

Meeting Date: 07/09/2013

Submitted For: Patrick Brama

By: Tim Gladhill, Community Development

Information

Title:

15153 Nowthen Blvd Property Development: Consider Further Public Input Process Alternatives

Background:

General Background

This case is related to the development of City owned land located at 15153 Nowthen Boulevard; known as the Former Municipal Center Site (“Subject Property”). The Subject Property is 21.24 acres in size and is located in Public/Quasi-Public zoning district.

This site was vacated in 2006, when the City moved its municipal center campus to The COR. Fire Station #2 still currently operates from the former municipal center site. Since 2006, the City has explored various options for selling the Subject Property in conjunction with the construction of a new fire station on an adjacent City owned site. In 2012, the City was approached by Connexus Energy regarding the development of the Subject Property for a data center(s).

The City is considering two general development scenarios for the Subject Property: data center and single family residential. The City completed a feasibility study on said development scenarios in February 2013 (which included site concept maps); and, a public open house in April 2013.

The next step in the process to develop the Subject Property is to consider the appropriate land use and zoning; specifically: *consider submitting an application for a comprehensive plan amendment.*

In June 2013 the City Council directed Staff to further engage surrounding property owners before submitting an application to amend the City's comprehensive plan; specifically, regarding a data center development.

A copy of the June 11, 2013 City Council Meeting case is attached as background. Additional information is available on the project webpage at www.cityoframseymn.com/formerrmc.

Purpose of Case

Consider further public input process alternatives.

1. Traditional Study Group Process (Structured Process)
2. Collaborative Process such as Open Space Technology (OST) that was used as part of the 2030 Comprehensive Plan Update process
3. Hybrid process of Options #1 and #2 above
4. Other

Notification:

There is no notification required at this stage. However, Staff has previously attempted to notify surrounding Property Owners of various stages preceding this discussion and set up a project webpage at www.cityoframseymn.com/formerrmc.

Observations/Alternatives:

Based on discussion at the June Council meeting, Staff is proposing the use of a study group to re-engage surrounding property owners. It is proposed a Study group would consist of ten (10) total participants: one (1) Councilmember, one (1) EDA member, one (1) Planning Commission member, five (5) adjacent property owners and two (2) at large property owners. It is estimated, a study group will need to meet 4-6 times. This process can be conducted with existing Staff, consultant services, or a combination of both.

Study Group Goal: The purpose of the Study Group is to better understand under what circumstances would a data center development be an acceptable use for the Subject Property. The key outcome of this process is a proposal for Council consideration; which will include (1) further documentation/information addressing specific concerns (2) mitigation proposals addressing specific concerns (3) updated site concept maps.

NOTE: The purpose of a study group is IDENTIFY and CONSIDER compromises/ solutions; it is possible the focus group may conclude certain concerns cannot be mitigated.

Staff would recommend a hybrid format for the facilitation of the process. Staff would host an initial scoping meeting to review current assumptions and purpose of the study group. Participants would then be responsible for formulating the schedule and content of the remainder of the sessions and be active in coordinating the individual sessions.

Due to current Staff workload and service level demands, Staff would recommend that the City Council utilize the assistance of existing professional services/contracted employees to assist with the technical aspects of the process. Staff would recommend that Staff could facilitate the process itself by moderating the sessions. As this parcel is owned by the City, the City Council may want to consider the utilization of an outside, third-party entity/individual for purposes of transparencies and perceptions of conflicts (being both Owner and regulatory authority). This may not be necessary at this stage, but will become more important to consider if an official amendment is to be considered.

Listed below are three general alternatives that have been explored to re-engage surrounding property owners. The options range from a traditional approach in which the City lays out the framework and content for each meeting/session to an approach in which the City simply lays out the policy question at hand and allows the participants to set the agenda and facilitate individual sessions. The alternatives to follow are in no particular order in terms of recommended approach. *The alternatives are all similar, the main difference being the manner in which the agenda is prepared and how individual sessions are convened.*

Alternative 1: Structured Process

A structured process calls for a specific agenda at each study group meeting. Staff will provide the study group information/ documentation regarding each discussion point before each meeting. Additionally, Staff will allow study group members to submit information they have collected before meetings. At meetings, Staff will provide a brief presentation on specific talking points; then, the study group will discuss and develop comments and mitigation strategies.

