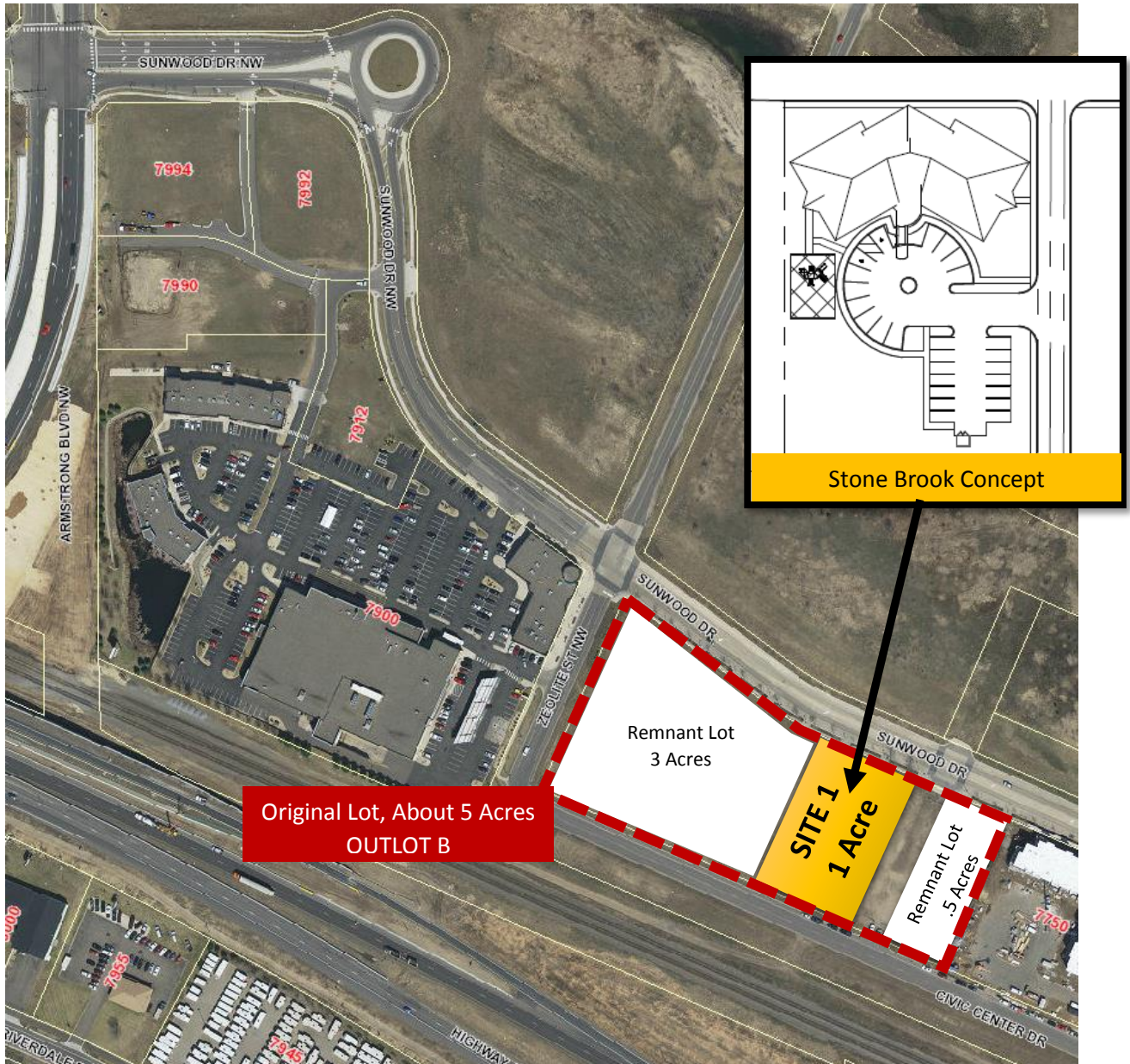


Stone Brook Academy  
(previously known as Prestmore Academy)  
Site Selection Log

**SITE 1**  
01/06/2017

# SITE 1



Outlot B is a roughly 4.95-acre parcel. The user, Stone Brook Academy, would like to utilize a roughly 1-acre portion of the property. This site is located in the COR-2 Retail district, on the boarder of the COR-1 Mixed district.

