

Project Specifications

Project-

The proposed 10,000 sf, 1-story, Stone Brook Academy & Daycare facility will include seven class rooms, a gym, kitchen, offices, reception area, and a playground. The academy will be staffed by 15-20 employees (including State certified instructors), and will serve 140 children. Mr. and Ms. Johnson have indicated they intend to construct a very nice looking building (including brick/ glass) and they generally understand design standards for The COR. Also, they want to create a facility that becomes an asset for the community, interacts with residents, and draws people to The COR.

Mr. and Ms. Johnson reviewed sites in Ramsey and neighboring cities (Coon Rapids, Andover, Elk River, Otsego, Rogers, etc.). The central part of The COR is their ideal location, and where they are proposing their new facility. They looked at multiple site locations within The COR. Site #1 is their most desired location. At this point, they estimate a need for 0.9-1-acres of land.

Site Location-

This is an open item. The purpose of this case is to provide guidance on site location. Stone Brook has considered 10+ sites in Ramsey, and various sites in other cities. In previous cases, staff attached logs that detailed feedback from Stone Brook, and various city commissions, on other sites. Stone Brook wants to be located in Ramsey. Furthermore, Stone Brook continues to indicate Site #1 is their ideal location, and is awaiting final direction from the City on that specific site. Site location is very important to Stone Brook.

Owners-

This is a project they've been researching and planning for over two years. They have reviewed the project with two developers, an architect, and with two banks. At this point, they are ready to make their dream a reality--they have their equity lined up--financing arranged--they are ready to apply for State Licensing--they are ready to go through the real estate entitlement process--they are ready to begin hiring/ training employees--and they are ready to enter into a purchase agreement with the City. Their goal is to begin construction in early summer 2017.

The new children's academy will be called Stone Brook. This startup company has an advantage in that Mrs. Johnson's father started a children's academy franchise in Florida called Prestmore Academy, therefore, Mr. and Mrs. Johnson will have the support of an experienced operator to assist with planning, preparation, and operation of the project. Here is a link to the Prestmore Academy website <http://www.prestmoreacademy.com/>. Please see "about" page for details. To begin, Mrs. Johnson will quit her current practice to operate Stone Brook. Mr. Johnson will continue his practice, until the businesses is self sustaining.

Mr. and Mrs. Johnson, Stone Brook Academy have described this venture as *much more than a business idea*. They believe this project is the accumulation of several personal and professional goals, that fulfills a deep-rooted passion to give back to the world--through the education and development of children. To them, this is their *dream*.

Mr. and Mrs. Johnson have also said it is very important for them to make strong connections to other users in The COR (and the community), to have a high-quality/ high-tech/ high-security facility, and to provide high-quality service offerings (academy). They have indicated they hope to be more than a childcare center, they are also an educational institution and asset to the community, and should not be compared to a purely traditional daycare center Horizon.

Both Mr. and Mrs. Johnson strongly believe in the vision of The COR-- especially the center of The COR. They believe in the principles of a walkable development, with close proximity to residential, close proximity to rail, high-quality architecture, and density. They believe their project is best located in (or near) the center of The COR, as a destination (140 kids, 20 employees). This is the main reason they want to be on Site #1.

Term Sheet-

Listed below are terms/ conditions related to the a future proposed purchase agreement that staff considers important to highlight for potential discussion. At this point, due to the unresolved site location discussion, staff did not attached a detailed/ actual purchase agreement.

(1) Offer Price

\$3.30 per square foot is currently being offered by Stone Brook. Asking price is \$5.00 per square foot. Original offer was \$0. Staff countered at \$4.00. Stone Brook countered at \$2.50. EDA countered at \$3.50. Stone Brook countered at \$3.00. EDA countered at \$3.30.

(2) Earnest Money

\$10,000 or 5% (whichever is more).

(3) Contingency Period

07/01/2017. Closing takes place 10 days after.

(4) Extension Option

If the buyer decides to extend the PA, they will be required to place \$2,500 of additional non-refundable dollars in earnest for each 30 day extension, maximum two extensions.

(5) Construction Deadline

This agreement does include a construction deadline. 9,900 sf commercial building must be constructed by 08/01/2018. If the buyer defaults, City can either collect a \$25,000 payment or reclaim property.

(6) Assignment

The buyer intends to establish a new entity to own/ manage this project. The principals of that new entity will be Mr. and Ms. Johnson. Therefore, staff expects this agreement to be reassigned at some point. We intend to include language in this agreement that allows.

(7) Development Agreement

This agreement requires the buyer to complete the entitlement process before closing. This ensures the City knows what will be constructed, and that it will comply with zoning code.

Project Benefits-

(A) An acre of development fees is estimated at about \$60,000 (2016): \$3,966 park, \$1,090 trail, \$6,131 water, \$3,391 sewer, \$4,577 storm water management, \$40,000 COR storm water. Land proceeds, \$3.30 psf, \$143,748.

(B) Tax base is estimated at about \$45,000 per year gross. Typically, the city receives about 1/4 of property taxes. However, in this particular scenario, the project is located in an existing TIF District (#14). Therefore, the City would collect roughly just over 50% of the tax base via TIF. This tax base is helpful for the city--as their is need to develop funding sources for other improvements in The COR.

(C) Stone Brook believes this project will drive 100+ families, and 15-20 employees, to The COR on a daily basis (2x). Increased traffic counts help drive retail and restaurants.

(D) Stone Brook has indicated they intend to construct an impressive looking building that will fit in well with The COR, and they intend to become engaged in the community and The COR--and would like to develop relationships with organizations such as PACT Charter School.

(F) Continue momentum of successful development and investment in The COR. Positive momentum is very important in conversations/ recruitment of developers and real estate investors.