



March 21<sup>st</sup>, 2017

Mr. Patrick Brama  
Economic Development Manager / Assistant City Administrator  
7550 Sunwood Dr NW  
Ramsey, MN 55330

Mr. Brama,

As you know, during the last several months PSD has been working on a concept model which would establish an industrial park within the City of Ramsey. This concept is based on a multi phased project, when at full capacity, would allow for the construction of 7 new buildings (based on six at 60,000 sq. ft. and one at 52,000 sq. ft.). At this point we have incurred costs for site design, soil borings, fill calculations and have received multiple budgetary construction estimates. The total number of buildings may decrease if demand shows that we need to erect less quantity of buildings with larger square footages.

On March 16<sup>th</sup>, a non-binding LOI has been agreed mutually upon and executed between PSD and the current property owner. The current property owner will continue to own and market the adjacent parcels next to the industrial park that we are proposing to develop.

#### Building construction for the 1<sup>st</sup> phase

PSD built a pro-forma for said project which utilized some assumptions, which are:

- The proposed 1<sup>st</sup> phase will need to utilize TIF funding for the following reasons:
  - The current site is vacant, by changing the use and type, we expect to have a high vacancy rate until commercial brokers are knowledgeable about our finished project. Initially, we feel it will be hard to change the traffic patterns of potential tenants.
  - We propose to incorporate aesthetic qualities not typically found in industrial buildings. On the 1<sup>st</sup> phase, we plan to use a glass curtain storefront on the exterior wall that faces Hwy 10. All bays will have both drive in doors, as well as, loading docks with levelers. Other building owners that lease industrial space frequently need to change the type of loading door access depending on type of business that chose to lease space within the building. By incorporating both types of doors, there will be less disturbance to businesses that locate within the building, as well as, the space will be more desirable to prospective tenants.
  - Currently there are not any 24' clear height buildings available in the close surrounding areas. New racking and storage methods use higher racking, which increases the efficiency of storage within a 24' clear height building. Unfortunately, the price increases exponentially as the building becomes taller.

We plan to build a building that will not be obsolete prior to its opening. By incorporating the above described items, we feel this building will be more desirable than a "typical" industrial building with less features. Without utilizing TIF funds, the lack of return on investment does not make it feasible to move forward.

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### Site maximization and orientation

In order to maximize the square footage of the proposed buildings across the entire Easterly portion of the new PSD business park, there will need to be an internal public road constructed and brought to the middle of the parcel. By constructing this internal public road, the East ½ of the site can allow for 4 buildings within the project, and a total of 7 buildings over the entire site. Given the close proximity to Highway 10, some buildings will be orientated to have visibility and front Highway 10. Some business that may choose to relocate within the proposed 1<sup>st</sup> phase of construction need visibility to insure growth to their businesses can grow. Also, in order to create synergy amongst the proposed buildings, a central internal public road gives a campus feel.

The following expenses related to the site do not make it capable for PSD to pay for the internal public road, which are:

- Relocating a spoil pile of non-compactible dirt which Bolton & Menk has tested. This pile is 45,000 Cu. Yd. in size, we plan to relocate this pile to the westerly boundary of the site. This will provide relief of sight and noise to the proposed housing development by Capstone Homes. This will also allow for a transitional buffer in between the industrial park and housing development.
- The creation of multiple massive storm water pondage are required for the site for parking lot runoff. Numerous ponds, each well over an acre will need to be excavated and infrastructure brought into each of these ponds in order to have adequate capacity of storm water.
- The clear cutting of trees to allow for mass grading is a large expense. The organic debris will need to be moved off site given the high density of construction we are proposing. Organic matter is not allowed in any pads or soils than need compaction.

The proposed industrial park does not afford the ability to pay for the site improvements *and* construct an internal public road to serve the first 4 buildings of our concept. If the road cost is to be absorbed within the project, the expected returns do not meet our minimum threshold given the high cost of site work. In that scenario, we would price ourselves too high, and have difficulty being competitive with communities like Elk River, Otsego and Rogers.

In conclusion, we are asking to partner with the City of Ramsey to develop an attractive, successful and viable industrial park. Having the possibility of businesses to be able to relocate into this industrial park within the City of Ramsey is a huge asset. Once employers and businesses occupy these buildings numerous jobs will be created. If the City receives inquiries from business that wish to locate within the City, there will be additional options which shorter lead times for relocation can be achieved. This project will create traffic, which in turn, will create other retail opportunities to be located in the adjacent COR development. Currently there are not parcels available that allow the construction of precast buildings, the existing area that allows industrial buildings is fully built out. Upon obtaining all of the City approvals required, we would like to proceed with the next steps of planning and engineering, then move onto construction this spring. I feel PSD has a great working relationship with the City, recently we worked hand in hand with the City administration and staff on the ParkView East project. Given our track record, PSD has the ability, project management and experience to see this project until its completion as well. I welcome any questions you may have regarding this project, feel free to contact me at any time.

Sincerely,



Matt Kuker  
COO