

City of Ramsey
Agenda
City Council Work Session
Tuesday April 23, 2013
Immediately following Personnel
Lake Itasca Room 7550 Sunwood Drive NW

- 1. Call to Order**
- 2. Topics for Discussion**
 1. Legal RFP Review Process
 2. Consider Outsourcing of Property Management Services
 3. Memorandum of Understanding (MOU) for the Armstrong Interchange Project
- 3. Future Topics for Discussion**
- 4. Mayor/Council/Staff Input**
- 5. Adjournment**

CC Work Session

2. 1.

Meeting Date: 04/23/2013

By: Jo Thieling, Administrative Services

Title:

Legal RFP Review Process

Background:

As Council is aware, staff published notice for Requests for Proposals for Legal Services. The deadline for submittal was April 5, 2013. Proposals were received from fourteen different firms. An evaluation committee consisting of staff members will review the fourteen proposals. That review process is expected to be completed by April 26. The committee will recommend firms to be interviewed by Council and such interviews will be scheduled so as to be completed by May 17. Council will be asked to approve the contract for legal services on their June 11 agenda.

Staff is asking for Council to discuss the process for interviewing the firms. For example, when this process was done three years ago, all Council Members served as the final interview panel. Following determination of who will conduct the interviews, dates would be scheduled for the interviewing process.

Recommendation:

The City civil attorney has a very close and integral relationship with the Council, and it is recommended that the Council participate in the interview to become familiar with the candidate firms.

Funding Source:

N/A

Council Action:

Based upon discussion.

Form Review

Inbox	Reviewed By	Date
Kurt Ulrich	Kurt Ulrich	04/18/2013 03:12 PM
Form Started By: Jo Thieling		Started On: 04/16/2013 10:40 AM
Final Approval Date: 04/18/2013		

CC Work Session

2. 2.

Meeting Date: 04/23/2013**By:** Diana Lund, Finance

Title:

Consider Outsourcing of Property Management Services

Background:

The City of Ramsey has acquired several parcels (15) through the Right-of-Way Acquisition Loan Fund (RALF) program on Highway 10. Several of these buildings located on these parcels have been demolished. On occasion, Council has decided to retain those buildings that were in good structural shape and with the possibility of having them remain on the tax roles through leasing. Today, the city has six leases that pay a monthly rent - Northern Lights Church, RM Golf Carts, Independent Auto Care (2 leases), Pro Sporting Goods and Todd Bialon; One site that pays \$0 and requires maintenance (Youth First) and one site that is currently vacant (6701 Highway 10 - Cold Storage area).

In the past, up to January 2011, the City had contracted with Premier Commercial Properties to oversee the property management of the city's leased/lease-able sites. The prior agreement called for \$200/month per site for property management.

Current staff have been undertaking the property management role since the contract with Premier ended in 2011. Finance has been overseeing the management of the current leases, administration has been overseeing the leasing of vacant sites and maintenance overseeing any maintenance issues at Youth First. On average, Finance spends approximately seven hours per month with administrative tasks related to contacting businesses regarding delinquencies, reconciliations etc. In developing new leases, administration can spend up to 20 hours negotiating a new lease, developing profiles, etc. (this does not include professional legal charges), and maintenance spends approximately three hours per month on maintenance at Youth First. Our public works, maintenance and IT departments spent numerous hours at 6701 Highway 10 when the water-main break occurred in the building. Staff has also spent several hours related to hiring painters, roofers, plumbers and HVAC.

A cost estimate of staff time spent on RALF properties is approximately (not including hiring contractors & legal services):

Finance - 7 hours month \$350

Administration - 20 hours per lease \$650

Maintenance - 3 hours month \$100

With the reduction in staffing levels, the time spent on property management could be well used in other areas. In addition, the staff costs related to property management is not eligible for reimbursement through the RALF program. Payments to outside consultants are eligible, and thus the city would be reimbursed.