The shape/ dimensions of this site is ideal for development (rectangular). This site will require fill (is low), which will increase project costs for Stone Brook. Infrastructure generally is in place, and surrounds this site. The one question mark RE infrastructure is the potential Yolite Street connection. The other item worth noting, is this project will solidify the two remnant lots.

# **(1) Stone Brook Feedback**

## **A. This is the #1 desired site for Stone Brook (the buyer/ owner)**

- Stone Brook has reviewed all available site locations in The COR on multiple occasions, over the past six months. This includes reviewing sites with developers, architects, banks, and walking sites. Stone Brook wants to purchase this property now (purchase agreement). They have been saving for the past two plus years—and are very interested in this specific site. They desire to begin construction in early summer 2017.
- Look/ feel/ vision are very important to Stone Brook. This site (in the central part of The COR) meets the vision of Stone Brook. They want a high-class, high-tech, high-amenity, well-respected, nice looking academy, that fronts Sunwood Drive, and fits in *WELL* with the surrounding area—which they believe is the center of The COR. This facility will be much more of a state-of-the-art children’s academy, rather than simply just a daycare center. This will be an asset/ destination for this community.
- Stone Brook believes in the City’s vision of The COR—and they are drawn to this specific site. They believe the heart of The COR is where family oriented uses/ destination uses are best located—like academy’s, community centers, theaters, train stations, municipal, parks, etc. (details in location section below).
- Stone Brook believes destination users, located in the center of The COR, will produce significant ADT for The COR (in this particular case--140 children/ parents, nearly 20 employees 2x per day), which will help Ramsey achieve it’s retail goals (especially on the west end).

## **B. Location is ideal for Stone Brook**

- Being located in the center of The COR, versus on one end or the other, provides better ability for Stone Brook to evenly pull from Ramsey’s major population areas (north and east of Ramsey Boulevard), and also to pull from future developable areas (west of new Armstrong interchange).
- Being located in the center of The COR allows Stone Brook to draw from nearby dense housing—including apartments, townhomes, and other residential developments within The COR—as a result, in many cases, this location may be walkable. Being located in the center of The COR may also attract people using the Northstar Commuter Rail.
- Stone Brook believes being located on Sunwood Drive, in the center of The COR, is important for fit/ feel/ safety of the academy. Traffic flow (ease of access, congestion) and nearby users impact the perceived safety/ fit of their facility. Stone Brook believes being located on either end of The COR detracts from these principles.

## **C. Price is very important, and is ideal at this particular location.**

- Stone Brook is a quasi-start-up business (being modeled after Prestmore Academy in Florida, their parents started that group, and are mentoring Stone Brook). This business requires a lot of FFE (furniture fixtures and equipment), a lot of employees, several licenses, and significant working capital. As a result, Stone Brook will need to come up with significant equity to make this deal happen, and to fund their operations for the first year. The price of land will have a direct impact on the operations of this business (i.e. cash flow), and is very important to Stone Brook. They want to be below \$3 psf.
- This type of business, a high-end children’s academy, is not commonly seen in Anoka County, if at all (however, is common in Hennepin County for example). It is critically important, to the

owners, that they are able to *deliver* top-notch services in a high-class facility. They will not open a facility in Ramsey if they cannot achieve that goal. Stone Brook believes their pricing structure is very sensitive/ risky in Ramsey (unproven market for this product). They need to do everything they can to keep user costs as low as possible in Ramsey (hence their emphasis on the land price—something they have some control over).

