

Considerations/ Concerns Discussed with Council in May of 2016.

Council provided general direction to move forward with this lease extension/ expansion in 2016.

CONSIDERATIONS:

Listed below are items to consider RE this particular lease request, which were discussed with Council in May of 2016.

- A. Leasing out RALF properties keeps properties on the tax rolls.
- B. M&G Trailer Sales is paying a market rate rent. The City is able to place proceeds from this lease into our general RALF account. Which, then, can be used for various RALF property expenses (maintenance, clean up, 3rd party property manager).
- C. M&G has a good track record for being a good tenant, strong community supporter, and respected Ramsey business (great products and good customer service).
- D. M&G is creating and retaining jobs, and drawing people into the City of Ramsey. M&G utilizes other Ramsey businesses for their operations, and hires locally.
- E. M&G is in a tough spot, and have indicated to staff: *they want to relocate to a permanent facility in Ramsey. However, they can't do that until they sell their existing property. It is very challenging to get a market rate offer on their property due to the looming U.S. Highway 10 improvements. Therefore, they are essentially stuck, until the State purchases their property. Because they are stuck, they need to make due on their existing site. The proposed expansion is the best way for them to move forward.*
- F. M&G is willing to put down a large deposit on the proposed second lease, to ensure the site will be cleaned up upon termination. M&G is willing to meet all zoning/ land use requirements and processes for the proposed expansion. This was a concern raised by staff.
- G. RALF dollars cannot be used for anything outside of RALF properties, specifically including the city's own administrative costs. The city's time and effort related to RALF properties is voluntary (i.e. the Economic Development Manager's time). These rules are guided by the MetCouncil. Lease Agreements do take up a significant amount of staff time. In 2015, the Economic Development Manager (along with supporting staff) negotiated, drafted, and executed 13 lease agreements/ amendments. The City typically has about 10 active lease agreements. Most lease agreements are RALF properties. Even when utilizing a 3rd party property manager on leases that tend to be the most time consuming, the Economic Development Manager still spends a significant amount of time with leases.
- H. The original intent/ purpose of buying RALF properties is to remove direct access points from U.S. Highway 10, and to acquire property that will be needed for future ROW (link). The practice of leasing back properties is a voluntary initiative made by the City of Ramsey. Further expanding M&G Trailer Sales use on 7443 Highway 10, and further extending the original lease agreement term will not improve safety and reduce congestion along U.S. Highway 10, and will work against this larger initiative to improve US Highway 10.

I. All properties on the north side of U.S. Highway 10, between Armstrong Boulevard and Ramsey Boulevard are scheduled for full acquisition and complete elimination of access. NOTE: this is not the same for properties located east of Ramsey Boulevard (in many cases, said properties would only be needed for partial acquisition).

J. The City Council adopted a new strategic plan in 2015. This plan included a “strategic initiative” to: improve the image of key corridors such as U.S. Highway 10. Commonly, staff receives feedback, that outside sales/ storage uses have a negative effect on the image of Highway 10.

K. Based on informal discussions, MnDOT staff is generally concerned about expanded uses on RALF properties (not formally opposed). MnDOT staff is opposed to the creation of new, or resurrection of former, access points on RALF properties. Although this use does not directly/ clearly create a new access point, it is common for M&G to use a second (former) access point for staging purposes.

L. From a land development perspective, staff is repeatedly told by various parties, that U.S. Highway 10 is the City of Ramsey’s #1 constraint for two reasons: (1) traffic congestion and (2) image/ appearance. Ramsey is commonly eliminated from site selection processes solely due to U.S. Highway 10. Most people make judgement based on first impressions, and many people only know the City of Ramsey from the perspective of U.S. Highway 10. Staff has received this input from brokers, developers, land owners, existing businesses, prospect businesses, and residents.