Every major concern raised by the public to-date will be documented and addressed. The first meeting will outline a list of concerns that will be addressed by the study group; at which time, study group members may make amendments/additions. If certain discussion topics need more or less time than allocated by Staff, adjustments may be made during a meeting. *This alternative would entail that the agenda for the process would be set ahead of time by the City and individual sessions coordinated by Staff.*

See attached outline for detail.

Benefits: This process is clear and consistent; and easy to understand and follow. This will provide the City Council with specific/detailed feedback regarding each concern. This will provide efficiencies from an execution/preparation perspective (i.e. the City Council will know the exact content matter that will be discussed at each meeting prior to commencing the process). This will increase the opportunity that the study group will remain on track with the policy question to answer, thereby reducing the possibility of the need for

additional meetings beyond what is currently forecasted.

Drawbacks: There are a number of topics already covered that are not in need of additional investigation, thereby there may be some effort in investing additional time on discussion points the study group is not interested in covering. This process provides for less ownership by surrounding property owners than a pure grass roots process would provide. This process is not necessarily focused on consensus building as it is a tool to address multiple, individual assumptions.

Estimations: Five (5) meetings, two (2) to three (3) months with a consultant (cost: \$5,000, some Staff time), 2-3 months internally (cost: significant Staff time). Staff estimates that this cost could be reduced slightly if the balance of Staff time and consulting services were amended. A change to the estimated balance would require that the process is delayed to the winter months due to current service level demands for Staff time.

Alternative 2: Open Space Technology (OST)/Collaborative Process

The Open Space Technology Process is a very organic, collaborative process. This process allows participants to frame the agenda focused on a single question. There is not an agenda set ahead of time. Traditionally, this process works well for larger groups and allows for multiple, simultaneous sessions.

Benefits: This process allows participants to take ownership of the process, rather than an agenda and timelines set by a facilitator. The process did work well over series of several meetings to build consensus surrounding the 2030 Comprehensive Plan. The process is a good tool to build consensus around a topic. This process is an effective public participation tool that can lead to quality public input and allows participants to be an active participant in the development of the process. *This alternative would entail that the agenda be set by participants prior to each meeting and individual sessions coordinated by participants.*

Drawbacks: With less formal structure, there is the opportunity for the timeline to be extended beyond the originally forecasted if time is not managed well. The process does require a strong facilitator that can manage appropriate timeframes for the process to unfold with the need to work towards a consensus in a manageable timeframe. The process also allows for multiple, individual sessions to be held at the same time, which may not be the best approach for the desires for outcomes and size of group expressed by Councilmembers at the June City Council Meeting.

Estimations: The City Council should be committed to allowing sufficient time to allow the process to complete, which may extend beyond the following estimations. The purpose of this structure is to allow the process to unfold organically, regardless of the time necessary, making it somewhat difficult to estimate the actual time necessary. Staff estimates that the timeline would be fairly similar to that of the traditional, structured process, although would anticipate between one (1) to three (3) additional meetings compared to the Traditional Process identified above. Staff estimates six (6) to eight (8) meetings total. Staff would estimate this cost to be approximately \$6,000. Total process would be held over three (3) to four (4) months.

Alternative 3: Hybrid Process

A hybrid, collaborative process could be considered that included elements of desired structure of a traditional process with the collaborative environment of Open Space Technology. A suggested approach would allow participants to set the agenda and convene sessions. In other words, the agenda would not be set by the City or a facilitator ahead of time. An initial Scoping Meeting would be held to review the current status of the project and the purpose of the study group. Rather than hosting several, parallel sessions as with the case with Open Space Technology, the group would convene as a single group throughout the process. The group would come to a consensus as to the agenda and topics as part of the initial Scoping Meeting, but could amend depending on conversation throughout. *This process would entail that the agenda be prepared by participants at the onset of the process and agreed to a structured outline for the process as part of the scoping meeting and individual sessions coordinated by participants with a greater degree*

of assistance from City Staff.