- Price negotiation (1-acre)
  - City listing price is \$5 psf (\$217,800)
  - Stone Brook first offer \$0 psf (\$0)
  - Stone Brook second offer \$2.5 psf (\$108,900)
  - EDA counter offer \$3.5 psf (\$152,460)
  - Stone Brook third offer \$3 psf (\$130,680) <<current offer>>
  
- Stone Brook believes other properties are too expensive in The COR, and restrict their ability to effectively operate their business (the higher the land cost, the more debt service, the lower the operating cash flow, the higher the user fees needed). Below is a snap shot.
  - McDonald's Pads
    - 1.23 acres, \$12.00 psf, \$642,945
    - 1.35 acres, \$12.00 psf, \$705,672  
\*see site #2 for details
  
  - PSD LLC, \$12.00 psf, 1 acre, \$522,720\*  
\*see site #4 for details

#### **D. General comment from Stone Brook:**

- Stone Brook is open to purchasing other sites, if the City is willing to sell at “like-cost.” For example, \$150K-\$200K for the sites near McDonald's (NOTE: that would be a roughly 350-550K reduction in land price). However, even if costs were the same, Stone Brook still prefers/ requests to be on this specific site (site #1), in the center of The COR.
  
- With the above in mind, Stone Brook is generally concerned other site options will be significantly more expensive, and in some cases, open up even more policy discussions (re infrastructure and land use)—which will delay their project they hope to begin in early summer 2017.

#### **E. Yolite Street issue, Stone Brook open to what works best for the City.**

- Stone Brook doesn't desire the Yolite Street public road connection. However, they are open to the connection, if the city requires (at a 60/40 split, the 40 to be shared). They are more concerned about moving the project forward soon. Stone Brook is also open to the stub road design/ private road, if the city desires.
  
- Regardless if Yolite is constructed, or becomes a private road stub, Stone Brook wants to be located west of the Yolite Street intersection (due to lot width requirements for their facility and turn around/ drop off area). East of the intersection physically won't work—it is too narrow.

## (2) Staff Feedback

### A. YOLITE STREET CONNECTION, Background:

- Development of this site *could* trigger the construction of a 275' public roadway connection (known as Yolite Street)--which would connect Sunwood Drive with Veterans Drive. Yolite Street is the only potential public mid-block connection between Zeolite and Sapphire Street in The COR (which are a half mile apart). Requiring the construction of Yolite Street is a policy question for the City to answer—and is very important to this proposed development. Direction is needed in order to move this project forward on this particular site.



- Stone Brook Academy is proposing to pay for 20% of costs related to Yolite Street (if the City requires this road). Stone Brook would like to use the City's previously utilized cost share arrangement on public roads located in commercial areas in The COR--which is a 60/40 split (60% City, 40% developer). Stone Brook is proposing to pay 20%, as they are only utilizing one side of the road. They are proposing the user on the other side of Yolite Street pay for the remaining share of the 40% developer portion (i.e. 20%).
- If the City does require the construction of Yolite, staff's proposed funding source is TIF District #1 (an old TIF district with an available balance)--which is also the proposed funding source for Zeolite Street (in The COR). The City could also consider other funding sources (land proceeds, EDA dollars, County dollars, TIF 14 dollars, etc.). This item (source of city funding) can be discussed in further detail, if the construction of Yolite is required by the City.

### Feasibility Report

- WSB completed a feasibility report to help the City understand the cost implications of the potential Yolite Street connection. The WSB feasibility analysis was very conservative, at \$394,000. The WSB feasibility analysis was intended to be a starting point—and to include ALL potential costs.
- The City's Engineering team reviewed the WSB feasibility analysis, and was able to reduce the estimated project costs to \$284,880. The City's Engineering Department feels another \$10,000-

\$50,000 could potentially be cut from the project. Below is a summary (this includes 10% contingency and 25% indirect costs).

	WSB Original	City Engineering Revised
Surface Improvements	\$186,800	\$134,000
Streetscape Improvements	\$93,600	\$39,380
Sanitary Improvements	\$37,800	\$37,800
Watermain Improvements	\$52,000	\$52,000
Storm Sewer Improvements	\$24,700	\$21,700
TOTAL	\$394,500	\$284,880

- Why the change? Many of the utilities will only need to run about 1/3 of the way into the site, not all the way through, as indicated by WSB. Storm water improvements are less than what WSB anticipated, as storm water outlets are available in Sunwood and Veterans. Some landscaping was pulled. Likely, requirements will only be trees/ sod for the construction of this road. Sidewalks/ other landscaping will be required as part of the Stone Brook site plan. Roadway costs reduced due to good soils (no need to remove) and availability of city owned base materials.
- Below are example cost shares for the split of road costs (\$284,880). The City does not have an official policy for sharing the cost to construct new public infrastructure. 60/40 is past practice.

