

**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, July 9, 2015, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

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

Members Absent: None

Also Present: Patrick Brama, Econ. Dev. Mgr/Assistant City Administrator
 Tim Gladhill, Development Services Manager
 Kurt 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

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

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

3. APPROVE MINUTES

3.01: Approve Meeting Minutes Dated June 4, 2015

Motion by Member Skaff, seconded by Member Hardin, to approve the June 4, 2015, minutes as presented.

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

4. EDA BUSINESS

4.01: Consider Multiple Actions Related to a Potential Life Fitness Expansion and Redevelopment Project

Economic Dev. Mgr/Assistant City Administrator Brama presented the staff report.

Mr. Jason Aarsvold, Ehlers and Associates, and Mr. Mike Mulrooney were at the meeting to answer questions.

Mr. Mulrooney stated there were a few items to consider as it relates to Ramsey. On the TIF side, they need to determine if there is a public purpose for this type of financing. In this case, they are removing blight within the community and that is key to the test of it being a public purpose. This project meets all of those requirements. Under MN law today, they have to deal with the issue of business subsidy and whether or not this business meets that test. The City of Ramsey has their own business subsidy policy and there are four components they need to look at. One is the “but-for” test and without some form of assistance, no business would undertake that project without help. There are a number of costs incurred that are extraordinary with the property and this does meet the “but-for” test.

Mr. Mulrooney stated the second component relates to wages, which must meet paying at least 70 percent of the median wage for the Metro Area. The median wage is \$20.46/hour, which would mean they would have to pay \$14.34/hour for this project and this project will pay over \$16.00/hour. This meets the wage policy. The third component is economic feasibility and this company can take on the responsibility. The City does not have any concerns. The last component is whether the business is in compliance with the business subsidy act of MN and this project does meet that test.

Chairperson Steffen asked if the blight was not on the piece of land would that take the key ingredient out and not make TIF an option. Mr. Aarsvold stated they chose this type of District because of the situation on the ground out there. They talked about a redevelopment district that required more than fifty percent of the buildings to be considered substandard. But because there are only two buildings, one believed to be substandard, it is not more than fifty percent but the removal and renovation is required at thirty percent of the buildings be substandard. He stated they can create the 16 years of increment because the building is considered substandard. If it did not qualify they could still consider that type of district, only with fewer years of tax increment.

Chairperson Steffen asked if they have given any indication when phase two would begin. Economic Dev. Mgr/Assistant City Administrator Brama thought it would be in a year or two.

Chairperson Steffen asked if the demolition would occur immediately after purchase. Economic Dev. Mgr/Assistant City Administrator Brama indicated it was their hope to do that.

Member Riley asked if the value of the old building would remain even if demolished. Mr. Aarsvold explained how they figure the assessment for the TIF District. He stated even if they

were to demolish the property they still need to use the higher base value. Member Riley stated in the short term the City gets an expansion and a cleanup of the site and in the future an expansion on that site as well.

Chairperson Steffen stated he saw no reason not to begin the process because he thought Healthquest was one of the last eyesores in the City and Life Fitness is one of the largest employers in the City.

Motion by Member Skaff, seconded by Member Burandt, to recommend to the City Council adopt Resolution #15-07-171 to call for a public hearing on August 25, 2015, to modify Development District 1, create TIF District 15, and award a business subsidy; to recommend City Council adopt Resolution #15-07-172 declaring the City of Ramsey's support of applying to the State of Minnesota Department of Employment and Economic Development Job Creation Fund program; to direct Staff to accept a business subsidy application from Life Fitness and begin underwriting; and, recommend the City Council execute the LHB contract for State required TIF District analysis; subject to review and amendments by the City Attorney

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

4.02: Review Future Business Park Infrastructure Analysis Preliminary Report

Economic Dev. Mgr/Assistant City Administrator Brama presented the staff report.

Representatives Kevin Kielb and Brian Nemeth from Bolton & Menk made a presentation to the EDA.

Chairperson Steffen thought the presentation was well done and what was needed to move the project move forward. He only wondered how they can compete with a city adjacent to them that is almost giving land away and thought this was something they needed to address.

