

**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, June 4, 2015, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Jim Steffen
 Member Brian Burandt
 Member Glen Hardin
 Member Chris Riley
 Member Wayne Skaff
 Member Kristine Williams

Members Absent: Member Philip Brunt

Also Present: Patrick Brama, Econ. Dev. Mgr/Assistant City Administrator
 Tim Gladhill, Development Services Manager
 Mark Riverblood, Parks and Assistant Public Works Superintendent
 Kurtis Ulrich, City Administrator

1. CALL TO ORDER

Chairperson Steffen called the Economic Development Authority meeting to order at 7:30 a.m.

2. APPROVE AGENDA

No changes made

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

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

3. APPROVE MINUTES

3.01: Approve Meeting Minutes Dated April 12, 2015

Motion by Member Riley, seconded by Member Skaff, to approve the April 12, 2015, minutes as presented.

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

4. EDA BUSINESS

4.01: Consider Dominion Development & Acquisitions, LLC Letter of Intent

Econ. Dev. Mgr/Assistant City Administrator Brama presented the staff report and asked the Commission to consider the Letter of Intent from Dominion Development & Acquisitions, LLC. He noted this item could be discussed in a Closed Session if the Commission wished.

Ms. Stacie Kvilvang, Ehlers and Associates, outlined the threshold they put together regarding this item.

Econ. Dev. Mgr/Assistant City Administrator Brama stated they reviewed this document in detail with Ehlers and reviewed the LOI with Dominion and when they talk about a market comparable deal they would be looking at closer to \$10,000 per unit and a total of 4-6 percent of the total project as a subsidy from the City, over 15 years of TIF. Those are the types of thresholds they want to see as a maximum in LOI or at least have Dominion approach those market averages and then bring the LOI back to the City. This is what was discussed and what staff is recommending to go back with to Dominion.

Chairperson Steffen asked if the deferred development fee was \$1.9 million dollars and would they have that out of the project by the time the permitting and financing is done or is it deferred longer than that.

Ms. Kvilvang stated typically it is paid out of cash flow and depends on what the cash flow is. Sometimes it can take up to ten years to get the deferred development money back. It depends on how the project is performing.

Member Riley stated he would like to hear why Ms. Kvilvang was listed as a reference and what her relationship is with Dominion.

Ms. Kvilvang stated she was listed as a reference because she has worked with Dominion in so many cities on different projects and has looked at their projects for assistance. They know she understands the process of how tax credits are financed and also understands the public process of policy on the other end. She stated Dominion viewed her as a fair judge of their projects.

Chairperson Steffen asked what Ms. Kvilvang's experience is working with Dominion.

Ms. Kvilvang reviewed her work experience with the Commission.

Chairperson Steffen asked if the City had a counter offer in mind in terms of how they would respond to this.

Econ. Dev. Mgr/Assistant City Administrator Brama suggested staff would work with Ehlers and would discuss the 15 year maximum TIF rules and the maximums that are outlined in this document. Staff would provide feedback to Dominion that the City is looking for something

that would be within market and would work side by side with Ehlers to put that together. Staff is comfortable taking that and bringing back for consideration. That is one alternative, or the EDA and City Council can discuss a specific counter offer with specific thresholds.

Chairperson Steffen felt the PSD project was similar in size and he wondered how they can do it without a subsidy and Dominion says they are 2.6 million dollars short.

Econ. Dev. Mgr/Assistant City Administrator Brama stated there are restrictions through affordable independent senior housing projects so the rents are capped and the cash flows are capped. When cash flows are capped there is less money to work with so in order to make the project work, especially if it is going to be a high quality project, it needs to be made up somewhere. Often times it is made up through grants, tax credit programs or local assistance.

Ms. Kvilvang agreed and stated affordable housing rents are capped so they are at a dollar a square foot in rent compared to \$1.60 to \$2.00 a square foot. The difference is what the City is making up. If they came in and built at market they would probably need less assistance or none at all. In the metropolitan area, if the developer is not charging \$1.80 to \$2.00 a square foot for the quality of development people want to see, they will be providing assistance. There are very few markets where that happens.

