

**ECONOMIC DEVELOPMENT AUTHORITY
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA
DRAFT**

The City of Ramsey Economic Development Authority (EDA) conducted a regular meeting on Thursday, September 17, 2015, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Jim Steffen
 Member Philip Brunt
 Member Brian Burandt
 Member Glen Hardin
 Member Wayne Skaff

Members Absent: Member Chris Riley
 Member Kristine Williams

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 7:40 a.m.

2. APPROVE AGENDA

There were no changes or additions.

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

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

3. EDA BUSINESS

4.01: CONSIDER REQUEST FROM PSD LLC

Member Skaff stated through his church employment he has had a past relationship with PSD but does not have any current relationship so he will be voting on this item if the Board is agreeable with it.

Member Steffen stated he does have a relationship with PSD and will be abstaining on voting.

Econ. Dev. Mgr/Assistant City Administrator Brama stated the meeting is to consider a request from PSD LLC for \$500,000 of City assistance to their proposed 122 unit apartment complex in The COR.

Member Hardin asked what has caused the scoring to be lower than expected. Econ. Dev. Mgr/Assistant City Administrator Brama stated within the housing assistance application there are a number of scoring matrixes, a number of goal initiatives and individual scoring items. In some particular instances PSD rated themselves as being compliant with certain specific items and staff felt they were not one hundred percent in compliance or were partially compliant.

Development Services Manager Gladhill reviewed some of the items in regards to scoring of the project. Econ. Dev. Mgr/Assistant City Administrator Brama noted some items were counted twice and should not have been. Development Services Manager Gladhill stated they could award partial points for some of the items but not full points. He stated other energy efficient and stormwater regulations were being counted although they were not necessarily providing them. He noted they did add some points that were not in there also. This project falls within the eighty percent area median income and is considered affordable by definition so extra points were awarded for that which were not included in PSD's original scoring matrix.

Chairperson Steffen stated they had 68 points out of a possible 152 points. He thought that looked like a failing grade and wondered if this was good or bad. Development Services Manager Gladhill stated there is no minimum points. He stated there is not any one project that will be at one hundred percent of the points. He stated there will be times that if you meet a certain percentage of quality they are looking for there is a sliding scale. He stated there is no pass/fail and it is impossible for anyone project to get one hundred percent of the points.

Chairperson Steffen stated they did not get half the points so what should the EDA glean from the 68 points. Development Services Manager Gladhill stated he would ask the EDA to look at the specifics on what they are providing. He noted the location scores high for them because of its proximity to transit and industrial parks.

Manager Hardin asked if they keep some type of spreadsheet on how the different developments scored so the EDA can compare how the project stacks up to others. Development Services Manager Gladhill stated this is a new policy and adopted in 2014 and they do not have the history of applying that here but they could start a spreadsheet for future projects. He stated this is showing on the side of affordable and there are some points there. He reviewed a few other projects done in the City with the EDA and noted what areas scored higher than PSD.

Econ. Dev. Mgr/Assistant City Administrator Brama stated reading through the application the only minimum thresholds or any qualifier that he has pulled out is that all applicants must be in one of the following thresholds that are outlined in the document and there are a handful of goals and based off of that one indicator, this project does meet one goal and partially meets two other goals. Development Services Manager Gladhill stated on page 4 of the policy draft one of the goals is to provide a variety of housing options for people of all life stages and income levels so in looking back this does meet that goal.

Chairperson Steffen asked this is just one of the tools they would use to analyze a subsidy and is not the only one. Development Services Manager Gladhill stated a lot of housing assistance programs out there with proximity to transit will score very high and as soon as Ramsey's rail station opened up they started to see requests for housing assistance quite frequently. He stated they needed a tool to try to gauge success amongst each other.

Member Burandt asked what the unanticipated project costs were. Econ. Dev. Mgr/Assistant City Administrator Brama stated there are two major items PSD has outlined as unanticipated project costs. He stated the first was the increase in project costs over the past year has been significant so they have identified that as part of the reason for the gap in their Proforma and second is the amount of fill they have had to provide on the site. They have imported a significant amount of fill that was not anticipated for the project. He believed they were at an unanticipated cost much larger than \$500,000 however that is what they need to move the project forward.