	Party 1	Party 2
80% : 20%	\$227,904	\$56,976
60% : 40%	\$170,928	\$113,952
50% : 50%	\$142,440	\$142,440

**B. YOLITE STREET CONNECTION, Staff Development Review Comments**

- The current COR Master Plan (left) does NOT call for a public road connection at Yolite Street. The original COR Master Plan (right) DOES.



- Yolite Street is *NOT* accounted for in the City’s capital improvement plan.
- Yolite has *NOT* been platted (ROW has not been secured) on the south side of Sunwood Drive (property currently being considered by Stone Brook). Yolite *HAS* been platted (ROW has been secured) on the north side of Sunwood Drive (to service a potential parking ramp).
- Sunwood Drive and Veteran’s Drive were constructed ahead of development, based on the original COR Master Plan. Yolite Street was stubbed in on both Sunwood and Veteran’s Drive. An intersection has been constructed on Sunwood (for the anticipated Yolite Street).
- There is an existing stormwater line that runs through the proposed Yolite Street connection (between Sunwood and Veteran’s Drive). Therefore, even if the Yolite Street connection is not made, this storm water line will effect where buildings can be constructed (i.e. cannot be built over the stormwater line).
- From a traffic flow/public safety perspective, staff recommends the City make the proposed public road connection of Yolite Street between Sunwood Drive and Veterans Drive. At this point, there is no public road connection for about a half mile. In the event of an emergency or heavy traffic in The COR, having this connection, to allow for detours/ alternative routes, will be very important.
  - i. Furthermore, if the Yolite Street connection is not made, and one of the two existing connections is blocked (in the case of an emergency/ major event/ construction), the next available connection will be more than a half mile away (which is a great distance in a dense/ walkable/ transit oriented development).
  - ii. Staff is also concerned that existing private driveways (such as Residents at The COR) will continue to experience significant public through traffic, due to the lack of public road connections. As The COR develops, this problem is expected to worsen—especially if connections like Yolite are not made.



- From a real estate development perspective, staff believes the Yolite Street connection is not needed. And, it is possible to run a private stub road into the proposed Stone Brook site. This alternative would save the City money (at this point, an estimated \$170,928).
- Additionally, from a real estate development perspective, an alternative does exist to wait for a developer that is willing to take down the entire available site (about 5 acres) at one time. In that scenario, circulation/ utilities/ infrastructure could be planned for the entire site as a whole, and would make this conversation much easier (they City wouldn't be in the role of master developer).
  - i. This scenario (waiting for a private master developer) would not allow Stone Brook to move forward with this proposed site. Stone Brook has respectfully opposed this option, and asked the City to reconsider. This site continues to be Stone Brook's #1 desired location. The challenge with this site location for the city is—timing/ opportunity cost (we have Stone Brook here today, but we don't have a private master developer that wants to take down the entire site today).

**C. REMNANT PARCELS, Staff Development Review Comments**

- If Stone Brook was allowed to move forward with this proposed 1-acre site, it would create two remnant lots.
  - i. The first remnant lot is roughly 1/2 acre, rectangular shaped, remnant parcel, located just east of the proposed 1-acre Stone Brook Academy site (just east of the potential Yolite Street connection). The lot would be roughly 85' wide and 275' deep.



Although this size of lot is not ideal/ and is not something the City should be seeking (staff would not recommend for standard practice), considering its location (within The COR), this remnant site still carries merit/ marketable value. The COR allows for zero setbacks/ does not require green spaces, allows for significant lot coverages, allows for on-street parking, and does not require storm water on-site. In fact, density is strongly

encouraged in this development. These characteristics allow for this particular remnant site to be viable and usable. Again, staff is not suggesting this site is ideal.