Benefits: This process balances an open, transparent, and collaborative process with a well defined structure that is developed by participants rather than the City or a facilitator. Following the initial Scoping Meeting, Staff can report back with a better estimate of time and costs based on an agenda prepared by the Study Group. With a slightly more structure approach to the Open Space Technology concept, Staff estimates that this process would be slightly shorter than said approach.

Drawbacks: This process will require that the initial Scoping Meeting be completed before a more concrete estimation of costs and timelines when compared to a traditional, structured Study Group. It is estimated that this process will be a slightly longer timeframe than the traditional, structured process, consisting of possibly one (1) to two (2) additional meetings.

Estimations: five (5) to seven (7) meetings, two (2) to three (3) months with a consultant (cost: \$5,000, some Staff time), two (2) to three (3) months internally (cost: significant Staff time). Staff estimates that this cost could be reduced slightly if the balance of Staff time and consulting services were amended. A change to the estimated balance would require that the process is delayed to the winter months due to current service level demands for Staff time.

Recommendation:

Staff recommends a hybrid approach of a traditional, structured Study Group that includes certain elements that were included in the OST process for the 2030 Comprehensive Plan Update.

Staff would also recommend approving a Work Order for consulting planning services to assist with the technical aspects of the process while allowing Staff to facilitate the process itself.

Funding Source:

If a consultant is utilized to assist with portions of the group, Staff would recommend the Economic Development Authority (EDA) Professional Services accounts 6249.

Council Action:

Motion to direct Staff to begin preparations for Study Group based on the suggested Hybrid Process -AND- to direct Staff to bring a list of participants for the Study Group at a future City Council Meeting.

Attachments

- Traditional Structure Process Alternative
- Collaborative Open Space Technology Alternative
- Hybrid Alternative
- Alternative Comparison Matrix
- Site Concepts
- Cost Benefit
- Comparison Chart
- Copy of June 11, 2013 City Council Case

Form Review

Inbox	Reviewed By	Date
Patrick Brama	Patrick Brama	07/03/2013 01:59 PM
Kurt Ulrich	Kurt Ulrich	07/03/2013 02:16 PM
Form Started By: Tim Gladhill		Started On: 06/27/2013 09:59 AM

Final Approval Date: 07/03/2013

Future Development Discussion: Data Center User

STUDY GROUP: Structured

Purpose:

QUESTION: Under what circumstances would a data center development be an acceptable use for the old municipal center site? [per each concern]

OUTCOME: consensus proposal for council consideration; which will include:

- Documentation/information addressing each specific concern
- Individual mitigation proposal addressing each specific concern
- Updated site concept maps

SPECS:

- 10 members: 1 councilmember, 1 EDA member, 1 PC member, 5 adjacent property owners, 2 at large property owners.
- Consider a data center development only (not residential)
- The purpose of the study group is *IDENTIFY* and *CONSIDER* compromises/ solutions; it is possible the focus group may conclude certain concerns cannot be mitigated.
- Structure below may be amended/adjusted as needed. For example, if the group wants to add an item; or if the group wants to spend more/less time on a certain topic.

Structure:

1. Meeting Outline:
 - a. Orientation 10 minutes
 - b. Review Purpose of Group 10 minutes
 - c. Rules of Engagement 10 minutes
 - d. Identify Concerns to be Addressed 30 minutes

1 hour
2. Meeting Outline:
 - a. Noise 45 minutes
 - b. Property Values 45 minutes

1.5 hours
3. Meeting Outline:
 - a. Visual/Aesthetics 45 minutes
 - b. Better Locations/Data Center 15 minutes
 - c. Other Uses of Property 15 minutes
 - d. Spot Zoning 15 minutes

