

**ECONOMIC DEVELOPMENT AUTHORITY
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The City of Ramsey Economic Development Authority (EDA) conducted a regular meeting on Thursday, September 13, 2012, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Chris Riley
 Member John LeTourneau
 Member Colin McGlone
 Member Wayne Skaff
 Member Jim Steffan
 Member Kristine Williams (arrived at 7:44 a.m.)
 Member Jeffrey Wise (arrived at 7:34 a.m.)

Members Absent: None

Also Present: Kurtis Ulrich, City Administrator
 Patrick Brama, Management Analyst
 Mike Mulrooney, ACG

1. CALL TO ORDER

Chairperson Riley called the Economic Development Authority meeting to order at 7:32 a.m.

2. APPROVE AGENDA

City Administrator Ulrich indicated that Mr. Don Haller from Connexus Energy would not be in attendance for agenda item 4.01.

Motion by Member LeTourneau, seconded by Member Skaff, to approve the agenda.

Motion carried. Voting Yes: Chairperson Riley, Members LeTourneau, Skaff, McGlone, and Steffan. Voting No: None. Absent: Members Williams and Wise.

3. APPROVE MINUTES

3.01: Approve Meeting Minutes Dated July 12, 2012, and August 2, 2012

Motion by Member Skaff, seconded by Member LeTourneau, to approve the minutes dated July 12, 2012, and August 2, 2012.

Motion carried. Voting Yes: Chairperson Riley, Members Skaff, LeTourneau, McGlone, and Steffan. Voting No: None. Absent: Members Williams and Wise.

4. EDA BUSINESS

4.01: Guest Speaker – Don Haller, Connexus Energy

City Administrator Ulrich stated the City has been working with Greater MSP to attract a data center to the former municipal center site. He added Connexus Energy has indicated this site is the best data center site in Anoka County and advised that both Connexus and Greater MSP would like to speak to the EDA at its October 11th meeting about the benefits of a data center and how both groups can work to promote the site. He indicated Connexus wants to pursue a State program called "Shovel Ready" and if successful this would be the first shovel ready data center site in the State. He stated the City will incur significant costs in relocating Fire Station #2 but noted this relocation is currently in the City's capital improvement plans. He stated a data center brings the potential of a high value project to the City that would not require a lot of City services and would provide a significant tax base. He added this item will be on the EDA's October 11th agenda and will include an analysis of fire station relocation costs.

Management Analyst Brama advised the original proposal for a data center on this site was to use the existing building but it is logical to demolish both buildings. He stated that Connexus is proposing to work with DEED on a shovel ready project, which would provide a lot of the early work that a developer takes on, e.g., soil borings, land survey, and getting the zoning in order.

Member Skaff requested further information regarding the number of employees that would be working in the data center.

City Administrator Ulrich stated the site could house a number of companies that would use the building for its corporate data center or the site could serve a number of different companies, but the number of employees would be relatively low and 40 employees seems possible. He added these would be well-paying high tech jobs with 24 hours/day coverage.

Member McGlone indicated the City Council has discussed the fire station on this site and was moving ahead with a plan to trade the land in lieu of someone building a new fire station on the two-acre parcel. He stated the City Council directed staff to put together a cost analysis and the estimate was more than \$4 million. He stated the plans for the fire station have not been confirmed and would have to be part of this plan if the City moves forward with a data center. He indicated another item to consider is the value of the land as well as what it will cost the City to relocate the fire station and what the payback would be to the City. He stated this is a big project and definitive work needs to be done to analyze all the costs before moving forward.

City Administrator Ulrich stated the City would expect Connexus to pay some of the costs such as the environmental review work or demolition costs; once the numbers are refined, the EDA and City Council can determine what it is willing to pay. He indicated another option would be to sell this property and subdivide it for single-family homes and agreed to prepare an analysis of that scenario for the EDA.

Member Wise asked if there were other grant opportunities that might be available to the City.

City Administrator Ulrich stated he would check with DEED regarding other grant opportunities.

