

**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, May 16, 2013, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Jim Steffen
 Member Glen Hardin
 Member John LeTourneau
 Member Chris Riley (arrived at 7:35 a.m.)
 Member Wayne Skaff
 Member Kristine Williams

Members Absent: Member Phillip Brunt

Also Present: Patrick Brama, Management Analyst
 Tim Gladhill, Development Services Manager

1. CALL TO ORDER

Chairperson Steffen called the Economic Development Authority meeting to order at 7:33 a.m.

2. APPROVE AGENDA

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

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

3. APPROVE MINUTES

3.01: Approve EDA Meeting Minutes Dated April 11, 2013

Motion by Member LeTourneau, seconded by Member Hardin, to approve the minutes dated April 11, 2013.

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

4. EDA BUSINESS

4.01: FOR DISCUSSION ONLY: Discuss Future Land Use Options and Land Use Open House Results for 15153 Nowthen Boulevard (Former Ramsey Municipal Center/Current Fire Station #2)

Management Analyst Brama provided a brief background regarding this property and stated the City held an open house on April 18th. He advised the City received 26 formal comments with 24 comments indicating a preference for a residential development and indicating opposition to a data center while two comments were received in favor of a data center and opposed to a residential development. He stated the City also received a petition with 69 signatures in opposition to a data center and in favor of a residential development and noted there was no formal analysis of this petition to verify addresses. He advised that staff has worked to find solutions to mitigate resident concerns and has prepared a revised site concept. He stated that noise was a major concern and staff feels that noise pollution can be resolved with proper land use restrictions including increased setbacks, requiring enclosed or indoor storage, and requiring that air conditioning units be located near the center of the building. He indicated that Anoka and Chaska have noise decibel restrictions for their data centers and the City could adopt more restrictive noise regulations, e.g., 55 decibels, which is comparable to normal office noise or a library. He stated another concern raised by residents was the look of a data center and whether a data center would fit in with the neighborhood. He advised this concern could be mitigated through larger setbacks, dictating the maximum height of the building, proper landscape screening, and establishing architectural standards so the building is compatible with the surrounding area. He stated that residents expressed concern regarding traffic and staff does not believe this is a legitimate concern and feels a data center will have less impact than a residential development with 48 trips per day for a data center compared to 480 trips per day for a residential development. He stated the issue of spot zoning was raised and staff reviewed this issue with the City Attorney and the League and does not believe this would result in spot zoning due to the size of the parcel, the public purpose for developing the site as a data center, and the fact that the previous use was for either a school or municipal complex that are more intense uses. He advised that residents also felt a data center would reduce their property values and while it is possible that property values could decrease with a data center, surrounding property values could also decrease with a residential development. He indicated the City Attorney and the League feel this issue is subjective and should not be concerned as long as the City goes through the proper steps to ensure the development is compatible with surrounding properties. He stated residents also raised the issue of risk of market failure of a data center and what would happen to the property and advised that while there is no mitigation the City can provide for this, the City could state that the property may only be used for quiet type uses in the future. He stated residents suggested the property be used for a park and the Parks Commission has not identified this site as a future park, noting the site is connected by trail to a number of nearby parks. He presented a revised site concept and stated a single user data center was reduced from 250,000 square feet to 190,000 square feet and the setbacks were increased from 125' to 200' and setbacks for a two-user data center were also increased to 200'. He indicated the required parking could be reduced by 30 stalls and the site concept includes landscaping and buffering especially along Helium Street to screen properties and also includes a neighborhood open space in the northeast corner of the property. He stated generators would be required to be enclosed in the building or placed in enclosures toward the center of the building and the building's

maximum height would be 25'. He advised that revisions were made to the cost benefit analysis based on the revised site concept resulting in a decrease in value of a data center from \$1.35 million to \$1.275 million and a decrease in value of a residential development from \$1.35 million to \$650,000. He stated that a data center would be more beneficial to the City in terms of property taxes with estimated taxes of \$200,000 annually versus \$128,000 for a residential development. He advised that staff was recently approached by Connections Church expressing an interest in the property and stated if this property were purchased as a church it would be tax exempt and would require additional parking, adding the church has indicated it would expand the building resulting in a larger footprint. He stated Connections inquired about leasing the property, including the buildings, and staff believes this would conflict with the fire station and does not recommend leasing the property.