Staff anticipates a 4,000-8,000 sf “foot-print” building could be placed on this site (could be two stories). Water/ sewer stubs are available to this site. Furthermore, staff would like to note, this type sized lot/ building foot-print is not uncommon for downtowns/ urban developments in cities across the country.

In many ways, the 1/2 remnant parcel is the result of two previous decisions: (1) the Common Bond project, not extending their site to Yolite Street created the 1/2 parcel, and (2) the location of pre-installed/ pre-determined infrastructure on Sunwood and Veterans. These issues will need to be addressed, now or in the future (by the City as current master developer, or by a future master developer).

Lastly, staff would like to note, if Yolite Street was not required to be constructed, it is likely only a private stub road would be needed from Sunwood Drive (would not go through entire site). This alternative would likely increase the size of this remnant site from about .5 acres to about .75 acres (as the unused ROW would become available).

- ii. The second remnant lot is roughly 3-acres, located just west of the proposed Stone Brook Academy 1-acre lot, and is generally rectangular shaped.



Although this lot is smaller than the original larger 5-acre lot, this remnant 3-acre parcel is still of considerable size, and holds strong merit to be marketed/ developed. Sewer/ water stubs exist. Good access points exist. Location is good.

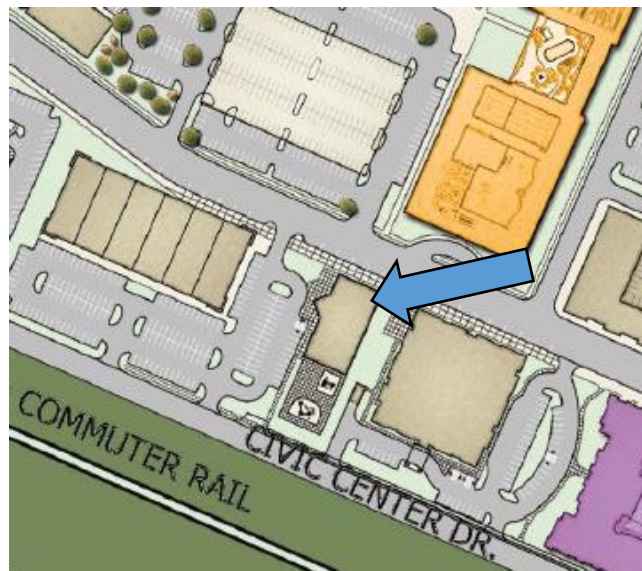
- Water/ sewer service have been pre-determined, ahead of development, for the larger 5-acre site. Stubs have been placed in the proposed Yolite row/ intersection, on Sunwood Drive; and stubs have been placed about midway within the remaining portion of the site.



- i. The location of these stubs would allow for services to be provided to the proposed Stone Brook site, and the two remnant lots. In summary, the pre-determined location of stubs is not a barrier to this proposed Stone Brook site location.