4.02: Review RFQ for Demolition of Buildings Located on 8020 147th Ave NW

Management Analyst Brama presented the staff report and advised an RFQ was sent to six vendors with three responses received. He presented the three bids received in response to the RFQ and stated the lowest bid was from Sauter & Sons for \$23,500. He indicated the lowest bid came in approximately \$10,000 less than the next bid and staff contacted Sauter to make sure there was no discrepancy in their bid but staff has not yet heard from Sauter.

Chairperson Riley felt the City should follow up with Sauter to make sure their bid was appropriate and asked about the City's estimate for the project. He also asked if staff feels Sauter is qualified to perform the work.

Management Analyst Brama stated the City did not prepare an estimate, explaining this project did not need to go through a formal bid process and instead used a quote process. He added that the City has used Sauter & Sons on its last two projects.

Member Wise referenced item #15 of the RFQ which states upon awarding the project, the City reserves the right to remove fixtures and equipment from the property, including buildings, for up to 20 days and felt it was hard to believe someone would bid on this with that language because the scrap material is worth a lot of money to these contractors.

Management Analyst Brama advised the purchase agreement with the previous owner included a 20-day guarantee that allowed the previous owner to purchase items from the property before selling or demolishing the building. He indicated that is not a binding agreement and the City has no obligation to sell anything to the previous owner. He stated the City prepared an addendum to the RFQ and informed the contractors to prepare their quote based on the assumption that everything in the building is available to them if they want it.

Management Analyst Brama stated the final date of completion of the project is in November and at that time, the City would market the property for sale.

Member McGlone recommended that the City not wait to put the property on the market, stating that any buyer should understand it has to wait for completion of the demolition.

Chairperson Riley suggested putting signage on the site saying the property is available and providing contact information for the City.

Management Analyst Brama indicated he would put a property profile on the City's website and work on advertising the site.

Motion by Member LeTourneau, seconded by Member Steffan, to recommend that the City Council approve Sauter & Sons as the lowest responsible bidder for the demolition of buildings and site clean-up on the property located at 8020 147th Avenue NW.

Member McGlone requested a friendly amendment to the motion to direct staff to begin marketing the property for sale immediately.

Member LeTourneau agreed to the friendly amendment.

Member Steffan seconded the friendly amendment.

Member Wise expressed concern about putting the property on the market at this time because of the difference in elevations between this property and the adjoining property, which might impact the value of the property.

City Administrator Ulrich stated that staff will look into the elevation/final grade issue and indicated the City will want a pad-ready site to sell.

Member LeTourneau felt the City should have a solid appraisal before marketing the property.

Member Williams stated the road elevations of the interchange may change the visibility but felt there would not be a significant impact on the value of the property as long as there are no drainage issues on the west side of Armstrong. She added this would come out in any offers the City receives on the property.

Motion carried. Voting Yes: Chairperson Riley, Members LeTourneau, Steffan, McGlone, Skaff, Williams, and Wise. Voting No: None. Absent: None.

4.03: Revolving Loan Fund (RLF) Application/Proposal

Mr. Mulrooney explained he met with a father and his daughter regarding the daughter's new business and her request for a revolving loan fund (RLF). He presented the business plan for a fitness facility in the shopping center at the NE quadrant of Bunker Lake Boulevard and Highway 47. He stated the daughter is a Ramsey resident and her father had a successful wholesale electronics parts business for many years. He added the daughter has years of experience in the fitness industry and this facility would cater to women aged 25-45. He stated there would be an investment in leasehold improvements and equipment as well as for operating capital and the owners are requesting an RLF in the range of \$30,000-\$50,000. He noted this business is considered a service business and the RLF criteria allows for financing of equipment purchases and leasehold improvements. He stated the RLF request is relatively small and the credit worthiness of the individuals alleviates any concerns relative to the collateral issue, noting that personal guarantees would be required of both parties.

Member McGlone stated he was concerned about financing this because fitness equipment is valueless and referenced the high failure rate for fitness facilities.

