These individuals will be able to provide valuable guidance for how to secure funding and how to sequence the project.

- USDA Representative – Erin Oban, State Director
- EDA Representative – Ali DeMersseman, North and South Dakota State Representative
- Lewis and Clark Development Group – Steve Lee, President / McLean County; Brent Ekstrom, Executive Director
- McLean County – County Commissioners
- State ED&F – Rich Garman, Director

Urban Renewal Tax Increment Financing

The State of North Dakota has a state law providing for urban renewal through tax increment financing (TIF). The purpose of the law is “To provide funds for payment of the cost of development or renewal of any development or renewal area, and for retirement of all bonds, notes, or other obligations issued by the municipality to pay that cost.”

TIF is a powerful tool local governments can use to bond against future incremental property taxes to help catalyze developments that eliminate blight and promote the public interest. TIF would be a critical source of funding to help seed the utilities and to use as matching funds for grants. More information about North Dakota’s TIF statutes can be found at:

<https://www.tax.nd.gov/sites/www/files/documents/forms/urbanrenewaltaxincrementfinancing-1.pdf>

In brief, tax increment financing allows the City or UAEDC to bond against future projected incremental property and sales tax revenues and use the proceeds from the bond sales to help fund the project. The bonds are non-recourse and present no risk to the municipality or taxpayers.

The first step toward creating a TIF project is to consult with an attorney who specializes in the creation of urban renewal agencies.

Secure services of Urban Renewal attorney – \$10,000 - \$20,000

- Outline process
- Designating the site as “blighted”
- Establishing a Renewal Plan

Create Project Plan

The creation of an urban renewal agency and TIF plan will require a detailed project plan. The plan will require estimates of all development costs, the project's pro forma finances and the creation of a project capital stack. The project plan must be created by a development professional with experience in public private partnerships, TIF, federal grant programs, commercial real estate development and construction.

Create Project Plan – \$40,000 - \$60,000

- Estimate development costs
 - Infrastructure
 - Roads
 - Curb & gutter
 - Fishing pond / retention
- Develop project pro-forma
- Determine property sales price
- Create Tax Increment Financing plan
- Explore other financing sources:
 - USDA
 - Community Facilities Program (utilities)
 - Community Facilities Technical Assistance and Training Grant (Project Plan)
 - Rural Economic Development Loan & Grant Program (utilities)
 - EDA
 - Planning and Local Technical Assistance (Project Plan)
 - Public Works and Economic Adjustment Assistance Programs

Recruit Developer

Once the project plan is developed and the TIF plan put into place the City / UAEDC can recruit a developer. There are firms that undertake recruitment for a contingency fee upon success. Utilizing these services would require no local investment as the success fee would be paid by the developer.

Recruit Developer – Contingency Fees

- Create RFQ / Pitch project to developers
- Make selection based on the quality of the developer's project plan and its consistency with the community's objectives and vision.



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Tax Increment Estimates

Following are estimates of the range of valuations and resultant property taxes from the different elements of the project area. The range of the estimates of value reflect the upper and lower estimates of the square footage of the buildings (or number of units) multiplied by the upper and lower ranges of the construction cost estimates.

To determine the potential tax increment, it was assumed that both the City and County would contribute 80% of their tax increment from the project for 25 years. These are typical levels of participation but could change according to project requirements and inter-local negotiations.

The tax increment from the project could be used by the city for a non-recourse bond to seed utilities and pay for developing the green space and public amenities.

Hunting Lodge

National average for building a 4-star hotel in rural areas:	\$260 - \$345 / sq ft
Projected hotel size:	30,000 to 50,000 sq ft
Total Value:	\$7,800,000 to \$17,250,000

Outfitter

Retail construction costs:	\$150 - \$250 / sq ft
Projected Outfitter building size:	5,000 to 10,000 sq ft
Total Value:	\$750,000 to \$2,500,000

RV Park

Average price per pad:	\$15,000 to \$30,000
Projected number of pads:	30 to 50
Total Value:	\$450,000 to \$1,500,000

Senior Living Development

Construction costs:	\$196 and \$236 / sq ft
Projected number of units:	30 to 50
Overall development:	30,000 to 50,000 sq ft
Total Value:	\$5,880,000 to \$11,800,000

Total Project Value: **\$14,880,000 to \$33,050,000**

Total Tax Increment (20 years)