Member Williams asked if this number of senior assisted housing is part of the Comprehensive Plan.

Development Services Manager Gladhill stated the County HRA did a senior housing study recently, which looked at senior housing needs for the area, including assisted living and senior independent. What is being proposed now is not assisted living but independent senior living with that affordability. To tie that with their Comprehensive Plan and Housing Assistance Policy, they try to rank at least the types of housing they would consider assistance for, their number one priority was senior independent.

Member Williams asked if they want it in that location because this type of residential development does not support the retail on that corner and will not drive more trips or improve the retail offerings or commercial viability of the rest of their development. Before the City even talks about whether or not assistance should be given, it should be decided if this is the right location for the senior assisted housing.

Econ. Dev. Mgr/Assistant City Administrator Brama stated, based on the feedback from Dominion, it is his understanding that there are income restrictions from the people that rent these units and many will be retired. What he has been told by Dominion is that the seniors do have disposable income and they will be putting money into the local economy.

Member Williams indicated that was not her issue; there could be luxury apartments there and she would ask the same question. She did not think it was driving additional trips or increasing the commercial offerings that are available in the COR. She stated this is a residential development, which may compliment but not in the same way that another retail offering would.

Ms. Kvilvang stated residential does drive commercial and if they do not have residential nearby, commercial businesses will not want to populate the area and it will be harder to build out.

Chairperson Steffen asked if they had a preference of senior living market rate versus senior living affordable, wouldn't they choose senior living market rate.

Member Skaff thought they had that already since there are seniors living in The Residence at the COR who can afford that rent structure and the same can be said of the PSD environment.

Chairperson Steffen stated with senior living market rate, the City would not be providing as much assistance. Staff indicated that was correct.

Chairperson Steffen stated he would be in favor of proceeding and see where this goes and agreed that they were not in the position to invest too many dollars.

Member Williams thought the Council would appreciate the thoughts of the EDA on how they feel this could fit into the subsidy policy as a whole and what this looks like in relation to other subsidies that have been offered for residential developments in the COR and thoughts around whether or not commercial is something they should debate.

Member Skaff agreed with Ms. Kvilvang that rooftops do make a difference when looking at trying to drive more retail across the street. He thought it would enhance the area and he was fine with the idea of retail across the street as planned and since they have two residences along that side already, this will fit in.

Member Riley stated he values what this group comes up with and he gets to discuss this item again at the City Council level. He stated the EDA has a slightly different process and a different angle. He thought if they could come up with a decision that makes sense from the EDA standpoint, that possibly the Planning Commission or Council may not agree with for other reasons. One other consideration is he did not think residents were excited about more apartments coming into this area. They want shopping and restaurants and residents wonder why the City is considering filling the area with more residential. If residents are not interested in more apartments, they would not be happy with the City providing subsidy to another apartment development. This is something that could be considered at the EDA level but will be discussed at a higher level also.

Chairperson Steffen stated he was struggling with the Master Plan and why it was designated to be commercial. He wondered if there was any rationale on why the Master Plan was created that way.

City Administrator Ulrich stated this is highway frontage and Highway 10 visibility is important to commercial so to a certain extent they started with the commercial corners as the most valuable pieces and the second most valuable is having the visibility and exposure to Highway 10.

Development Services Manager Gladhill stated the plan is more of a snapshot in time and meant to be flexible. It was an estimation of what it could look like.

Econ. Dev. Mgr/Assistant City Administrator Brama stated if there is a high level of interest in this project, staff plans on bringing it forward to the Planning Commission to do a full blown land use review, which would eventually make its way to the EDA and City Council. What they are proposing is if there is interest in this project, to move forward with the LOI and as soon as they receive it back they will go through a detailed review with the Planning Commission, the EDA and the City Council.