Mr. Mulrooney acknowledged the high failure rate for fitness facilities and stated the father would be half owner of the business. He added the RLF requires a 1:1 match of public to private dollars.

Member LeTourneau stated the City has an individual interested in doing something with this vacant space and offering an amenity to the community. He indicated the father and daughter would carry all the risk and the City would have collateral and personal guarantees that will support it if the business fails.

Motion by Member Skaff, seconded by Member Steffen, to direct staff to continue working with the applicant for the Revolving Loan Fund application process.

Further discussion: Member Wise suggested the financing be limited to \$20,000.

Motion carried. Voting Yes: Chairperson Riley, Members Skaff, Steffen, LeTourneau, McGlone, Williams, and Wise. Voting No: None. Absent: None.

4.04: Business Retention & Expansion Program Introduction, Continued

Management Analyst Brama presented an update on the City's business retention and expansion program that was introduced at the July and August EDA meetings by Karen Skepper from Anoka County.

City Administrator Ulrich advised that the City Council made a request to the County HRA to use any undesignated levy to support the City's HRA activities and the County HRA has a fund balance of approximately \$500,000, which could be used for business retention and expansion. He noted this would not be an ongoing source of money and would be one-time only money.

Member McGlone expressed concern that the County has taxed the City's residents for HRA purposes then the County says it wants to do an EDA program that they forgot about. He stated people were taxed for that and he does not want to see these funds siphoned off for anything other than HRA. He added he was not in favor of spending money on economic gardening if it has to do with this pot of money.

Chairperson Riley stated there were many items listed that the City should be doing anyway as an EDA. He asked if there were materials the City could ask for and use even if it did not participate with the County.

Management Analyst Brama stated the items listed were developed by staff and the City does not need to do through the County.

Member LeTourneau agreed with Member McGlone's concerns but felt this was a unique opportunity that the City should consider that would offer real value to businesses in the initial stages of development that might be struggling and that is what economic gardening is about. He added this is a great way to think more regionally about how to develop the City's economic engine and this is an HRA/EDA function for the County. He urged the EDA to be serious about considering this and added this concept was brought forward to the County Commissioners from a pilot program in Hennepin County and it received strong support.

City Administrator Ulrich stated the EDA has its own funds, e.g., the Revolving Loan Fund that could be used to do economic gardening either with the County or with a private consultant.

Management Analyst Brama advised that staff will present a structured approach regarding this program at the next meeting including whether to pursue economic gardening through the County.

City Administrator Ulrich added the proposal for EDA consideration will include how this program might be done with EDA money using services from the County without using the levy and availability of other funding sources.

4.05: Prospect Update, Mike Mulrooney

Mr. Mulrooney reported he met with a manufacturing company currently located in a neighboring community and presented two possible sites. He stated the 50,000 square foot building was more expensive than this prospect anticipated and the manufacturing company has cut back its plans to either expand its current location or go with a smaller facility. He stated he identified a 24,000 square foot building for \$1.5 million with outside storage is waiting for feedback from the prospect. Mr. Mulrooney reported that an existing Ramsey business, that has a second location in Rogers, is expecting to move its operations completely out of Ramsey into their second location. This business constructs custom canvasses for boating and commercial industry. Lakes Region RV is planning on taking over the building/lot left vacant by the former Ramsey business and expanding into the adjacent lot. Lakes Region RV is relocating from their existing store on the west side of the City. He reported he met with another prospect yesterday involved in precision manufacturing that is looking to double the size of its facility. He stated he anticipates the City will receive another request for RLF financing for equipment related to that expansion at its next meeting.

Member McGlone stated he had a conversation with a prospect who is interested in moving their dance studio from Andover to Ramsey.

4.06: 2013 EDA Budget

City Administrator Ulrich indicated that the City Council did not approve the additional levy allocation and the City Council reduced the HRA levy. He stated that operating expenses remain the same as last year with slight increases in basic personnel functions. He added that the 2013 EDA budget does include a full-time HRA/EDA person to focus on assisting this group.