Assessable valuation: 50%

County Mill Levy: 68.67

City Mill Levy: 99.70

City of Underwood:	Low Estimate	High Estimate
	\$14,835,360 (\$741,768/yr)	\$32,950,850 (\$1,647,543/yr)
McLean County:	\$10,218,096 (\$510,905/yr)	\$22,695,435 (\$1,134,772/yr)
Total:	\$25,053,456 (\$1,252,673/yr)	\$55,646,285 (\$2,782,314/yr)
Tax Increment for Project:	\$20,042,765	\$44,517,028

Parcel Tax Information

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Deed: CITY OF UNDERWOOD Map Area: 146-82 Ag Checks/Tags:
 Contract: Route: 000-000-000 Lister/Date:
 CID#: Tax Dist: 170821A Review/Date:
 DBA: Plat Page: Entry Status:
 MLS: Subdiv: NONE

Rural / Ag Land
 Legal: Section: 16; Twp: ; Rng: ; Block: 146; Lot: 82; Deeded Acres: 0.000
 OUTLOT E IN SW4 16-146-82

Land													
Land Basis	Front	Rear	Side 1	Side 2	R. Lot	SF	Acres	Depth/Unit	EFF/Type	Qual./Land			
Lump Sum						1,112,522.40	25.540						
Grand Total						1,112,522.40	25.540						

Street		Utilities		Zoning		Land Use	
Lump Sum	None	None	None	Not Applicable	Not Applicable	Agricultural	

Sales				Building Permits				Values					
Date	\$ Amount	NUTC	Recording	Date	Number	Tag	\$ Amount	Reason	Type	Appraised	B of R	St. Equalized	Pr Yr: 2021
									Land			\$0	\$0
									LandC			\$0	\$0
									Dwlg			\$0	\$0
									Impr			\$0	\$0
									Total	\$24,200	\$0	\$0	\$24,200

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Deed: CITY OF UNDERWOOD Map Area: 146-82 Ag Checks/Tags:
 Contract: Route: 000-000-000 Lister/Date:
 CID#: Tax Dist: 170821A Review/Date:
 DBA: Plat Page: Entry Status:
 MLS: Subdiv: NONE

Rural / Ag Land
 Legal: Section: 16; Twp: ; Rng: ; Block: 146; Lot: 82; Deeded Acres: 0.000
 OUTLOT A IN NW4 16-146-82

Land													
Land Basis	Front	Rear	Side 1	Side 2	R. Lot	SF	Acres	Depth/Unit	EFF/Type	Qual./Land			
Lump Sum						1,548,993.60	35.560						
Grand Total						1,548,993.60	35.560						

Street		Utilities		Zoning		Land Use	
Lump Sum	None	None	None	Not Applicable	Not Applicable	Agricultural	

Sales				Building Permits				Values					
Date	\$ Amount	NUTC	Recording	Date	Number	Tag	\$ Amount	Reason	Type	Appraised	B of R	St. Equalized	Pr Yr: 2021
									Land			\$0	\$0
									LandC			\$0	\$0
									Dwlg			\$0	\$0
									Impr			\$0	\$0
									Total	\$30,700	\$0	\$0	\$30,700

Area Hotel Analysis

There are approximately 182 lodging units within 50 mile radius of Underwood.

Hotel Name	# of Rooms	Price	Type	Quality Rating	Location (& Distance from Underwood)	Year Opened
Dakota Rose Inn	10	\$95	Inn	2.7/5	Underwood	
Underwood Inn	8	\$70	Inn	3.0/5	Underwood	2010
Underwood (UFS) Lodge	27	\$45	Lodge	2.9/5	Underwood	
Riverdale Inn	8	\$105	Inn	4.0/5	Riverdale, ND (13 mi NW)	2006
Riverdale High Lodge	30	\$90	Lodge	4.1/5	Riverdale, ND (13 mi NW)	2008
Sakakawea Sunset Lodge	13	\$119	Lodge	4.1/5	Riverdale, ND (13 mi NW)	2015
Scotwood Motel	24	\$75	Motel	3.0/5	Washburn, ND (13 mi S)	
North Shore Inn and Suites	22	\$95	Inn	3.3/5	Garrison, ND (22 mi NW)	2010
Garrison Motel	30	\$63	Motel	2.9/5	Garrison, ND (22 mi NW)	1970's
Average:	20.25	\$84	-	3.3/5	10.6 mi from Underwood	-
House Name	# of Rooms	Price	Type	Quality Rating	Location	Year Opened
The Cabernet Inn	House, 5bd	\$500	Inn	3.8/5	Garrison, ND (22 mi NW)	
Early Bird Retreat	Mobile home, 3bd	\$180	Airbnb	4.2/5	Coleharbor, ND (7mi N)	n/a
Heritage Heights Apt.	Apartment, 2bd	\$70	Airbnb	3.2/5	Washburn, ND (13 mi S)	n/a
Home Away From Home	House, 2bd	\$61	Airbnb	3.0/5	Turtle Lake, ND (15 mi NE)	n/a
Basement Get Away	Basement, 1bd	\$49	Airbnb	2.8/5	Turtle Lake, ND (15 mi NE)	n/a
Lake Therapy	House, 3bd	\$225	Airbnb	4.2/5	Riverdale, ND (13 mi NW)	n/a
The Fisherman's Haven	House, 3bd	\$225	Airbnb	4.3/5	Riverdale, ND (13 mi NW)	n/a
Awesome Piney Cove	House, 3bd	\$190	Airbnb	4.4/5	Pick City, ND (17 mi NW)	n/a
Dam Sweet	House, 3bd	\$175	Airbnb	3.9/5	Pick City, ND (17 mi NW)	n/a
Cottage in Pick City	House, 1bd	\$95	Airbnb	3.0/5	Pick City, ND (17 mi NW)	n/a
Average:	2.6 bd	\$177	-	3.7/5	14.9 mi from Underwood	-

