

7550 Sunwood Drive NW • Ramsey, MN 55303

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www.cityoframsey.com

August 30, 2016

Amy Vennewitz
Transportation Planning
Metropolitan Council
390 Robert St. North
St. Paul, MN 55101-1805

Ms. Vennewitz:

The City of Ramsey would like to submit a pre-application for the Metropolitan Council administered Minnesota Right-of-way Acquisition Loan Fund (RALF) program. The property we seek to purchase is a 1.64 acre parcel located at 6401 U.S. Highway 10.

Included in this correspondence:

- A. Property description
- B. Loan estimation
- C. Statement of Need & Justification
(imminent conversation, marketable title, willing seller, proposed ROW, etc.)
- D. Environmental due diligence
- E. City of Ramsey Resolution
- F. Miscellaneous letters of support

On behalf of the City of Ramsey, we sincerely appreciate your consideration of this application. If you have questions or need additional information, I'm available to connect.

Best,

Patrick J. Brama

Economic Development Manager/
Assistant City Administrator, City of Ramsey

OFFICE: (763) 433-9868 **EMAIL:** pbrama@cityoframsey.com

*It is our mission to work together to responsibly grow our community,
and to provide quality, cost-effective, and efficient government services.*

APPENDIX A
Property Description

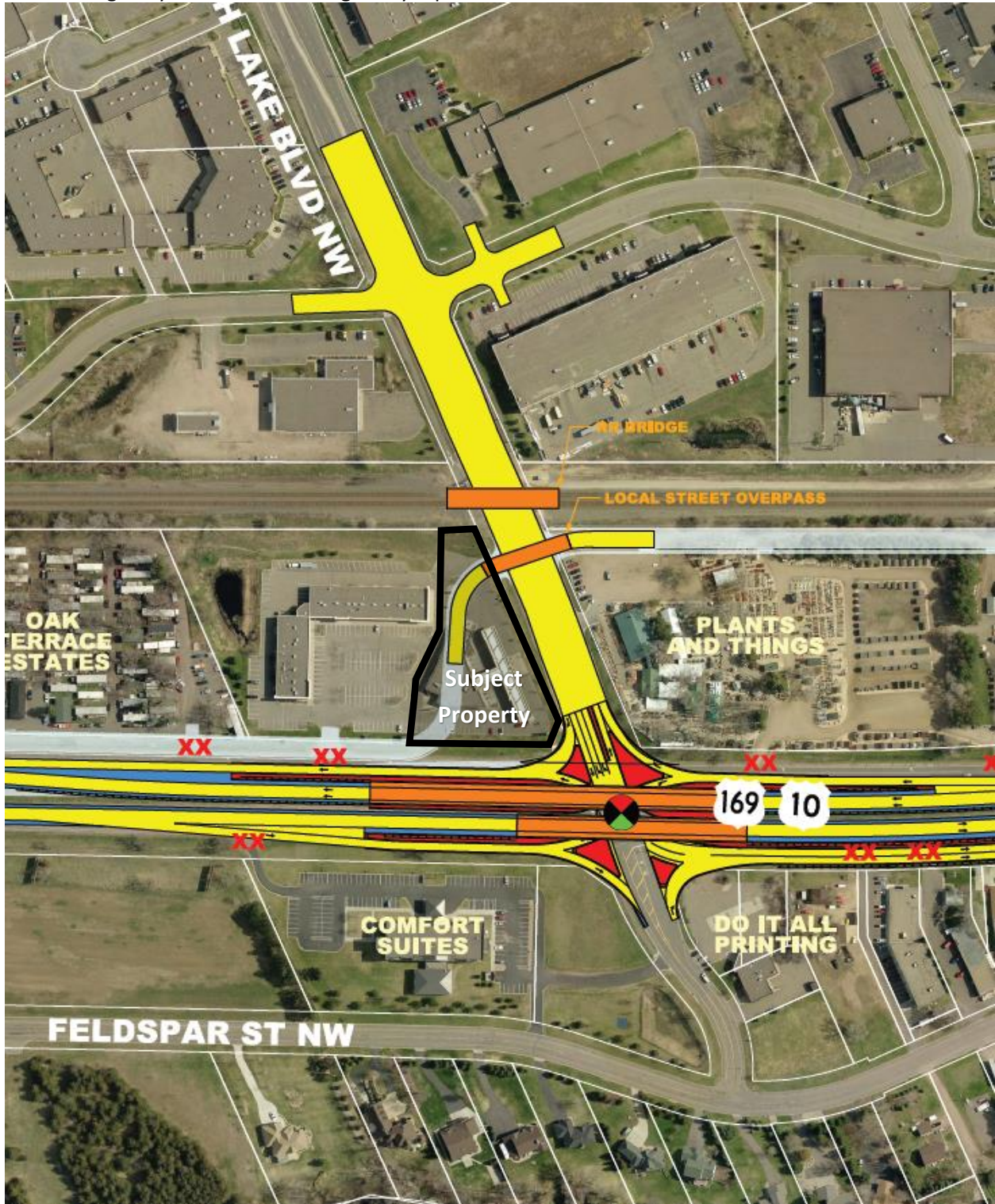
ADDRESS	6401 HIGHWAY 10 NW
PROPERTY PID	34-32-25-14-0027
LEGAL DESCRIPTION	LOT 2 BLOCK 1 SUNFISH COMMONS, SUBJ TO EASE OF REC
ACRES	1.64
DESCRIPTION	<p>Property was formerly a Shell gas station, which included two sub-lease tenants (Cousins Subs and Taco Johns). All businesses closed in early 2015. Owner listed property with Calhoun Companies previously, and is now listing with Colliers.</p> <p>Due to various local forces (changed access to site, and a low absorption of retail space) the next user for this site will need to convert from a gas station to another use (i.e. office or a different form of retail).</p> <p>The property owner has indicated his priority is to have 6401 Highway 10 sold by the end of 2016, regardless of the buyer.</p>