Member Riley stated he appreciated the work staff has done. He stated if the current ask was the final answer, he knew what his answer would be. If Dominion came down to a reasonable ask, then they can have a discussion. He did not want to see the developer try to find out how much the City is willing to subsidize and then have the developer figure out how little they would need to put in. He felt this was a backwards way to approach this. He wanted to figure out what is the most the developer can put into it and then if there is a real funding gap, the City would then consider this. He felt this was where the EDA could help the Council out a lot. He did not like the way Dominion went about doing this.

Chairperson Steffen did not think they were opposed to it at the concept level. He did not think they wanted to put a lot of time and effort into researching this but he thought they could go back to Dominion with a counter offer and leave it to staff and Ehlers to come up with the details and then have the Planning and Zoning Commission have a discussion.

The EDA Board Agreed.

4.02: Consider Purchase Agreement with WESTCO Properties LLC

Econ. Dev. Mgr/Assistant City Administrator Brama presented the staff report and asked the Commission to consider the Purchase Agreement with WESTCO Properties, LLC. He noted this item could be discussed in a Closed Session if the Commission wished.

Chairperson Member Steffen felt they should go into a Closed Session if they were going to discuss a counter offer.

Motion by Member Skaff, seconded by Member Hardin to move to a Closed Session.

Further discussion: Member Riley agreed there should be a discussion about a counter offer but he was not sure it should be discussed at this level because if they discuss it now it will potentially need to be discussed again at the City Council level. Chairperson Steffen asked if Council and staff are just looking for a recommendation from the EDA for the City Council to consider a counter offer. Econ. Dev. Mgr/Assistant City Administrator Brama stated that was up to the Board to decide and if the Board would like to discuss the specifics, staff would take that direction; however, if the Board is comfortable moving forward with that general direction staff would be happy to move it on to the City Council. Commissioner Skaff did not recall that the Board ever developed a counter offer in specific dollar terms.

The motion was withdrawn.

Chairperson Steffen thought the Board was unanimous a couple of months ago in thinking that this was a great project and he did not think that has changed but it stuck him that the price is now half of what it was two months ago and he did not know why they would be in agreement with that. It seems like a counter offer would make sense.

The Board directed staff to bring this item forward to the City Council for review and a possible counter offer.

4.03: Consider Recommending the City Council Authorize the City's Economic Development Manager to Complete the NDC EDFP Certification

Econ. Dev. Mgr/Assistant City Administrator Brama presented the staff report and requested the Commission consider recommending the City Council authorize him to complete the NDC EDFP Certification.

Administrator Ulrich thought this was a great certification program and a good investment. He suggested this was top notch training. He recommended they move forward and approve this.

Administrator Ulrich reviewed the tuition reimbursement plan with the Board.

Chairperson Steffen asked if Econ. Dev. Mgr/Assistant City Administrator Brama was in agreement to repay the tuition if he left the City within six months.

Administrator Ulrich stated that would be the agreement and he would suggest this be put in writing. They do not have it in their tuition policy but it would make sense to get that commitment in writing.

Member Skaff recommended the City move forward with this.

Motion by Member Skaff, seconded by Member Burandt, to recommend to City Council to authorize the City's Economic Development Manager to complete the National Development Council's (NDC) Economic Development Finance Professional (EDFP) Certification Program in 2016.

Further discussion: Member Riley thought this was a good idea; however, in one year Econ. Dev. Mgr/Assistant City Administrator Brama will be gone one month for the training. He asked if in one year, Mr. Brama's duties will be able to be covered by someone else. He stated the time is not covered in the cost. Econ. Dev. Mgr/Assistant City Administrator Brama stated there are several classes offered throughout the year and because of the flexibility for scheduling the classes, the calendar, events, projects and his workload would be considered and they would adjust accordingly. He thought they should cover the workload adequately. He would also plan to work on his duties in the evenings and respond to emails for hot items going on in the City. Chairperson Steffen asked if the program needed to be done in a 12 month period. Econ. Dev.