The City sent out a request for property management services to three vendors. Only one submitted a proposal by the closing date of Friday, April 3, 2013. That proposal from Premier Properties is attached. Premier is proposing the same \$200 monthly fee per site as per their previous contract with the city.

Notification:

The proposal from Premier Properties is attached.

Observations/Alternatives:

The Council can approve, postpone, or reject this proposal. Staff recommends approval of this proposal at the \$200 per month per site rate. Postponing or rejecting this proposal would result in the continuation of the current process which has a negative impact on City operations. If the proposal was postponed, it would have the advantage of demonstrating competition for the work if staff was directed to further solicit other proposals.

Recommendation:

Staff supports moving forward with the proposed property maintenance contract at \$200 per month per site.

Funding Source:

Current rental collections.

Council Action:

Discussion of outsourcing property management services.

Attachments

Premier Proposal

Form Review

Inbox	Reviewed By	Date
Patrick Brama	Patrick Brama	04/18/2013 11:25 AM
Kurt Ulrich	Diana Lund	04/18/2013 01:19 PM
Diana Lund (Originator)	Diana Lund	04/18/2013 01:20 PM
Patrick Brama	Patrick Brama	04/18/2013 01:37 PM
Kurt Ulrich	Kurt Ulrich	04/18/2013 03:55 PM
Form Started By: Diana Lund		Started On: 04/18/2013 08:11 AM
	Final Approval Date: 04/18/2013	

Property Management Services Agreement

Premier's Property Management Services are led by Greg Fricke, Brian Bockwitz, Dina Erickson and Marty Fisher.

Our top level property management services include:

- Accounting and financial reporting for investment and managed properties including rent collections, expenses disbursements, budgeting and cash flow planning.
- Tenant relations including lease reviews and renewals, dispute resolutions and service assistance.
- Reviewing and coordinating vendor contracts and recurring services for tenants and properties.
- Coordinating service and repair needs and projects for properties.
- Property inspections.

Greg is a C.P.A. (*Inactive*) and has completed the Master of Business and Taxation at the Carlson School of Management at the University of MN. Prior to joining Premier, Greg spent 10 years as a tax manager with a national C.P.A. firm and has an additional 10 years experience operating the residential (multi-housing) and commercial property management business for a successful Fridley based property management firm with locations throughout Minnesota, South Dakota and Florida. Greg oversees all of Premier's internal and client accounting.

Brian Bockwitz has 15 years of property management experience and is our primary property manager for our client properties. Brian has experience in multi-tenant and single tenant properties including office, retail and industrial properties. Brian is detail orientated and focuses on maintaining strong relationships with both tenants and vendors. Brian responds to daily service calls, works with vendor scheduling, tenant maintenance issues and provides quality service to our clients.

Dina Erickson provides office support and coordination of the various vendor and tenant calls. Dina sets up vendor contracts, tracks performance and provides all of the data entry and administration support for Greg, Brian and Marty.

Marty Fisher is the Broker / Co-owner of Premier Commercial Properties, Inc. Marty is involved in Landlord and Tenant representation, as well as, Buyer and Seller transactions of Industrial, Retail, Office and Multi-family properties. For the last 24 months in particular, Marty has worked closely with local banks on the management, repositioning and disposition of distressed commercial properties. Marty has over 15 years Commercial Real Estate experience.

Ramsey Property

6701 Highway 10, 6745 Highway 10 and 67XX Land site

Property Description: 6701 Hwy 10 includes Youth First Community of Promise (front end of building) and vacant cold storage space.

6745 Hwy 10 includes front end retail (automotive) bay and vacant cold storage in the rear of the building.

67XX approximately one acre vacant land site

Services To Be Provided: Bi-monthly physical inspection of interior and exterior of property.

Handle vendor relationships, set up contracts and ensure proper services as required by Landlord and as written under current lease agreements

Rent collections, dispute resolution and service assistance

Disbursement of all necessary and substantiated rental property expenses.