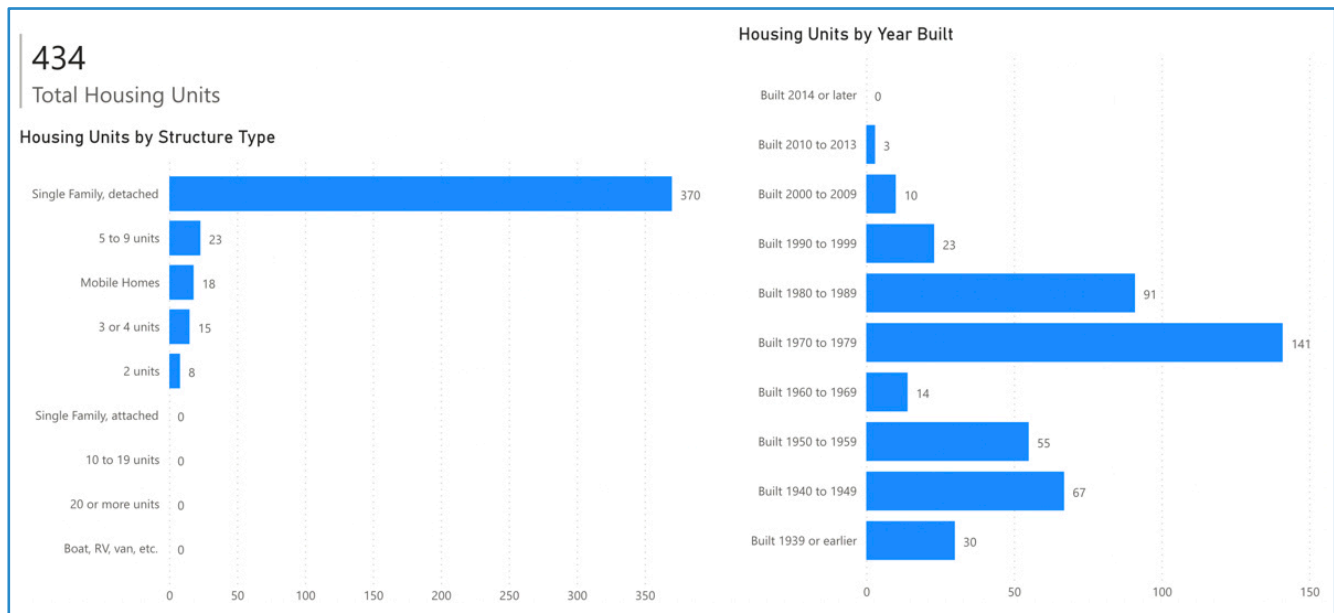
Real Estate in Underwood

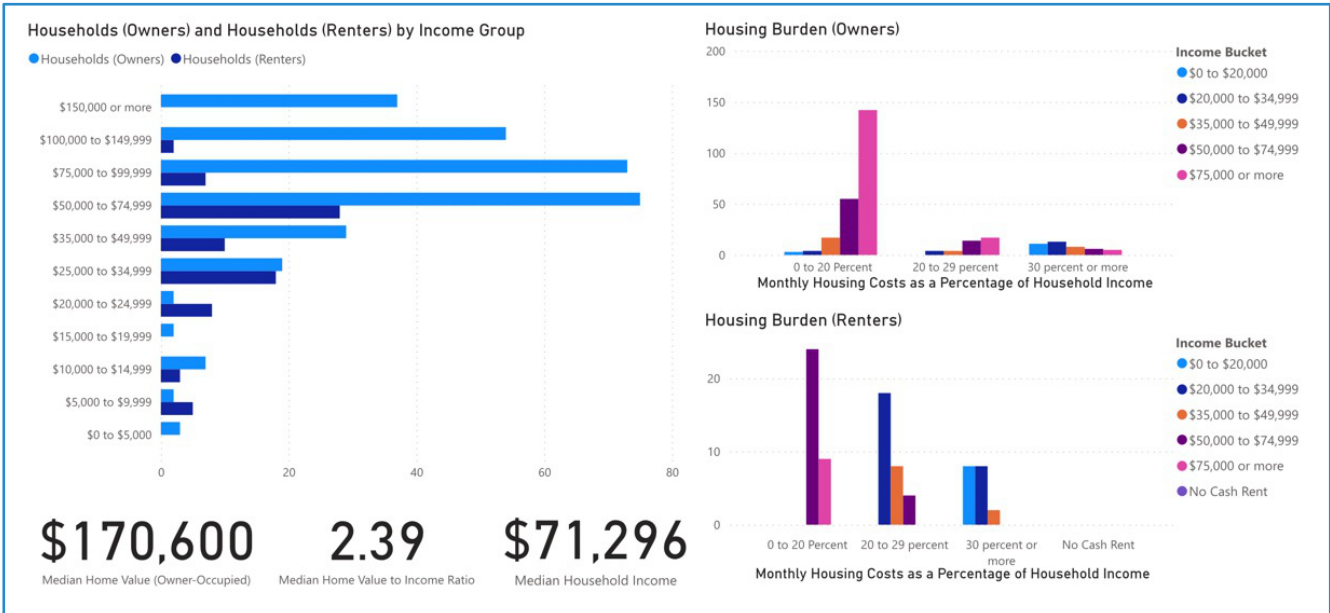
