

## HRA Regular Session

5. 1.

**Meeting Date:** 10/28/2014

**Submitted For:** Patrick Brama, Administrative Services

**By:** Patrick Brama, Administrative Services

---

### Information

**Title:**

Consider Purchase Agreement for 6710 Highway 10 (PORTIONS OF CASE MAY BE CLOSED TO THE PUBLIC)

**Purpose/Background:**

**PURPOSE**

Consider Purchase Agreement (PA) from MDBNK, LLC in the amount of \$170,000 for 1.23 acres of Ramsey Housing and Redevelopment (HRA) owned land located at 6710 U.S. Highway 10.

**BACKGROUND (Prospect/Project)**

MDBNK, LLC is the legal entity seeking to purchase 6710 U.S. Highway 10. The business interested in operating from this location is All Seasons Garage Door Company. Both entities are owned and operated by the same persons. For the sake of this case write-up, MDBNK, LLC and All Seasons Garage Door are the same entity.

All Seasons Garage Door Company (All Seasons) is a residential, commercial, and industrial garage door supplier and installer. Established in 1978, this company was originally located in Columbia Heights. Eventually, All Seasons moved to their current location, the City of Coon Rapids. All Seasons has 23 full time employees; and is expecting 3-5 new employees over the next 24 months. Their current facility is 2,500 square feet and is located off Coon Rapids Boulevard.

Over the past decade, All Seasons has experienced significant growth. Their existing site in Coon Rapids is land-locked and not large enough to sustain required future expansions. Additionally, All Seasons would like to move from their existing Coon Rapids location due to various market forces and strategic business decision factors.

All Seasons is interested in purchasing a site that can sustain a 5,500 square foot facility, has room for a 5,000 square foot future expansion, and has visibility from U.S. Highway 10. The HRA owned site located at 6710 U.S. Highway 10 has been targeted by All Seasons as a desired location for their new facility and business operations. For more information on this prospect, please see their website: <http://www.allseasonsgaragedoor.com/>

**BACKGROUND (6710 U.S. Highway 10)**

The HRA owned property located at 6710 U.S. Highway 10 was acquired in May of 2013 from Arnold Holmberg. The previous use of this site was the "XXX Adult Bookstore." This property was purchased by the Ramsey HRA with the intent to remove an existing blighted structure and return the site back to the private sector for redevelopment.

6710 was purchased at a price of \$361,100. The previously existing structure was demolished and all previously existing improvements were removed in August of 2013 at a cost of \$23,000. Notable redevelopment factors for this site include (1) the anticipated loss of direct-access to U.S. Highway 10 and (2) the need for conformity to existing stormwater regulations.

The HRA began listing this property for sale with CBRE in the spring of 2014. Attached to this case is the CBRE listing and marketing materials. The asking price for this property is \$215,000. The HRA (and City Council) developed and adopted a "*pricing strategy*" for this property in the spring of 2014. The asking price identified by All Seasons in the attached PA is within said approved *pricing strategy* deal range.

## **BACKGROUND (Process/PA)**

Before the HRA is a PA for a potential land transaction. Moving forward, if PA is approved and executed, the buyer will enter a period of due-diligence; in which they will seek to complete a number of items--notably receiving Site Plan approval by February 18th, 2015. Closing for this potential transaction is March 4, 2015. Construction of this potential project is anticipated to begin in the spring of 2015 and to be completed in the late summer 2015.

### **Notification:**

NA

### **Observations/Alternatives:**

#### **Alternative 1: Accept the proposed PA**

**Why should this alternative be considered?** Based on past practice for the City of Ramsey, the proposed project would be considered a traditional economic development project. This proposed project would bring 23 jobs paying \$17.00-\$23.00 per hour; and would bring 3-5 new jobs within 2 years. The projected total property taxes for the proposed development is \$26,200 annually (over 10 years, with no inflation, this would equate to \$262,000). Today, this property is tax exempt. All Seasons is proposing a quality facility that will help improve the image of U.S. Highway 10 in the heart of Ramsey. Lastly, it is Staff's opinion, based on interactions with the All Seasons management team, this prospect will be a quality addition to the Ramsey business community.

**Why should the purchase price be considered?** As outlined in the background section of this case, the Ramsey HRA purchased 6710 Highway 10 to remove a blighted building/site conditions and return the property back to the private sector for redevelopment. This property was purchased with Anoka County HRA dollars which were levied and intended for said type of use (to remove blight and encourage redevelopment). Both goals would be accomplished by moving this project forward.

When the site was purchased, the purchase price (\$361,100) included a building, site improvements, and direct access to U.S. Highway 10. All improvements have been removed. Direct access to this site will be eliminated--based on the Highway 10 Access Planning Study anticipated for adoption in November. Additionally, although this site is located adjacent to City infrastructure, it doesn't have the ability to connect to a regional stormwater pond so the required stormwater ponding for new development (the previous use was "grandfathered" with no stormwater ponding) will need to provide stormwater treatment for back-to-back 100-year rainfall events. Lastly, this prospect is fast moving and highly motivated to complete a project by summer 2015. A major in the PA process will increase the risk this prospect considers alternative sites.

**Why should this alternative not be considered?** If the HRA requires a higher transaction price for the sale of this property; or, the HRA is not satisfied with the proposed use for this site.

#### **Alternative 2: Provide staff with direction to renegotiate a portion(s) of the proposed PA.**

If the HRA requires a higher transaction price for the sale of this property, or the HRA is unsatisfied with portions of this PA, staff would recommend a counter-offer to the prospect. This PA has been reviewed by the City Attorney and City real estate broker for errors and concerns.

#### **Alternative 3: Reject the proposed PA.**

Staff would not recommend the proposed PA be rejected with no direction for renegotiation.

### **Funding Source:**

The property was originally purchased with Anoka County HRA funds, designated for the City of Ramsey. Therefore, all sales proceeds from this transaction with return to the City, unrestricted as to their future use. It is recommended that land proceeds be returned to the City's Economic Development Fund, to be used for future economic development projects.

### **Recommendation:**

Staff would recommend any required discussion related to the negotiation of land sale prices be moved to a closed session, as permitted by State Statute. Additionally, Staff would request for any direction to be contingent upon final review and amendments of the attached PA by the City Attorney.

Included in this case is memo from CBRE.

**Action:**

**Approve/ Amend/ Renegotiate/ Do Not Approve:**

the attached Purchase Agreement (PA) from MDBNK, LLC in the amount of \$170,000 for 1.23 acres of Ramsey Housing and Redevelopment (HRA) owned land located at 6710 U.S. Highway 10, contingent upon final review and amendments of the attached PA by the City Attorney.

---

**Attachments**

Purchase Agreement

Property Listing

CBRE Memo

HRA Purchase of Property 2013 Case

PLAT

---

**Form Review**

<b>Inbox</b>	<b>Reviewed By</b>	<b>Date</b>
Tim Gladhill	Tim Gladhill	10/23/2014 09:18 AM
Bruce Westby	Bruce Westby	10/23/2014 10:57 AM
Kurt Ulrich	Kurt Ulrich	10/23/2014 11:13 AM
Form Started By: Patrick Brama		Started On: 10/18/2014 11:15 AM
Final Approval Date: 10/23/2014		