Development Services Manager Gladhill explained that the zoning amendment is done by Ordinance and the City Charter allows a counter petition with signatures from two-thirds of registered voters. He advised the City received a comment from Anoka County that any development would have to reevaluate access on Nowthen because the County wants to close this access.

Member Skaff stated he spent time with residents on this issue and his sense is that the residents will stand and oppose any effort to build a data center and residents are concerned about their property values and quality of life. He felt it would be wrong to push something through given the current level of opposition.

Chairperson Steffen asked if a data center could live with a 55 decibel restriction.

Management Analyst Brama replied he spoke with Chaska's City Administrator who informed him that residents still raise concerns about noise from their data center, adding that Chaska has a 300' setback requirement next to residential properties. He stated he also spoke with Elk River about their data center and learned they also get complaints from property owners. He stated he contacted Mortenson Construction and was informed that 55 decibels is not unrealistic for a data center but costs would likely go up based on that restriction.

Member LeTourneau suggested including a rain garden element in order to mitigate the view and add more aesthetics to the project. He also encouraged planting larger trees, e.g., 4-6' trees, in order to provide good coverage sooner rather than later.

Member Williams stated she was still in support of the data center concept because it achieves the strategic initiatives of the City and represents a good reuse of the site and did not support using the site for a church. She indicated that a data center use for this site is well received within the real estate community adding she has heard this site mentioned several times as a potential data center. She agreed that rezoning the site now would put the City in a position to see a data center come to fruition provided the City does not price itself out of the market by having more restrictions than other communities.

Chairperson Steffen asked if the site could transition back to residential if no user was found after the property is rezoned.

Development Services Manager Gladhill explained the City Council has legislative authority to change the Comprehensive Plan's land use map and would have the ability to change the zoning if the market changes in the future. He also explained the timeline for amending the Comprehensive Plan and agreed to provide the EDA with the City Attorney's opinion regarding the City Charter provisions with respect to a counter petition.

Member Williams left the EDA meeting at 8:20 a.m.

Member Skaff expressed support for the data center concept stating he felt it represented a good use of the property but acknowledged that this use will result in significant opposition by the neighborhood.

Chairperson Steffen agreed and stated the site might not be as competitive if the City places significant restrictions on the use, but he was not willing to take it off the table yet.

Member LeTourneau stated he listened to the residents and acknowledged their concerns. He commended staff for their efforts to mitigate resident concerns but remained concerned about the local residents and about how the rest of the community views this. He felt it was important to remain open to the idea that a data center might not be the right thing given the opposition of residents and the potential for a petition against a data center. He stated he felt a data center was the right thing overall for the community but if a petition came forward that would send a clear message. He supported the idea of continuing the current process including rezoning.

Member Hardin expressed support for moving forward with rezoning the site as long as the City can address the issues raised by residents, including noise and setbacks, and felt the proposed use would benefit all residents by getting the property back on the tax rolls.

Member Riley stated he liked the way the City has conducted the public process and indicated residents got the impression that the City was jamming this down their throats. He stated there has been uniform and consistent opposition to the proposal adding he has not seen a lot of people clamoring for a data center. He felt staff did a great job mitigating resident concerns but did not think the residents will agree with the mitigation or change their minds. He stated he did not think a data center was a bad idea but residents think it is, so he would not support it.

Management Analyst Brama indicated it was staff's intention to present the City Council with the EDA's comments in support of rezoning the site for a data center. He asked if the EDA had any additional changes to the site concept that the City Council should consider.

Member LeTourneau agreed that a 55 decibel restriction should be put in place and asked if a 200' setback was necessary with a 55 decibel restriction.

Management Analyst Brama advised the noise restriction is at the property line and the reason for the setback was not purely for noise but also for aesthetics, safety, land value, and to address potential spot zoning arguments.

Member Skaff indicated he would like to see more information about including a park amenity on the site with park dedication fees from the site used to develop a small neighborhood park.

Chairperson Steffen expressed support for the park idea. He felt the revised site concept provided significant berming and trees adding he would like to see pine trees to provide year-round coverage as well as additional work done with the storm water ponds on the site.

Member Riley asked if staff would be presenting the revised site concept to residents prior to the City Council meeting on May 28th.

Development Services Manager Gladhill pointed out the City Council will not be approving a zoning amendment on May 28th.