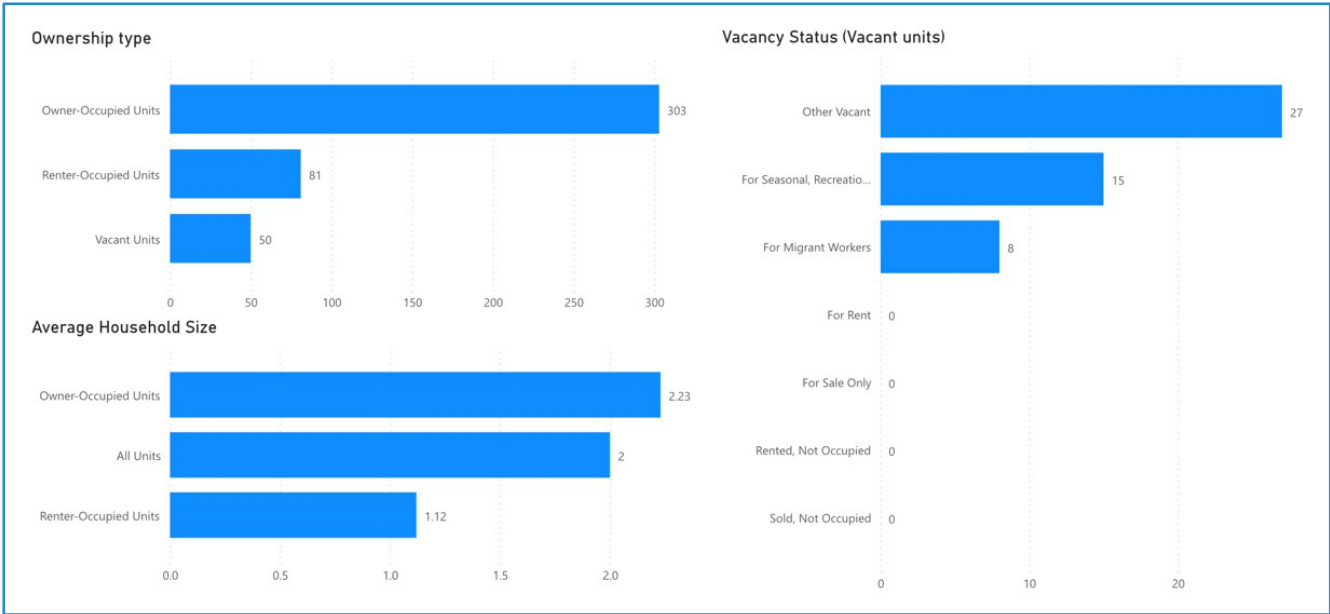
Closest Amenities (w/ distance from Underwood)