APPENDIX A (continued)
Property Description



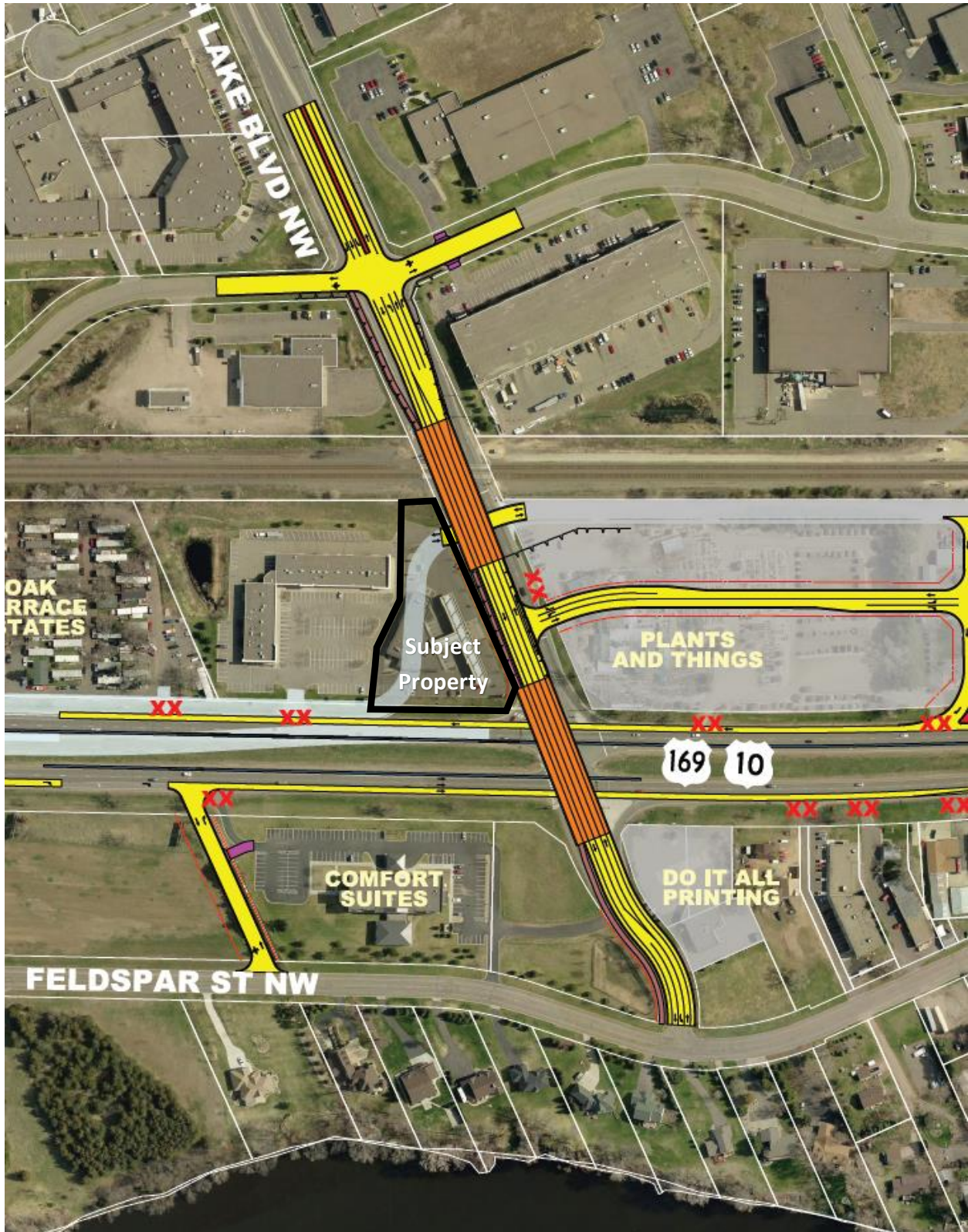
APPENDIX A (continued)
Property Description

U.S. Highway 10 Access Planning Study: option 1 of 2 for the Sunfish Lake Boulevard Intersection