Review leases and enforce tenant compliance with all terms and conditions of lease provisions; including late notices, delinquent rent and lease default issues.

Set up, implement and coordinate vendor contracts for HVAC, cleaning, maintenance, mowing, etc.

Quarterly financial reporting information and rent roll summaries to owners.

Management Fee: \$600.00 per month, payable on the 1st of every month.

Leasing fee's: Leasing Fee's payable at Lease Commencement are:

Office space and retail space:
\$1.00 / square foot for 1 year lease
\$2.00 / square foot for 2 year lease
\$3.00 / square foot for 3 year lease or longer

Cold storage and/or warehouse space and land lease:
5% of the total rent over the term of the Lease.

Listing Agreement: Standard State of Minnesota Commercial Listing Agreement for Lease
and a property management contract agreement.

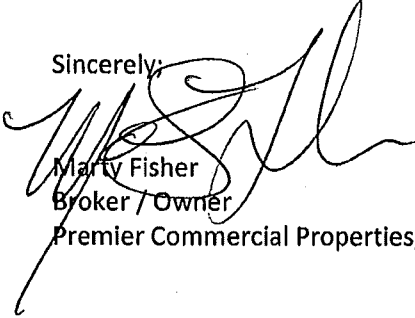
The properties listed above will require an initial site visit to establish any on-site situations, lease obligations; exact issues with the property. We will perform this initial on-site visit included as part of our overall bid package. Please note we have previous experience in the management of both of these properties from previous on-site services provided. Our office sits almost directly across Highway 10 from these properties.

If a property requires additional on-site time for repair or maintenance issues, Premier will handle these issues by our property management team on an hourly basis with a rate of \$65.00 per hour.

We would welcome an opportunity to meet and discuss these services with you more directly.

Finally, we have no issue with the City of Ramsey Rental Property Management Agreement other than Section 5.2, Termination. We suggest that "Either party may terminate this Agreement without cause upon 120 days written notice to the other party".

Sincerely,



Marty Fisher
Broker / Owner

Premier Commercial Properties, Inc.

CC Work Session

2. 3.

Meeting Date: 04/23/2013**Submitted For:** Kurt Ulrich**By:** Jo Thieling, Administrative Services

Title:

Memorandum of Understanding (MOU) for the Armstrong Interchange Project

Background:

The Anoka County Public Works Committee placed an item on their 4/15 agenda to consider recommending approval to enter into a Memorandum of Understanding with the City of Ramsey for financing the construction of a highway interchange at the intersection of CSAH 83 (Armstrong Boulevard) and US 10.

The Armstrong Boulevard intersection at TH 10 is a deficient at-grade signalized intersection. For many years, Anoka County has included reconstructing this intersection into a grade separated interchange into its Capital Improvements Program. To assist in the funding of this interchange, the County is currently pursuing state grant applications from the Transportation Economic Development (TED) program and the Corridor Investment Management Strategy (CIMS) program. To give the applications more "clout", it would be beneficial to have a firm commitment of the local funding match. This MOU would demonstrate a commitment to funding a local cost share of this interchange project.

Anoka County is asking the City of Ramsey to enter into an MOU for financing the construction of the interchange. Attached to this report is the MOU.

Notification:

Not applicable.

Observations/Alternatives:

The City of Ramsey has already made financial contributions toward the project of \$7,059,700 that included the construction of approach roads and intersection, extension of a frontage road, property acquisition and design. These contributions have been added to the MOU.

It is estimated that the cost to construct the Interchange Project is \$35,510,000.00, and that the possible sources of funds would be divided between the federal, state, county, and city sources.

The MOU states that, If for any reason any of the funds identified in Exhibit A cannot be obtained, then the County and City agree to assume the responsibility to fund the shortfall by the City paying for one half of the shortfall and the County paying for the other half of the shortfall, provided that neither the City nor the County's maximum financial responsibility for funding the construction of the Interchange Project shall exceed \$10,000,000.00.