Management Analyst Brama suggested sending a notification letter advising residents the EDA has reviewed the revised site concepts based on resident feedback to help mitigate resident concerns and informing them the City Council will be considering the future zoning of the site on May 28th and requesting their input and/or attendance at the City Council meeting.

Member LeTourneau suggested the letter include a link to the website where residents can view detailed information regarding the proposal.

Member Riley requested that the information include pertinent data from the cost benefit analysis including the property tax benefits.

A resident in the audience approached the EDA and stated he was in favor of a data center versus a residential development. He also felt having a park on the site would be beneficial.

Chairperson Steffen requested that staff draft a letter to residents and circulate it to the EDA for review.

It was the consensus of the majority of the EDA to recommend that the City Council not pursue a residential development at this time.

It was also the consensus of the majority of the EDA to recommend that the City Council not pursue the religious organization's inquiry regarding the property.

4.02: Discuss Potential Future Industrial Park Land

Management Analyst Brama presented a map of potential future industrial park sites and advised that Site #1, an 87 acre parcel on the north side of Highway 10, has a willing seller and is a viable candidate. He stated that Site #2 east of the Pearson farm is not zoned correctly and it is unclear whether the owner is willing to sell the property to the City. He indicated that Site #3 and Site #4 would require significant infrastructure improvements and Site #5 has a willing seller and infrastructure improvements in place, however the zoning is not correct. He stated that Site #6, owned by the State, is a unique site with infrastructure and zoning in place and the City has worked with the MPCA in the past and received word the agency is not willing to sell the site for future industrial development.

Member LeTourneau expressed support for the opportunity to develop an industrial park and felt it would provide a needed revenue source for the City and drive the future of the community. He supported Site #1 as the City's first priority and Site #6 as the second choice.

Development Services Manager Gladhill stated that staff would like to invite MPCA staff to attend an EDA meeting to hear MPCA staff's reasons for why it is important for them to maintain their site.

Chairperson Steffen supported Site #1 and Site #2.

Member Skaff supported Site #1, Site #2, and Site #6.

Management Analyst Brama indicated that given the EDA's support for pursuing Site #1, staff proposes to begin gathering numbers and prepare a feasibility study on the site while still considering other sites. He stated information will be presented to the EDA at its next meeting regarding what needs to be done from a zoning perspective, as well as a TIF analysis, infrastructure improvements and costs.

Member Riley left the EDA meeting at 9:02 a.m.

4.03: Prospect Update

Management Analyst Brama advised that Prospect Echo is a new prospect located in New Hope and in Ramsey that is interested in consolidating its operations in the City, adding that staff will be meeting with them today. He advised that Prospect Foxtrot is interested in a 10-12 acre site but is willing to do their relocation in phases with a six or seven acre parcel now. He indicated that a possible site for Prospect Foxtrot is the City's public works campus noting the City owns all five parcels but utilizes only three parcels. He stated Prospect Foxtrot is interested in all five parcels and would agree to purchase three of the parcels at this time; the City would then lease back a portion of the site to continue its public works operations. He presented a proposed project site plan and stated the City does not want to move its salt shed on the site and will need to retain access to this for the time being until it finds a permanent location. He recommended that staff work with Prospect Foxtrot on an option agreement or right of refusal allowing this prospect the right to purchase the remainder of the property when the City is ready to allow the prospect to continue on with its full expansion. He noted this prospect is on a short timeline and wants to be in the building in six months.

Member Hardin left the EDA meeting at 9:10 a.m.

Member Skaff asked who would be responsible for utility extension.

Management Analyst Brama indicated this item is up for debate at this time, adding this prospect will be asking for business assistance and there are infrastructure grants available from outside agencies. He reviewed next steps and stated that a letter of intent will be prepared outlining the terms of the purchase agreement, etc., and staff will work with this prospect regarding potential financial assistance based on their needs.

It was the consensus of the EDA members in attendance to direct staff to continue to work with Prospect Foxtrot on its proposed expansion.

4.04: Updates

This item was tabled on the agenda.

4.05: Planning Commission Update (Development Update)

This item was tabled on the agenda.

5. MEMBER/STAFF INPUT

None.

6. ADJOURNMENT

The regular meeting of the Economic Development Authority adjourned at 9:19 a.m.

Respectfully submitted,

Kurtis G. Ulrich, City Administrator

ATTEST:

Patrick Brama, Management Analyst

Draft by Barbara Hughes
(TimeSaver Off Site Secretarial, Inc.)