

The Evolution of the Public-Private Partnership (P3) Environment



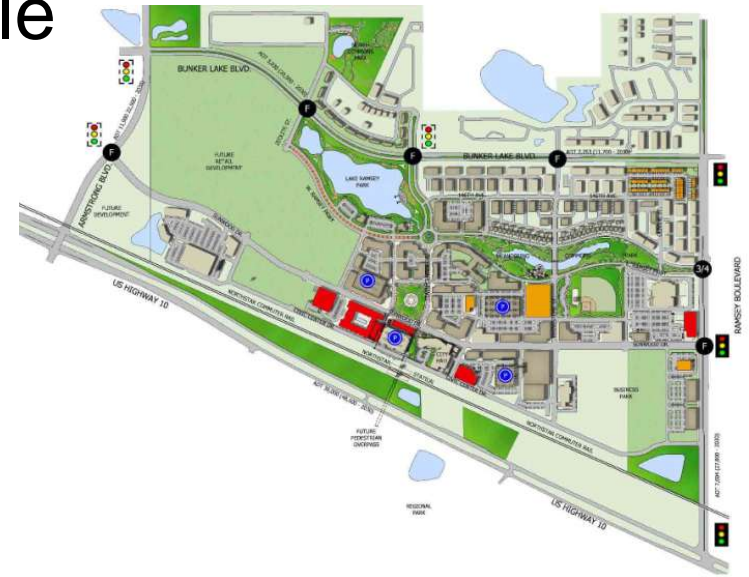
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Overview of the project

- 400 acre project in NW Minneapolis Market
- HRA acquired 150 acres
- 118 acres net developable



Build Team

- Design and re-visioning
- Development Management Structure

Re-Visioning effort

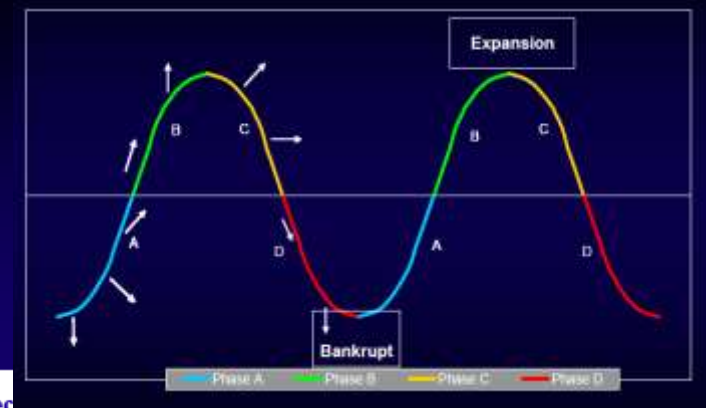
- Scope, scale, and uses
- Community Components
- Timeframe expectations for build out
- 'Patient capital'

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Phase Management Objectives™ :

Phase Late A - Recovery:

1. Positive leadership modeling (culture turns into behavior)
2. Establish goals: tactical goals which lead to strategic achievement
3. Develop a system for measurement and accountability re: #2
4. Align compensation plans with #2 and #3
5. Process standardization
6. Judiciously expand credit
7. Check distributions systems for readiness to accommodate increased activity
8. Review and uncover competitive advantages
9. Invest in customer market research (know what they value)
10. Improve efficiencies with investment in technology and software



DEVELOPMENT GOALS

- Positive Leadership
- Establish Goals
- Develop Systems
- Standardize Process
- Expand Credit
- Growth Readiness
- Competitive Advantages
- Invest in Market Studies

- Challenges in this particular development and this environment necessitate the public realm take on a new role to shepherd the project to the other side
- Need to 'clear the slate' on former Master Developer issues
 - Master declaration, title, zoning, design guidelines, existing owner concerns, etc.

Private Realization of Public Realm

- Public data, meetings – challenge to development relationships
- Transparency of the deal
- City creates “Chinese wall” for HRA business

Public Realization of Private Realm

- Need to operate as “developer”
- Move at “speed of business” vs. the “speed of democracy”
- More familiar with market force realities

Public entity establishing basis for the project

- Land acquisition
- Infrastructure (public and developer improvements)
- Capture return for public investments previously made in infrastructure
- HRA establishes dashboard and balance sheet for the project
- Broader measure of return – Fees, tax base, amenities, etc.



The History of P3 Partnerships

- Traditional **public** role:
 - Site assembly, acquisition, infrastructure/transportation improvements, pursuit of grants, incentives, streamline entitlement process
- Traditional **private** role:
 - Role of developer, site planning, entitlement, build improvements, secure tenants, market/brand

Reconsidering the P3

- Forget the past roles
- Reconsider vision and goals
- Assess impediments to successful development
- Try to identify a successful process
- Continually reassess

Bringing the project to the Market

- Re-branding and developing a marketing/communication plan
- Marketing on a city budget, push and pull of desire to maintain the brand/image
- Taking the brand and project to public events
- Ring the bell with successes, press release for milestones, deals – build community support and market recognition
- Talk to the marketplace

Strive to build momentum

Bring relationships to the project

- Housing, larger retail partners
- Moving them to perform with creative partnerships
- Involving local home builders to create buy-in and support

Focus on Catalyst Project

Given the foundation outlined...

What impediments to successful development would exist?

What partnership roles can the public play in overcoming those impediments?

Facilitating Deals

Incentives and Financing

- City receives authority for new tax increment financing district for construction of interchange, rail station, road and parking improvements, incentive for private development
- City establishes Special Service District to replace Association
- Consideration of land write-down, city participation in infrastructure
- Creative terms on disposition of land

Catalyst Projects

- Where do we start?

Project Examples and Structures

1. Senior Living Project
2. Shooting Range
3. Residential Projects
4. Community Center
5. Theatre
6. Apartment



Market Rate Apartment Project

- 230 transit oriented - high amenity units
- Wraps existing parking structure



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Regional Context





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