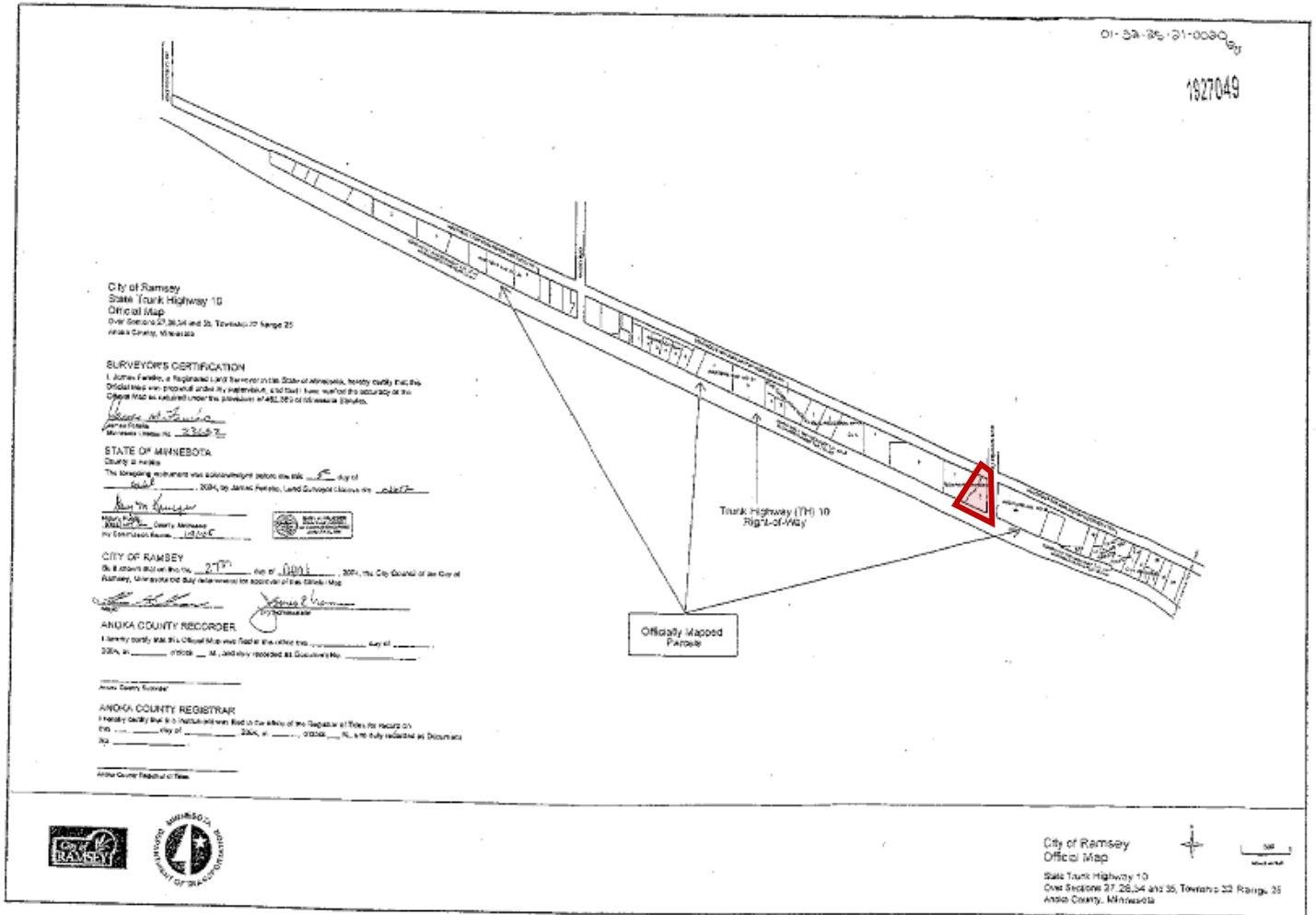
APPENDIX A (continued)
Property Description

U.S. Highway 10 Access Planning Study: option 2 of 2 for the Sunfish Lake Boulevard Intersection



APPENDIX A (continued)
Property Description

2004 Official Map, County Record #1927049



APPENDIX B
Loan Estimation

Property Valuation

ANOKA COUNTY ASSESSOR	2017 Total Estimated Market Valuation (EMV)	
Land		\$450,700
Building		\$562,200
Total		\$1,012,900
REAL ESTATE BROKER LISTINGS		
CALHOUN GROUP, 2015		\$1,495,000
COLLIERS INTERNATIONAL, 2016		\$695,000 (discounted to move quick)
APPRAISALS	To be completed after RALF pre-application	
APPRAISAL #1		\$XXXXXXXXXX
APPRAISAL #2		\$XXXXXXXXXX
APPRAISAL #3		\$XXXXXXXXXX

Loan Estimation

APPRAISALS (3)	\$12,000
APPRAISAL REVIEW	\$2,500
LEGAL/ TITLE/ RECORDING/ SURVEY/ ADMIN.	\$15,000
BUSINESS RELOCATION/ LEASE BUY-OUTS	\$0
PRO-RATE PROPERTY TAXES	\$60,000 (1.5 yr)
PHASE I and PHASE II ESA	\$20,000
Pre-Demo Survey	\$5,000
DEMOLITION	\$45,000
PURCHASE PRICE	\$695,000
CONTINGENCY (including 3 rd party admin)	\$15,000
TOTAL LOAN ESTIMATION	<u>\$869,500</u>

APPENDIX C

Statement of Need & Justification

Metropolitan Council eligibility requirements for the RALF program outline various parameters (described below).