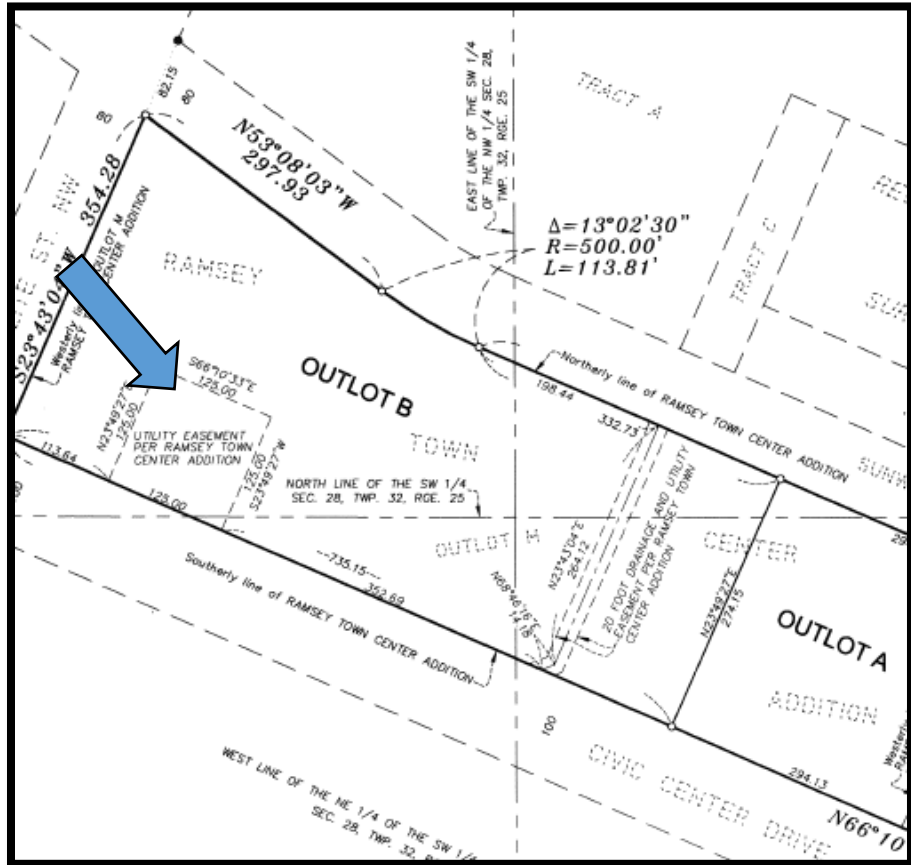
**D. PROPOSED USE, Staff Development Review Comments**

- The COR master plan coincidentally shows a day care center in this general location. This proposed use generally appears to be an allowed use in the designated zoning district (COR-2).



**E. WELL LOCATED ON LARGER PARCEL, Staff Development Review Comments**

- There is a public well in the SW corner of the larger 5-acre site. This well includes a 125' easement. The well/ easement is *NOT* located on the proposed Stone Brook site. However, it will affect the 3-acre remnant lot (located west of the 1-acre Stone Brook lot). Generally speaking, when the 3-acre remnant site is developed, the well easement it will restrict potential building layouts. Buildings can't be constructed over the easement—however, parking and greenspace may be allowed. Staff wanted to simply note this item. This will be an issue to deal with, regardless of Stone Brook.



### ***(3) EDA Feedback***

- The EDA first reviewed this site 12/08/2016.
- The EDA is very interested in this project, and would like to welcome Stone Brook to Ramsey (and The COR). The EDA wants this deal to happen, and is excited to work with Stone Brook to find a solution. The EDA understands the many benefits this project can bring to Ramsey.
- The EDA was generally interested in obtaining more information from staff (RE the Yolite Street discussion/ the remnant lots), and hearing back from Stone Brook (on other potential site locations), before making a final recommendation on this particular site.
- The EDA was generally concerned about this specific site location/ site layout. The EDA is most interested in a comprehensive approach to developing this larger site (nearly 5 acres). The EDA generally believes a master developer can most effectively/ efficiently plan around the current site limitations/ challenges (listed below).
  - Yolite intersection/ connection.

The EDA was concerned this connection is un-needed, and a waste of public dollars (originally \$394K total cost, now about \$284K). The COR master plan no longer calls for the Yolite connection. The EDA was generally open to discussing a private connection/ and or private stub road solution.
  - Remnant Parcels

The EDA was concerned with the relatively fixed location of existing public infrastructure (below). These items create development layout/ lot size limitations—which restrict future development options. Please see “Staff Feedback Section” for details/ background.

    - (A) Water/ sewer stub existing locations in Sunwood.
    - (B) Location of existing public well in SW corner of larger site.
    - (C) An existing storm water line running down the future Yolite Street.
    - (D) Existing Yolite Street intersection on Sunwood Drive.

This proposed Stone Brook 1-acre site will solidify two remnant parcels. The EDA is generally concerned about the potential affects these remnant parcels will have on future development projects. Please see “Staff Feedback Section” for details/ background.