1.5 hours
4. Meeting Outline:
 - a. Risk/Market Failure 30 minutes
 - b. Open Space Dedication 45 minutes
 - c. Traffic 15 minutes

1.5 hours
5. Meeting Outline:

Review/amend draft proposal
and submit recommendation to the Council

1 hour

Future Development Discussion: Data Center User

STUDY GROUP: Open Space Technology

Purpose:

QUESTION: Under what circumstances would a data center development be an acceptable use for the former municipal center site that balances the City's goal to expand its tax base while respecting the residential character of the surrounding area? [per each concern]

OUTCOME: consensus proposal for council consideration; which will include:

- Documentation/information addressing each specific concern
- Individual mitigation proposal addressing each specific concern
- Updated site concept maps

SPECS:

- 10 members: 1 councilmember, 1 EDA member, 1 PC member, 5 adjacent property owners, 2 at large property owners.
- Consider a data center development only (not residential)
- The purpose of the study group is *IDENTIFY* and *CONSIDER* compromises/ solutions; it is possible the focus group may conclude certain concerns cannot be mitigated.
- Structure below may be amended/adjusted as needed. For example, if the group wants to add an item; or if the group wants to spend more/less time on a certain topic.

Structure:

The structure will be dependent on the agenda set by the group participants, with the exception of the initial scoping meeting. Participants would facilitate individual sessions without assistance from City Staff.

1. Meeting Outline:

a. Orientation	10 minutes
b. Review Purpose of Group	10 minutes
c. Rules of Engagement	10 minutes
d. Present Concerns Previously Addressed	30 minutes
e. <u>Call for sessions (multiple topics per session)</u>	<u>30 minutes</u>
	2 hours

2. Meeting Outline Set by Participants as part of meeting **2 hours**

3. Meeting Outline Set by Participants as part of meeting **2 hours**

4. Meeting Outline Set by Participants as part of meeting **2 hours**

5. Meeting Outline Set by Participants as part of meeting **2 hours**

6. Meeting Outline Set by Participants as part of meeting **2 hours**

7. Meeting Outline:

<u>Review/amend draft proposal and submit recommendation to the Council</u>	2 hours
---	----------------

Future Development Discussion: Data Center User

STUDY GROUP: Hybrid Collaborative Process

Purpose:

QUESTION: Under what circumstances would a data center development be an acceptable use for the former municipal center site that balances the City's goal to expand its tax base while respecting the residential character of the surrounding area? [per each concern]

OUTCOME: consensus proposal for council consideration; which will include:

- Documentation/information addressing each specific concern
- Individual mitigation proposal addressing each specific concern
- Updated site concept maps

SPECS:

- 10 members: 1 councilmember, 1 EDA member, 1 PC member, 5 adjacent property owners, 2 at large property owners.
- Consider a data center development only (not residential)
- The purpose of the study group is *IDENTIFY* and *CONSIDER* compromises/ solutions; it is possible the focus group may conclude certain concerns cannot be mitigated.
- Structure below may be amended/adjusted as needed. For example, if the group wants to add an item; or if the group wants to spend more/less time on a certain topic.

Structure:

Participants will set the entire agenda as part of the initial scoping meeting. Participants would facilitate individual sessions with assistance from City Staff.

1. Meeting Outline:

a. Orientation	10 minutes
b. Review Purpose of Group	10 minutes
c. Rules of Engagement	10 minutes
d. Present Concerns Previously Addressed	30 minutes
e. <u>Call for sessions (entire agenda set)</u>	<u>30 minutes</u>
	2 hours

2. Meeting Outline Set by Participants (as part of Meeting #1)

a. Topic 1	
b. Topic 2	
	1.5 hours

3. Meeting Outline Set by Participants (as part of Meeting #1)

a. Topic 3	
b. Topic 4	
	1.5 hours

4. Meeting Outline Set by Participants (as part of Meeting #1)

a. Topic 5	
b. Topic 6	
	1.5 hours

5. Meeting Outline:

Review/amend draft proposal	
<u>and submit recommendation to the Council</u>	
	2 hours