(1) Statement of Need

RALF Loans are available for the purchase of property within a proposed right-of-way of a state trunk highway shown on an official map adopted pursuant to Minn. Stat. 394.361 or 462.359.

This property was Officially Mapped by the City of Ramsey and MnDOT in 2004. The Official Map was recorded with Anoka County as document #1927049.

This property was needed for full acquisition under the original Highway 10 improvement plans created in the early 2000's. In 2014, MnDOT, Metropolitan Council, Anoka County, the City of Anoka, and City of Ramsey together adopted a new plan for improvements to U.S. Highway 10—known as the Highway 10 Access Planning Study ([link](#)). Included in Appendix F are letters of Support from the Metropolitan Council and MnDOT.

The new Highway 10 Access Planning Study contemplates two potential designs for the Sunfish Lake Boulevard intersection. The City of Ramsey is in the process of selecting a design. Both designs, regardless of which is selected, require full acquisition of 6401 Highway 10.

(2) Willing Seller

Property to be acquired must have a marketable title and may not be park land or land which is either on, or eligible for, inclusion on a historic register.

This property is not needed for parkland, nor is it currently parkland. This property is not a registered historic property, nor is it eligible to become a historically registered property. The property owner is a willing seller, and currently has the property listed for sale ([link](#)). The property owner has indicated his priority is to have this property sold by the end of 2016, regardless of the buyer.

(3) Evidence of Imminent Conversion

To avert the imminent conversion or the granting of approvals that would allow the conversion of property to uses jeopardizing its availability for highway construction.

This property, and the residing building, are both designed and situated for convenience retail operations (quick-serve restaurants, gas station, and automated car-wash). Access to this property was altered in 2011. New traffic patterns and access will be more favorable to an office or traditional retail user. As a result, any buyer will need to make various upgrades and improvements to the property. It's assumed, those improvements could cost \$30,000-\$250,000. The City does not have an explicit/ official/ formal application in play demonstrating imminent conversion (i.e. a site plan application or building permit).

APPENDIX C (continued)
Statement of Need & Justification

(4) Meet intent of RALF Program

The 1982 Minnesota legislature established a revolving loan fund program to acquire property threatened by development and needed for future right of way. The cost of purchasing property can significantly increase over time (i.e. inflation, development, redevelopment, and business relocation costs). Buying property today for a considerably lower price than what would be required in the future saves money and gets more projects completed.

Anoka County values 6401 Highway 10 at just over \$1.1M. Commonly, private appraisals come in higher than the County appraised value. With that in mind, we have a motivated seller in-hand. The property owner wants to sell in the next six months, and has adjusted pricing accordingly (\$695,000). As a result, the City believes an opportunity exists to save tax payer dollars by purchasing now rather than waiting. NOTE: a future purchase would likely also include lease buy-out and business relocation costs; which, can be significant.

(5) New Highway 10 Plan—1/3 of the demand for property acquisition

The City would like to note, the new 2014 Highway 10 Access Planning Study requires about 1/3 of the full-acquisition costs in comparison to the former Highway 10 corridor improvement plan. Below is a summary.

FULL ACQUISITION COST ESTIMATIONS (informal estimations only)

New Plan: 13 parcels, 23.77 acres, \$6.6M 2016 Anoka County Valuation

Former Plan: 33 parcels, 64.97 acres, \$21.9M 2016 Anoka County Valuation

APPENDIX C (continued)
Statement of Need & Justification

(6) Evidence of Hardship

On occasion, a residential homeowner must sell his owner occupied home, but is unable to do so only because the property lies within the right-of-way of a planned road. This is known as a hardship situation.

The City of Ramsey understands this specific requirement, and the underlying law, are focused on residential situations only. We also understand the Metropolitan Council may be willing to discuss commercial hardship situations. With that in mind, Ramsey believes 6401 Hwy 10 is a “hardship” for a commercial property. 6401 Highway 10 is officially mapped, and needed 100% for acquisition—which makes selling the property challenging.