- Grocery store (small) – 13 miles south
- Movie Theater – 22 miles northwest
- There are two parks in Underwood (has an outdoor pool)
- Shopping Mall – 50 miles south (Bismarck)
- Bravera Bank – Underwood
- Hospital – Turtle Lake 17 miles
- Clinic - Underwood
- One public library In Underwood
- Arcade – 50 miles south (Bismarck)
- Gym – 50 miles south (Bismarck)
- Residents have access to school weight room
- Indoor Water Park – 53 miles north (Minot)

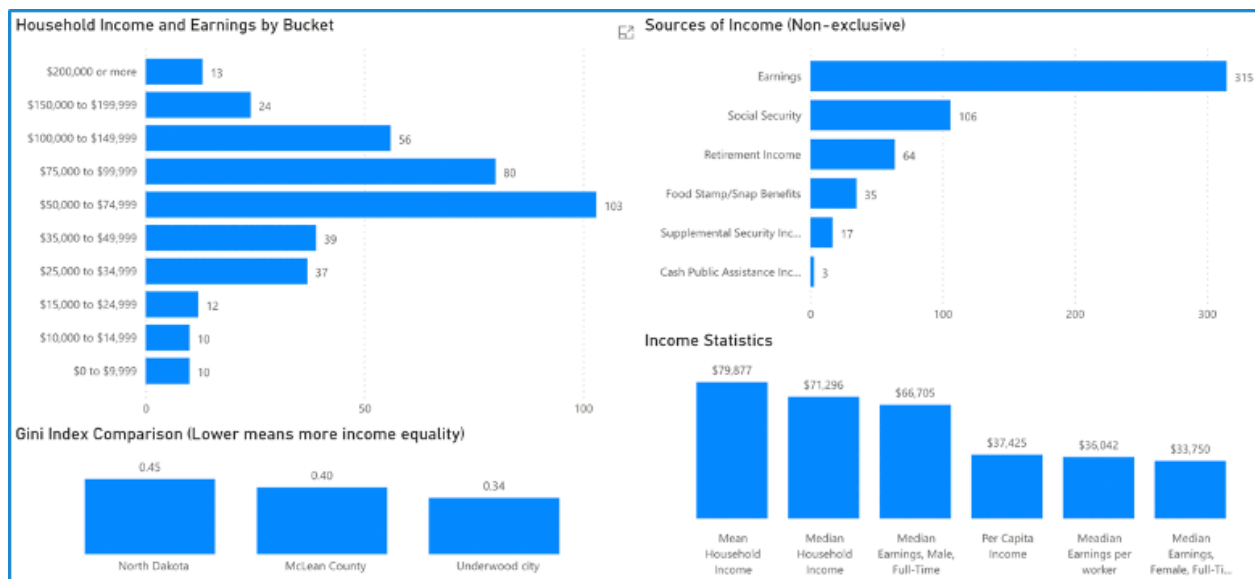
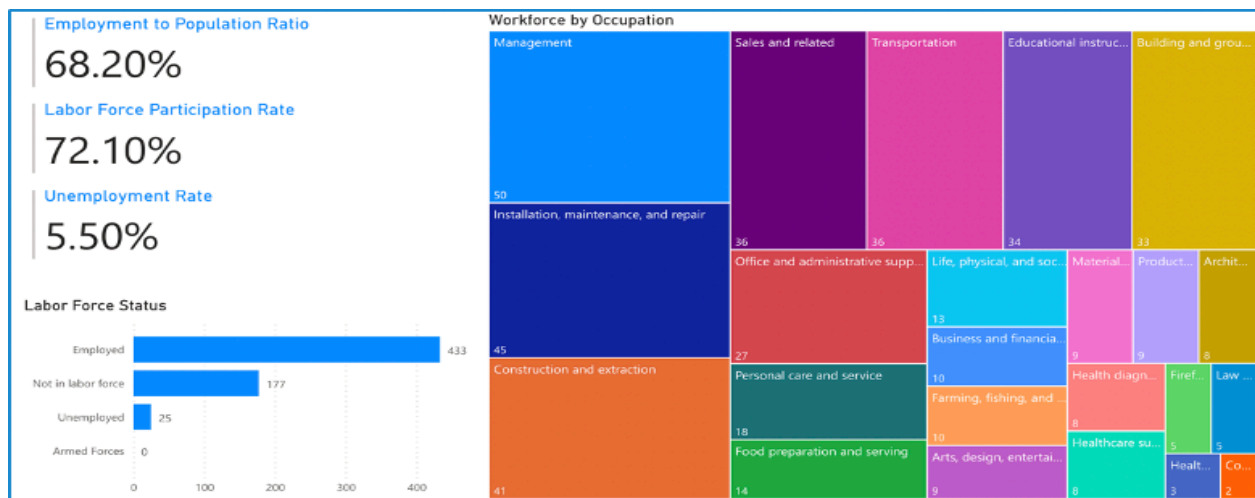
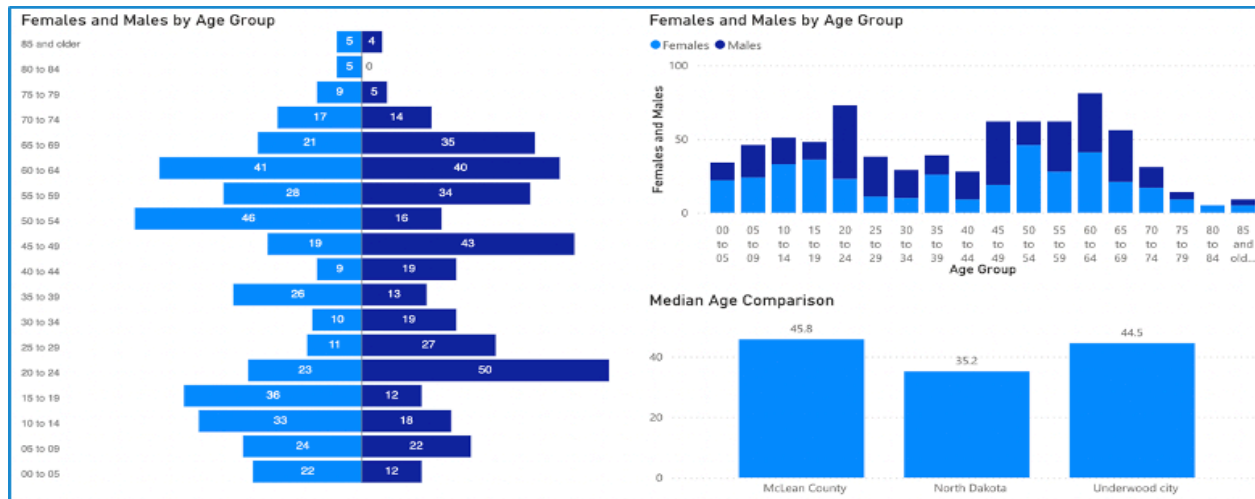
Residential Real Estate Listings in Underwood:

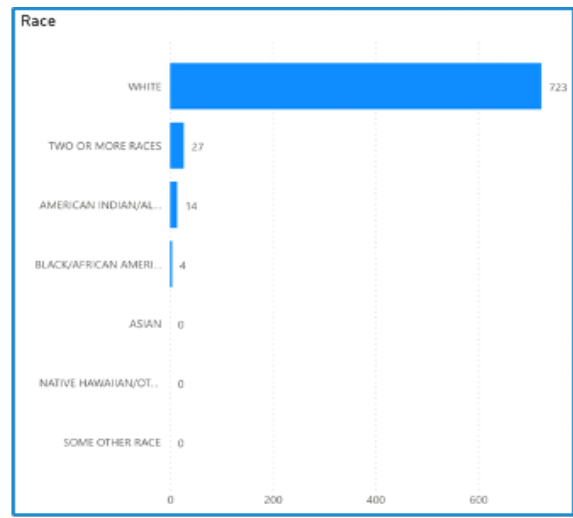
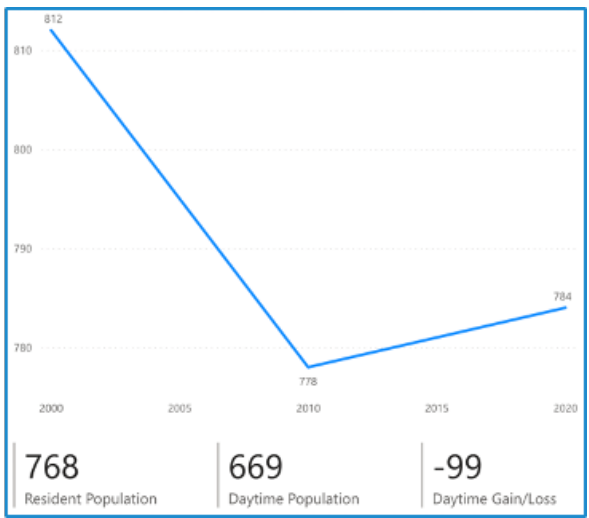
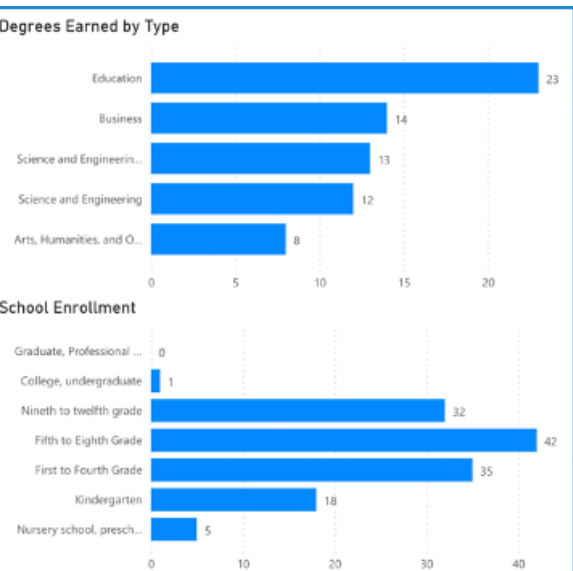
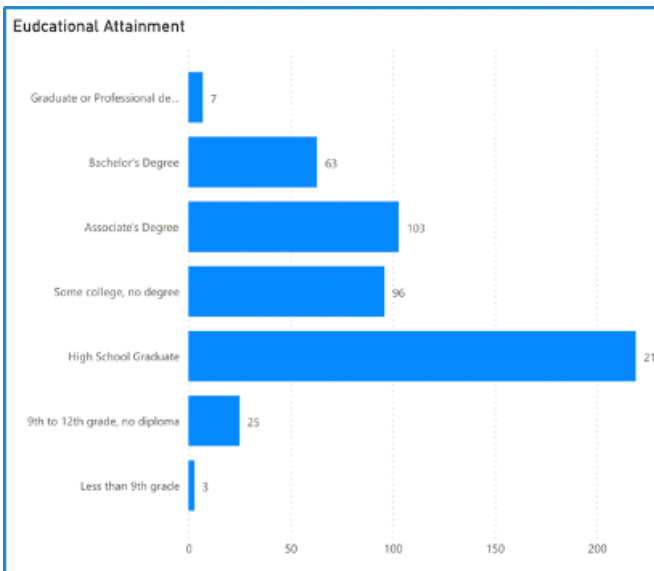
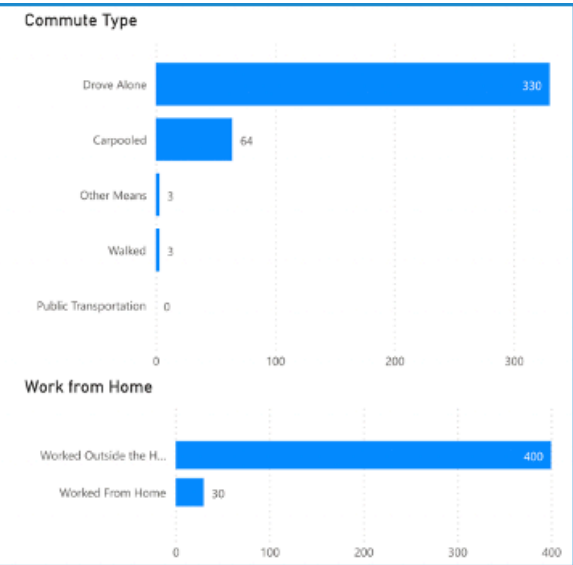
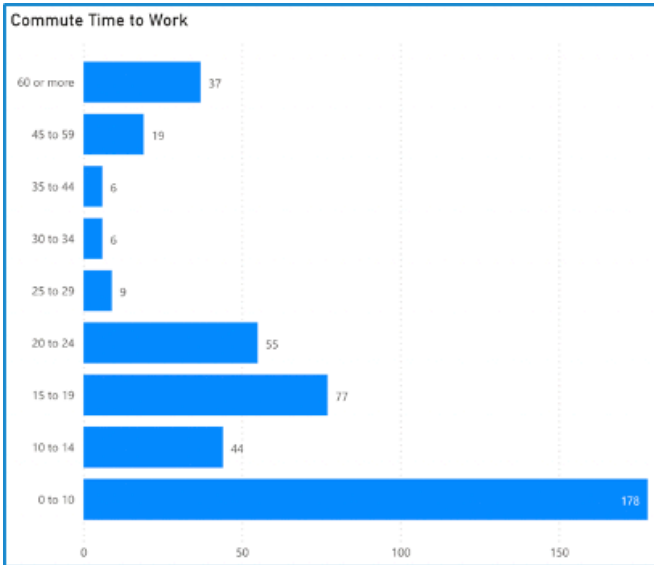
Price	Size	Price/Sqft	Details	Quality	Type	Location
\$190,000	2,264 sqft	\$84	4 bd 2 ba	3.8/5	Single Fam	Underwood, ND
\$140,000	3,600 sqft	\$39	3 bd 3 ba	3.0/5	Single Fam	Underwood, ND
\$80,000	1,472 sqft	\$54	3 bd 2 ba	2.5/5	Single Fam	Underwood, ND
\$45,000	1616 sqft	\$28	2 bd 1 ba	2.2/5	Single Fam	Underwood, ND