Former Municipal Center (15153 Nowthen Blvd NW)

Future Development Discussion: Data Center User

STUDY GROUP: Comparison Matrix

	Traditional Structure	Open Space Technology	Hybrid
Number of Meetings	4-6	7-8	5-7
Total Number of Meeting Hours	6.5	14	8.5
Estimated Cost	\$5,000	\$7,000	\$6,000
Agenda Format	Prepared by City in advance	Prepared by Participants prior to each session	Prepared by Participants in advance
Facilitation Format	City Staff or Consultant	Participants with no direct assistance from City Staff	Participants with assistance from City Staff
Minimum Number of Topics to be Discussed?	Yes	No	No
Ability to Adjust Timing and Add Topics Not Suggested by City With Proper Notice?	Yes	Yes	Yes





Cost/Benefit: Annual Cash Flow

	Concept 1 One Data Center User	Concept 2 Two Data Center Users	Concept 3 Sing. Fam. Resd. Devel.
VALUATION (market value)			
Data Center Building(s):			Single Family Homes
Square Feet	\$ 190,000.00	\$ 180,000.00	Average Valuation of Land \$ 30,000.00
Valuation (per sq ft)	\$ 120.00	\$ 120.00	Average Valuation of Homes \$ 153,153.00
Total Building Valuation	\$ 22,800,000.00	\$ 21,600,000.00	Average Valuation, before MVE \$ 183,153.00
			(Market Value Exclusion) \$ (20,750.00)
Land:			Average Valuation, after MVE \$ 162,403.00
Northern Parcel	\$ 810,300.00	\$ 810,300.00	
Southern Parcel	\$ 540,000.00	\$ 540,000.00	Number of available lots 47.00
Total Land Valuation	\$ 1,350,300.00	\$ 1,350,300.00	
VALUATION (market value)	\$ 24,150,300.00	\$ 22,950,300.00	VALUATION (market value) \$ 7,632,941.00
REVENUE (taxes/city only)			
Tax Capacity Rate (commercial)			Tax Capacity Rate (residential) 1.00%
First \$150,000	1.50%	1.50%	
Sub total	\$ 2,250.00	\$ 2,250.00	
After \$150,000	2.00%	2.00%	
Sub total	\$ 480,006.00	\$ 456,006.00	
Total Tax Capacity	\$ 482,256.00	\$ 458,256.00	Total Tax Capacity \$ 76,329.41
TOTAL TAXES	\$ 968,336.00	\$ 920,150.00	TOTAL TAXES \$ 92,013.00
Fiscal Disparities*	\$ 306,816.00	\$ 291,547.00	
Local (City/County/School)	\$ 340,390.00	\$ 323,450.00	
Other (State/Mkt. Val. Ref./etc.)	\$ 321,130.00	\$ 305,153.00	
City Taxes (share of 'Local')	\$ 124,807.40	\$ 118,596.18	City Taxes (44.19%) \$ 33,729.97
REVENUE (City Taxes Only)	\$ 124,807.40	\$ 118,596.18	REVENUE (City Taxes Only) \$ 33,729.97
EXPENSES (> residential development)			
Operating Expenses	\$ -	\$ -	EXPENSES (> commercial development)
	\$ -	\$ -	Operating Expenses
	\$ -	\$ -	Snow Removal \$ 1,000.00
	\$ -	\$ -	Street Sweeping \$ 383.00
	\$ -	\$ -	Seal Coating (\$10,600/12yr) \$ 883.00
	\$ -	\$ -	Future Overlay (\$64,000/20yr) \$ 3,200.00
	\$ -	\$ -	Annual Operating Expenses \$ 5,466.00
Increased Demand for Services (> residential development)			Increased Demand for Services (> commercial development)
Police	\$ -	\$ -	Police NA, likely higher
Fire	\$ -	\$ -	Fire NA, likely higher
Other	\$ -	\$ -	Other NA, likely higher
	\$ -	\$ -	Services Subtotal NA, likely higher
EXPENSES (> residential development)	\$ -	\$ -	EXPENSES (> commercial development) \$ 5,466.00
NET ANNUAL CASH FLOW (City)	\$ 124,807.40	\$ 118,596.18	NET ANNUAL CASH FLOW (City) \$ 28,263.97