Selling this property is challenging due to the timing uncertainty of a Sunfish Lake Boulevard project (i.e. 5, 10, 20 years). The building on this site is currently vacant. A new business takes several years to become well-established. Starting a business, and investing in a property, is a major decision. Most investors are hard-pressed to invest in a property that has such a large amount uncertainty, risk, and will become wrapped up in future government processes and potentially legal disputes. As a result, the 6401 Highway 10 property owner is stuck, and is unable to sell their property at market rate.

Further Explanation

Based on updated RALF guidelines—specifically language related to “imminent development/ conversion”—Ramsey believes a situation of impasse and hardship is created for 6401 Highway 10.

- From a RALF criteria perspective—to meet the imminent development/ conversion rule, the City must obtain an official building permit or site plan application (or similar evidence) that would result in the conversion of property to a “higher-value-use” *BEFORE* the City can utilize RALF.
- From a developer/ investor perspective—no motivation exists invest thousands of dollars and a substantial amount of time to secure the purchase of a property and completion of various required government entitlement processes (i.e. site plan application or building permit) if you knew the City (via RALF) will ultimately take the property and halt your project.
- In other words, the City believes these positions are opposite and conflicting, and creates a position of impasse (i.e. commercial hardship). As a result, the property won’t be sold to a private investor, and property won’t be purchased via RALF. The property will likely remain vacant, deteriorate, and attract crime.

Update: based on a recent update from the Metropolitan Council ([link](#)), it appears there may be a desire to consider this application as an “exception” to the hardship rule.

APPENDIX D
Environmental due diligence

Upon feedback from MetCouncil staff, we will begin ESA process.

APPENDIX E
City of Ramsey Supporting Resolution

Upon feedback from MetCouncil staff, we will get a resolution authorized.

APPENDIX F
Miscellaneous – Listing Agent Letter

Minneapolis-St. Paul

4350 Baker Road, Suite 400
Minnetonka, MN 55343
www.colliers.com

Main +1 952 897 7700
Fax +1 952 897 7704



7/1/2016

Patrick J. Brama
City of Ramsey
Economic Development Manager
7550 Sunwood Drive NW
Ramsey, MN 55303

RE: 6401 Highway 10, Ramsey, MN 55303

Patrick,

Colliers International is pleased to present a 1.64 acre former Shell Gas station to the market. In its current condition, the subject property is a closed 3,900 SF building with a 4,683 SF carwash totaling 8,583 SF. The property has a modern layout with a retail sales area that allows for the sale of many food and beverage products, as well as the ability to house two express serve fast food restaurants.

Our asking price for the property is \$695,000. In 2015, Calhoun Companies listed the property for \$1,495,000. Ownership has given clear direction the property must be sold in 2016. The price reduction has increased our marketability and overall reach to prospective buyers.

This property is ready for private sector investment. With the aggressive listing price, a real estate investor can buy the property, add CapEx, and be ready to lease +/- 3,900 SF of retail space at aggressive lease rates. Due to the investor's low basis in the property, he/she should be able to quickly add net operating income to this closed gas station.

By selling this property back to the private sector now, the cost for the State to repurchase in the future will be substantially higher than \$695,000. Not only will the State have to relocate the tenants, but they will also be required to purchase the property based on the income being generated. This will raise the price significantly compared to the price at which the property is currently being marketed.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Nate Hansen".

Nate Hansen
Colliers International
952-374-5856
Nate.Hansen@Colliers.com

APPENDIX F (continued)
Miscellaneous – Property Owner Letter

Series Sunfish of Athans Holdings, LLC

June 30, 2016

Colliers International
Matt Elder
4350 Baker Rd
Suite 400
Minnetonka, MN 55343

RE: 6401 Highway 10 & Sunfish Lake Blvd

Dear Mr. Elder:

I am writing to confirm that Series Sunfish of Athans Holdings, LLC supports an application for funding by the City of Ramsey, Minnesota to acquire our property located at 6401 Highway 10 and Sunfish Lake Blvd Ramsey, Minnesota 55303. Purchase price is \$ 695,000.