Member Riley thought this was exactly what they needed. If they add up the phases it comes to \$6.4 million and he wondered if this made sense in thinking this is where they would end up. Economic Dev. Mgr/Assistant City Administrator Brama stated a lot of the costs are covered through development fees. He stated the next question is how they will pay for it. Staff knew this would be expensive and be in the millions and he thought this could be a challenge to overcome.

Chairperson Steffen asked if the amenities needed to be installed before companies will look at this area. Mr. Kielb stated they have a little bit of advantage because they work in other communities and can find out what the other communities are doing. He stated they have to understand what developers are looking for and are saying about other cities and go from there. There is a lot of the infrastructure in place already. He stated they will need to work back and forth between developing and paying for the infrastructure. He thought the first phase was good to go and they could hold off on developing the other phases because he did not think they would need all of the road improvements at this time.

4.03: Business of the Year

Economic Dev. Mgr/Assistant City Administrator Brama presented the staff report.

Member Riley thought having a long list and short list is a little too structured. Economic Dev. Mgr/Assistant City Administrator Brama stated the short list has stayed the same and they do roll over candidates from the previous year.

Chairperson Steffen nominated Bolton & Menk because they were one of the first businesses within the COR in 2006. He thought they have done a lot for the City and work well with the City.

Member Skaff nominated Allina because they are a major business within the community and they draw people to the COR. Member Hardin seconded the nomination for Allina.

Member Burandt nominated Zero Zone because they have been a strong partner with Connexus Energy and have been a good business partner.

Chairperson Steffen asked if the EDA has a criteria for the businesses. Economic Dev. Mgr/Assistant City Administrator Brama indicated the criteria are the four questions they sent to the businesses to answer.

Member Brunt concurred with nominating Allina. Member Riley seconded the nomination for Bolton & Menk. Member Williams thought all of the businesses were fine options and she really appreciated what was discussed about Allina in the previous year. She voted for Allina.

The EDA majority concurred to select Allina as the 2015 EDA Business of the Year and direct staff to bring back a case to refresh the larger nomination pool.

Economic Dev. Mgr/Assistant City Administrator Brama asked if there was anything they should add or change to the criteria for next year. Chairperson Steffen stated he would like them to look at community involvement, find a way to score the businesses. He thought they should look at refining this for next year.

Member Williams thought the long list attached is from 2011 and contains several businesses that have already been awarded the Business of the Year designation. She thought it would be helpful to have the last few year's businesses and she would also like to see who the sponsors for the Draw summer event series were. She indicated she liked the questions and giving the businesses the opportunity to answer them. Member Skaff would like to see who the sponsors were at Happy Days as well.

4.04: EDA Updates

Economic Dev. Mgr/Assistant City Administrator Brama presented the staff report.

- Purchase Agreements
 - Casey's
 - PSD LLC
 - GS Land
 - Common Bond
 - 24 Restore
- Prospects
 - Dominion Development
 - Life Fitness
 - 24 Restore
 - Dedicated Networks (possibly a July 30th special EDA meeting)
- Annual Golf Tournament
- Highway 10 Business Advocacy Group, Emmer Visit
- RALF Requests
- COR Signs
- CBRE, multiple items
- EDA Performance Measurements

5. MEMBER / STAFF UPDATE

The EDA reviewed the Staff Update.

City Administrator Ulrich updated the EDA on items happening in the City.

Member Skaff indicated he has seen temporary signage for the Armstrong construction and he wondered if any business has given any indication of a loss of business due to Armstrong being closed. City Administrator Ulrich stated he spoke to Coborn's and they indicated business has been flat which is good. He indicated they tried to sign as best as possible.

Member Skaff asked if construction has been on schedule. City Administrator Ulrich indicated it has been and the weather has been cooperating.

Member Hardin stated as it relates to the Life Fitness case, there was a proposal from LHB and he talked to staff about having the City Attorney review some of the language in the Contract and he wanted to make sure that was going to happen. Economic Dev. Mgr/Assistant City Administrator Brama stated the updated motion did include a review of the amendments by the City Attorney.

6. ADJOURNMENT

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

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

The regular meeting of the Economic Development Authority adjourned at 9:01 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.