Fiscal Disparities

Commercial & Industrial taxes are effected by a program known as "fiscal disparities." This program takes a portion of taxes collected from each property in the metro (about 40%), and places them into one pot. Then, said monies are redistributed by the State based on a complex formula. Ramsey typically is a beneficiary of this program. Meaning, the amount of money that is taken away from the City through fiscal disparities is returned (with additional monies).

When issuing debt, cities are not allowed to include fiscal disparities as a revenue source for debt repayment; as the amount annually received is undetermined from year to year and is not controlled by the City.

Cost/Benefit: Land

	Concept 1 One Data Center User	Concept 2 Two Data Center Users	Concept 3 Sing. Fam. Resd. Devel.
Land Proceeds			
Land Value	\$ 1,275,000.00	\$ 1,275,000.00	\$ 650,000.00
Expected Sale Price	\$ -	\$ -	\$ 650,000.00
Total Land Proceeds	\$ -	\$ -	\$ 650,000.00
Expenses			
Business Subsidy, Land Write Down			Business Subsidy, Land Write Down
Total Value of Subsidy	\$ 1,000,000.00	\$ 1,000,000.00	Total Value of Subsidy \$ -
Annual Pay Back Capacity	\$ 124,807.40	\$ 118,596.18	Annual Pay Back Capacity \$ -
Pay Back Period (years)	8.01	8.43	Pay Back Period (years) \$ -

Development Scenarios Comparison Chart

IMPORTANT NOTE: Information displayed below includes estimations only; and is subject to change.

	Residential Development	Data Center Development
Maximum Size	47 Single Family Homes	One (1) 190,000 square foot or two (2) 90,000 square foot buildings
Residential Population	Approximately 150 persons	---
Employees	---	16-24 persons
Based on zoning, does this scenario fit the character of surrounding properties?	Compatible	Compatible with appropriate transitions and zoning regulations
Traffic		
Primary entrance	Helium Street (from Alpine, Krypton Terrace, 150 LN NW)	Nowthen Boulevard, subject to approval of Anoka County
Road type	Public	Private
Weekday traffic per day	Medium (estimated 470) based on 10 trips per household	Low (estimated 64-96) based on 12-24 employees, 4 trips per
Weekend traffic per day	Medium	Very Low
Minimum Setbacks Distances (from your property line)	10-30'	200' (175' Eastern Border) (pending comp. plan and zoning amendment as proposed)
Screening or berming to block view of neighboring use.	---	Required (vegetation and/or berming)
Noise and light pollution risk	<u>VARIABLE</u> Depends on individual property owners.	<u>LOW</u> Data centers have backup generators and like any business, have security lights. City would require strict light and noise pollution standards to mitigate/ minimize effect on surrounding properties. For example, a 55dB restriction and proper location/screening of all equipment.
Effect on overall tax levy for the City; and ability to contribute to a new fire station.	<u>MINOR</u> Provides an incomplete funding solution for a new fire station (15 year bond).	<u>SIGNIFICANT</u> Provides a significant funding solution for a new fire station (15 year bond).
Market Failure Risk: development fails and a new user steps forward	<u>LOW</u> If a single family residential development failed, that would mean a majority of buildable lots remain vacant. Given Ramsey's population growth trends and projections, it is unlikely a single family residential development would not succeed.	<u>SHORT TERM: LOW</u> There is a strong interest in the market today to use the subject property for a data center. <u>LONG TERM: UNKNOWN</u> Data centers, or this specific site, could conceivably become obsolete someday. Meaning, no market demand for a data center. In which case, the City would be requested to make this site compatible for a different low impact user (office, warehouse, etc.).
Open Space	---	The City is proposing dedication of public open space to be a requirement for a data center user. See concept map.