Please advise if you require additional information. Thank you.

Sincerely,



George Athans
Managing Member

APPENDIX F (continued)

Miscellaneous – MnDOT for Highway 10 Access Planning Study



Minnesota Department of Transportation

Metro District

1500 County Road B2 W

Roseville, MN 55113-3174

August 15, 2014

Re: MnDOT Support for Highway 10 Access Planning Study

The Highway 10 Access Planning Study responds to corridor and community needs—and to the fiscal reality that MnDOT and our partner agencies face.

The study shows we can achieve 90% of the safety and operational benefit of a freeway, for less than 50% of the cost. Pursuing lower-cost, high-benefit investments is consistent with MnDOT's commitment to serve the public by Enhancing Financial Effectiveness. It also supports the Metropolitan Council's call for transportation strategies that are realistic, innovative, flexible, and focused.

The study benefitted from extensive outreach that helped us better understand issues and tailor solutions to community expectations. Outreach included public open houses, business and property owner workshops, City Council workshops, a study advisory committee with representatives from several agencies, and a design charette.

The study's implementation plan prioritizes study recommendations with a focus on right-sized, fundable-scale projects. Improvements can be made incrementally as funding becomes available, rather than doing nothing while waiting to fund a megaproject. The study is consistent with the Metropolitan Council's Transportation Policy Plan, thereby improving eligibility for regional funding. While the hard work of securing funding remains, with this study MnDOT and our partners are much better positioned to address the challenges along Highway 10 than before.

MnDOT supports the recommendations of the Highway 10 Access Planning Study. We are committed to working with our partner agencies to pursue funding for these projects from a variety of sources. The recommendations include improvements on Highway 10 itself and improvements to the supporting network of local connections. State, Federal, County and City funding will all have roles to play in making the improvements. Projects will require MnDOT leadership as well as local leadership. MnDOT is eager to continue the momentum of this study by working with our partners to secure funding and deliver projects.

A handwritten signature in blue ink that reads 'Scott McBride'.

Scott McBride
Metro District Engineer

APPENDIX F (continued)
Miscellaneous – Metropolitan Council for Highway 10 Access Planning Study

August 21, 2014

Paul Jung
Minnesota Department of Transportation
Metro Division
1500 West CO Rd B-2
Roseville, MN 55113

Dear Mr. Jung:

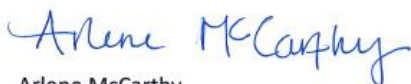
The Metropolitan Transportation Services division of the Metropolitan Council wishes to express its support of the Highway 10 Access Planning Study recently conducted by the Minnesota Department of Transportation in partnership with Anoka County, the cities of Ramsey and Anoka, and the Council. The philosophy upon which the study approach was based is in keeping with the lower cost/high benefit policy expressed in the Council's Transportation Policy Plan.

The study should be considered a "role model" by other corridors in the region. The approach of considering less traditional improvement strategies to balance funding limitation realities with the need to find solutions resulted in a series of smaller, implementable projects with large positive impacts. The program of projects outlined in the study combine to provide 90% to 95% of the safety and mobility benefits of the previous freeway proposal for roughly a third of the cost.

This letter of support does not predispose any future required Council review of projects. Specifically, all interchange projects on Highway 10 will need a joint MnDOT/Metropolitan Council Highway Interchange Request committee review. Specific projects may also be subject to the Metropolitan Council controlled access highway approval as outlined in Minnesota statute 473.166.

The Council appreciates the efforts by all study partners and looks forward to the eventual implementation of the projects identified in the Highway 10 Access Planning Study.

Sincerely,



Arlene McCarthy
Director, Metropolitan Transportation Services

Cc: Lona Schreiber, Metropolitan Council District 15
Edward Reynoso, Metropolitan Council District 9
Mark Filipi, MTS Manager