Recommendation:

Staff recommends approval of the attached MOU.

Funding Source:

The proposed missing gap of funding would be eligible to be reimbursed by COR TIF District 14 revenue as it is derived.

Council Action:

Approval of the attached Memorandum of Understanding.

Attachments

MOU Armstrong

Form Review

Inbox

Kurt Ulrich

Reviewed By

Kurt Ulrich

Date

04/18/2013 07:31 PM

Form Started By: Jo Thieling

Started On: 04/16/2013 11:10 AM

Final Approval Date: 04/18/2013

**MEMORANDUM OF UNDERSTANDING
FOR FINANCING THE CONSTRUCTION
OF A HIGHWAY INTERCHANGE AT
THE INTERSECTION OF CSAH 83 AND US 10
IN THE CITY OF RAMSEY**

THIS MEMORANDUM OF UNDERSTANDING is made and entered into this ____ day of _____, 2013, by and between the County of Anoka, a political subdivision of the State of Minnesota, 2100 Third Avenue, Anoka, Minnesota 55303, hereinafter referred to as "County", and the City Ramsey, 7550 Sunwood Dr. NW, Ramsey, MN 55303, hereinafter referred to as the "City".

WITNESSETH

WHEREAS, the parties to this agreement agree it is in the best interest of the public to construct a highway interchange at the intersection of CSAH 83 (Armstrong Blvd.) and US Highway No. 10, in the City of Ramsey (" Interchange Project"); and

WHEREAS, the City of Ramsey has already made financial contributions toward the project of \$7,059,700 that included the construction of approach roads and intersection, extension of a frontage road, property acquisition and design; and

WHEREAS, the parties to this agreement consider it mutually desirable to share the cost of construction of the Interchange Project as hereinafter provided; and

WHEREAS, Minn. Stat. § 471.59 authorizes political subdivisions of the state to enter into joint powers agreements for the joint exercise of powers common to each.

NOW, THEREFORE, IT IS MUTUALLY STIPULATED AND AGREED:

I. PURPOSE

The parties have joined together for the purpose of defining each party's financial obligation relating to the construction of the Interchange Project. It is estimated that the cost to construct the Interchange Project is \$35,510,000.00, and that the possible sources of funds to pay the cost thereof is identified in the attached Exhibit A.

II. METHOD

The County and the City shall work diligently together and independently to secure the necessary funds from the sources identified in Exhibit A to construct the Interchange Project. If for any reason any of the funds identified in Exhibit A cannot be obtained, then the County and

City agree to assume the responsibility to fund the shortfall by the City paying for one half of the shortfall and the County paying for the other half of the shortfall, provided that neither the City nor the County's maximum financial responsibility for funding the construction of the Interchange Project shall exceed \$10,000,000.00. If sufficient funds for the construction of the Interchange Project are secured prior to the termination of this agreement, the parties hereto shall acknowledge said fact through an amendment to this agreement whereby all sources of funds are identified and each party's obligation is clearly set forth therein.

III. ACKNOWLEDGEMENT

Both parties acknowledge that this Memorandum of Understanding (MOU) is a non-binding statement of intent. Any binding agreements executed by the parties subsequent to this MOU will be made pursuant to written and properly executed and approved agreements.

IN WITNESS WHEREOF, the parties to this Agreement have hereunto set their hands on the dates written below.

COUNTY OF ANOKA

CITY OF RAMSEY

By: _____
Rhonda Sivarajah, Chair
County Board of Commissioners

By: _____
Sarah Strommen
Mayor

Dated: _____

Dated: _____

ATTEST

By: _____
Jerry Soma
County Administrator

By: _____
Kurt Ulrich
City Administrator

Dated: _____

Dated: _____

APPROVED AS TO FORM

By: _____

Dan Klint
Assistant County Attorney

Dated: _____

By: _____

William Goodrich
City Attorney

Dated: _____