Chairperson Riley stated the 2013 EDA budget will be on the October 11th EDA agenda for formal adoption.

Member Wise left the meeting at 9:00 a.m.

4.07: Ramsey EDA Business Networking Breakfast Event Update

Management Analyst Brama presented the proposed agenda for the networking breakfast event scheduled for Thursday, November 29th. He stated that three speakers will present remarks followed by small group discussions. He indicated the subjects covered by the three speakers will reflect the small group discussions and an EDA member will sit at each of the small group discussion tables. He stated a formalized agenda will be presented at the next meeting as well as the proposed marketing flyer.

Chairperson Riley stated the proposed agenda looks great and thanked Management Analyst Brama for his work on the event.

Member McGlone stated he met with City Administrator Ulrich and Ms. Karen George, the new administrator at QCTV, to discuss strategies for moving the organization forward. He asked the EDA to consider giving Ms. George a few minutes at the networking breakfast to introduce herself and say a few things about the City and how QCTV can be a bigger part of the City.

Chairperson Riley was amenable to allowing Ms. George to provide brief introductory remarks at the event.

4.08: 2012 EDA Golf Tournament Review

Management Analyst Brama presented a review of the August 21st EDA golf tournament. He stated the event went smoothly and there were no major problems. He agreed that the golf pro should not be allowed to win the tournament. He indicated that one of the suggestions for next year is to purchase prizes at a discount store rather than the pro shop because more items could be purchased at a discount store for the same amount of money. He added that the top three finalists for Business of the Year will be used as a starting point for next year.

5. MEMBER / STAFF UPDATE

City Administrator Ulrich reported that some businesses have been impacted by the road reconstruction. He stated an event is being planned for the train station opening in November.

Member Steffan stated the EDA has a history of hosting candidate forums and asked whether the EDA should plan to host a candidate forum in October.

Member Williams felt this was a great idea. She asked about deadlines for getting information into utility bills or the City newsletter.

City Administrator Ulrich advised the League of Women Voters scheduled a forum but it was cancelled. He stated no candidate forums are currently scheduled before the election.

Management Analyst Brama stated the November/December issue of *Ramsey Resident* will not hit doorsteps until November. He added he can check deadlines for the utility bills.

Member McGlone raised a point of order and stated the EDA does not have enough members to make a recommendation on this issue at this time. He stated he will not engage in any discussion on the issue and Member LeTourneau and Chairperson Riley should refrain as well.

Member Steffan asked the three City Council candidates if they would attend a candidate forum hosted by the EDA.

Member McGlone stated this was not a fair question and added he cannot enter into the conversation so he would not answer.

Member LeTourneau raised a point of order and asked whether or not a candidate forum can be conducted by the EDA.

Member Skaff asked why the League of Women Voters candidate forum was cancelled.

City Administrator Ulrich stated the candidates refused to participate.

Member Steffan suggested the EDA give direction to staff to determine the deadline for utility bills and to determine whether another group can take the lead on hosting a candidate forum.

Member McGlone raised a point of order and stated this body cannot direct staff if it is not participating in the conversation regarding candidate forums.

City Administrator Ulrich stated other organizations might include the Ramsey Foundation or the North Metro Chamber of Commerce.

Member Steffan stated he would like the City to explore this further if he can give that direction.

6. ADJOURNMENT

Motion by Member Steffan, seconded by Member Williams, to adjourn the meeting.

Motion carried. Voting Yes: Chairperson Riley, Members Steffan, Williams, LeTourneau, McGlone, and Skaff. Voting No: None. Absent: Member Wise.

The regular meeting of the Economic Development Authority adjourned at 9:20 a.m.

Respectfully submitted,

Kurtis G. Ulrich
City Administrator

ATTEST:

JoAnn Shaw
Planning Division Secretary

Draft by Barbara Hughes, *TimeSaver Off Site Secretarial, Inc.*