Demographic Data





Interview Notes

Underwood Area Economic Development Corporation Meeting

- Discussed downtown redevelopment and improvements (e.g. façades).
- Businesses want highway visibility.
- Lack of community support to change Main Street (this is part of the reason they like the idea of developing along the highway).
- Some of the local businesses are owned by people out of the area, some of which care less about the attractiveness.

Round Table

Why people choose to live in Underwood

- Because this is where his dad was employed, his dad did logging. He stayed because of the lake, hunting and he likes the small community. He likes the rural setting.
- Doesn't like the big towns. Likes small community. Is here because of the good people here.
- Moved to Underwood because of family and the lake.
- Grew up here. Came back to Underwood because of family. Likes the small-town atmosphere and fishing at the lake.
- Lives here because it is right in the middle of everything; very centralized. She is surprised we don't have more businesses because we are the center of the major roads in the area. She likes the remote living area; small-town.
- Plans to move here so that his kids can grow up here and have a small town experience.
- Grew up here and has always been here. Worked for the City for 30 years. (She is a very prominent person in the community). She feels like there is a big lack of community involvement that they used to have.
- All with adult children have at least one that lives here. (3 kids on average)
- The young people start to come back when they have kids who are school age. They have a desire to come back
- as soon as career opportunities open up (it was their careers that originally caused them to leave).

Underwood Economy

- Everyone shops at Dollar General in Underwood or goes to Bismarck
- The power plant brought jobs in. (The changes in hours at the power plant affected things a lot)
- People started carpooling more which made it easier for people to live in Bismarck and come to work in Underwood.
- Wages aren't increasing.
- They are having a hard time finding jobs.
- Professional job opportunities are limited.
- Outside of the energy industry, there are school jobs (40-50 jobs).

Housing

- Need more elderly housing.
- Tax incentive of 5 years no property taxes for new builds.
- It is hard to get a contractor.
- Someone built a house here for 400k and could only sell it for around 320k.
- The people who want to live here are here for sentimental and personal reasons (maybe retirement), therefore new construction is not going up in value.
- There is not a lot of change in the winter. Hundreds will come for ice fishing, however.
- Culture of Underwood: Underwood doesn't have as deep of roots as other small towns in the areas (construction workers came and went when the dam was built and when the power plant was built).
- Employment opportunities is the primary reason people are able to live here.
- The power plant almost got shutdown 6 months ago but it changed hands of ownership and will keep going for the foreseeable future.
- The development site has water currently.

List of Properties

All properties
(Land Properties)

Company Name	Market Share	Total Sale Price	Number for Sale	Land Area (in AC)	Avg Price per Land AC
1 Aspen Group Real Estate	52.8%	\$33,694,846	10	225.30	\$149,555
2 Signal Realtors Inc.	15.0%	\$9,559,514	4	126.67	\$75,468
3 Energy Real Estate Solutions LLC	11.7%	\$7,449,000	1	57.30	\$130,000
4 CBRE	9.5%	\$6,036,300	2	63.80	\$94,613
5 701 Real Estate Partners Brokered by EXP Realty	2.1%	\$1,350,000	1	30	\$45,000
6 Home and Land Company	2.0%	\$1,250,000	1	125	\$10,000
7 Oaktree Realtors	1.7%	\$1,099,672	1	11.22	\$98,010
8 Coldwell Banker 1st Minot Realty	1.6%	\$1,010,900	2	2.44	\$414,303
9 Ho-Chuck Capital - Virginia Square	1.5%	\$950,000	1	3.08	\$308,442
10 eXp Realty	1.0%	\$607,000	1	2.32	\$261,638
All Others	1.2%	\$784,000	2	7.79	\$100,642
Total		\$63,791,232	26	654.92	\$97,403