Ms. Stacy Kvilvang, Ehlers, stated it is hard to compare each project to another because they are apples and orange and are meeting different goals.

Ms. Kvilvang gave a brief overview of her memo to the EDA. She stated their recommendation is if the City chooses to move forward that it be a pay as you go TIF assistance and will be paid off in four years. With pay as you go, they have to construct the project and pay the taxes and as they pay the taxes they will get a portion of that rebated over a four year period back to them.

Chairperson Steffen asked why costs differ from city to city and is that based on land cost and fill. Ms. Kvilvang stated the biggest factor is land cost. Chairperson Steffen asked if they did not have fill brought in would they still be asking for TIF assistance. Econ. Dev. Mgr/Assistant City Administrator Brama stated the amount of fill brought in was close to \$500,000 so it was hard to say if they would have come in or not.

Member Hardin stated PSD response shows the single largest overage is the actual bid for the construction of the building. Chairperson Steffen thought that was correct because it was bid a year ago versus today.

Member Skaff stated they have to go back to the time that the City sold the land to PSD, had they come to them knowing that there was \$500,000 in fill needed at that time they may have required the City to bring the land up to a buildable position and it is possible back then that the City would have acknowledged that.

City Administrator Ulrich stated this was probably an engineering calculation mistake. He thought they had more tagged on the construction costs that went up or there was some initial miscalculations that were made for this site. Chairperson Steffen stated the requirement for the fill has not changed. City Administrator Ulrich stated it has not.

Member Hardin found it frustrating that when they sold the parcel to PSD that they did not have requirements with financing in place and construction costs in place before they closed on the lot. He thought this is something that the City should put in place before they close going

forward. He stated they need performance standards in their agreements and documents because they should not get themselves in a situation like this.

Chairperson Steffen stated it seemed a little late in the process but nobody wants to see this sit as it is for the next number of years. Member Hardin stated he was not against the TIF financing, pay as you go basis but he thought they needed to look at these differently going forward. City Administrator Ulrich thought the Council was somewhat divided on this in terms of if they sell the land with development guarantees to the user or do they sell the land on a speculative basis.

Econ. Dev. Mgr/Assistant City Administrator Brama stated as part of their due diligence process when reviewing the purchase agreement they can add in the option of performance standards. He noted they did briefly discuss it with the EDA before they moved the purchase agreement forward and they had a split opinion on whether they should have a performance agreement included.

Ms. Kvilvang thought this was the outlier because she thought the other ones that have come forward have had the performance standards included. She stated it was a Council decision at that time to do that on a speculative basis and she did not know if they would do that going forward but the last two developers they have talked to the City has known what is going to be developed upfront. City Administrator Ulrich stated the site has been graded and fill has been brought in and the site has been approved. They did have guarantees that this would not be an eyesore if not built upon.

Econ. Dev. Mgr/Assistant City Administrator Brama stated anytime they get involved in a deal financially it is their standard practice to have performance standards. Chairperson Steffen stated the four year payback on the TIF note seemed very short to him. Ms. Kvilvang stated this is a very short time period versus other projects.

Member Skaff stated he would support approving this item.

Motion by Member Skaff, seconded by Member Brunt, to recommend to City Council the approval of the \$500,000 TIF program.

Further discussion: Member Hardin asked if the motion included funding from the TIF program. Econ. Dev. Mgr/Assistant City Administrator Brama stated it would.

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

Econ. Dev. Mgr/Assistant City Administrator Brama reviewed the next steps of the project.

6. ADJOURNMENT

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

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

The regular meeting of the Economic Development Authority adjourned at 8:15 a.m.

Respectfully submitted,

Kurtis G. Ulrich
City Administrator

ATTEST:

Ted LaFrance
Economic Development Manager

Draft by Sue Osbeck
TimeSaver Off Site Secretarial, Inc.