Mgr/Assistant City Administrator Brama stated it did not. Administrator Ulrich stated there is access during the day to check emails and work on City items while taking the courses but it would be a balancing act. Maybe after taking the first course, Econ. Dev. Mgr/Assistant City Administrator Brama's schedule would need to be adjusted but he felt they could monitor that as it goes along.

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

4.04: Review Relationship of Parks and Trails to Economic Development and Consider Concert Sponsorship

Parks and Assistant Public Works Superintendent Riverblood presented the staff report.

Chairperson Steffen thought sponsorship arrangements were a little different this year in terms of not sponsoring specific dates.

Mr. Riverblood agreed and stated they have attempted to provide more advertising for the sponsors at each event rather than trying to align a particular sponsor with a particular week. He passed out an event sheet with sponsor list to the Members.

Member Hardin asked if the annual budget is more than \$13,000 or are the performer fees \$13,000.

Mr. Riverblood stated each year they count the number of heads at each concert and it has gone up thirty percent each season. With that, it has provided the City the opportunity to step up the quality of the acts and bands and he thought the incline in participation has been due to the quality of the performers and how well they are running the concerts. They did not go into this with a budget in mind but rather lined up performers they thought the community would appreciate.

Member Hardin wondered what the overall cost to the City would be.

Mr. Riverblood stated the City Council looked at the actual costs for all of the community events and he was not sure what the full cost accounting was for the concerts. He did not think it was too high. He noted his time and his assistant's time is absorbed in the Park operating budget. \$13,000 will go to the performers and then some of the other organization is done by the foundation member's volunteers and the balance is handled within the parks operating budget.

Member Hardin asked what the shortfall is now for the amount they have been able to raise through sponsorship for the performers.

Mr. Riverblood stated it is under \$2,000, around \$1,500, which is assuming the EDA would contribute \$1,500. If the EDA chooses to not provide funding for the concerts the shortfall would be more than \$2,000 and closer to \$3,000 of the \$13,000 for the performers.

Motion by Member Steffen, seconded by Member Hardin, to approve \$1,500 for the Draw Summer Event Series, and direct staff to proceed with the program of Business of the Year for 2015.

Further discussion: Member Riley stated they are utilizing this as a business of the year and to recognize a business they decide to highlight. He suggested that is what makes it appropriate for the EDA to donate to and without that he thought it would seem more appropriate for another City Department.

Chairperson Steffen thought they could look at having the business of the year incorporated into one of the nights and maybe have their logo on the banner. He stated they will work with Mr. Riverblood to make that happen.

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

4.05: EDA Updates

Econ. Dev. Mgr/Assistant City Administrator Brama reviewed purchase agreements and prospects along with various other items with the Commission.

5. MEMBER / STAFF UPDATE

Ms. Nicole Wenberg updated the EDA on the status of the annual golf tournament.

The EDA reviewed the Staff Update.

Member Burandt wondered why they are not sending Econ. Dev. Mgr/Assistant City Administrator Brama to the EDEM and Minnesota Marketing Environment Meetings because he felt the networking was invaluable.

Chairperson Steffen indicated they are not a member and they would need to become a member in order to have Econ. Dev. Mgr/Assistant City Administrator Brama attend these meetings.

Econ. Dev. Mgr/Assistant City Administrator Brama thought that was a good idea and would be willing to look into this to figure out what the costs would be and bring this back to the next EDA meeting for review. He thought this was something they should start pursuing.

6. ADJOURNMENT

Motion by Member Steffen, seconded by Member Hardin, to adjourn the meeting.

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

The regular meeting of the Economic Development Authority adjourned at 9:07 a.m.

Respectfully submitted,

Kurtis G. Ulrich
City Administrator

ATTEST:

Patrick Brama
Econ. Dev. Mgr/Assistant City Administrator

Draft by Sue Osbeck
TimeSaver Off Site Secretarial, Inc.