## ***(4) Planning Commission Feedback***

- Assuming this project is classified as a daycare use (and academy as a secondary use), the Planning Commission believes this site generally works from a zoning/ COR master plan perspective.
- The Planning Commission is uncomfortable with the many development issues that encumber this site (remnant lots, storm sewer, well, Yolite, etc.). The Planning Commission is uncomfortable with Stone Brook etching out a 1-acre parcel on this site, and further solidifying the various encumbrances on this site. The Planning Commission believes great opportunity exists for the City on this site, and this project may remove the ability to make a large project(s) happen. The Planning Commission believes this site is better suited for a larger project(s), and/ or a master developer to take down the site all at once.
- The Planning Commission does not agree with Stone Brook, that this project is best fit on this particular site (Site #1). The Planning Commission believes Stone Brook is best suited on other sites: (i.e. #2, #3, #4, #6, #7, #8).

## ***(5) What about creative options staff?***

- Below are some other creative options, proposed by the EDA and staff, for this particular site (the 5-acre Outlot B). Included below each map are comments from Stone Brook.



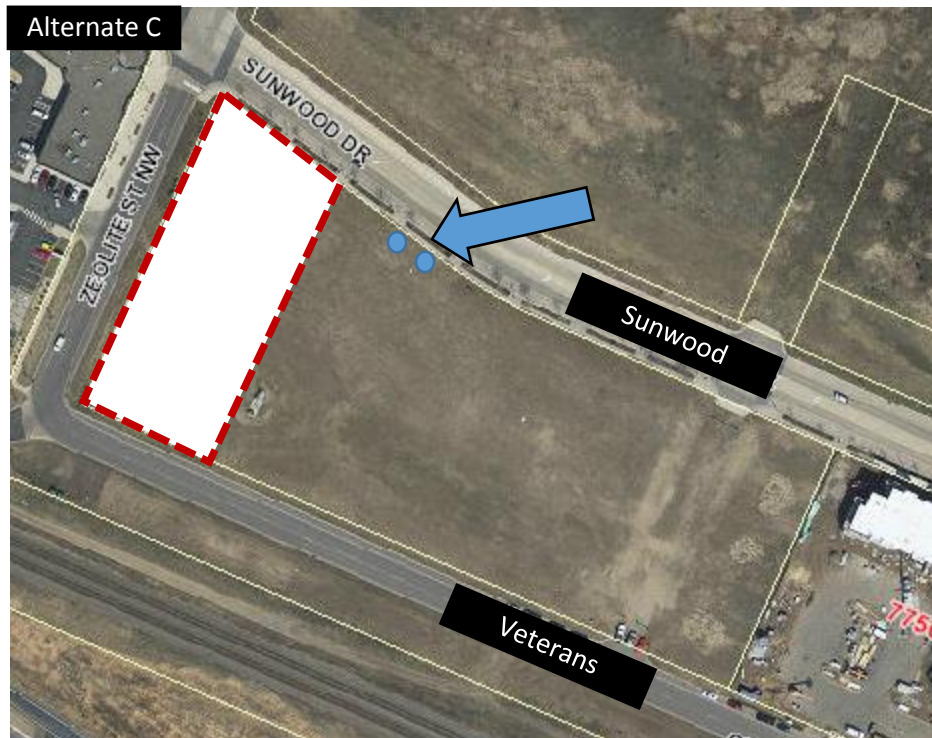
### Stone Brook Comments:

- Alternate A is physically too narrow, and too small to allow for what Stone Brook wants to accomplish (10,000 sf building plus a 1,500 sf playground). This was determined by their developer/ architect.
- Additionally, Stone Brook wants the focal point/ front of their building to be pressed up against Sunwood Drive (to be prominent). This layout would physically force the focal point of their building to be located central to the site (and the side of their building to be pressed against Sunwood). They feel this doesn't meet the "theme/vision" of The COR.
- Lastly, Stone Brook needs a round-about drop-off at their entrance—which requires a minimum 100' of site width (this remnant lot site is roughly 85' wide). Ideally, they want to have at least a 185' wide site.



Stone Brook Comments:

- Alternate B rendered identical comments from Stone Brook (compared to Alternate A).
- Although they are able to pick up additional land to the south, the shape/ constraints of the lot still make it undesirable (as they want to front Sunwood with their building, on the north). The shape of this lot creates issues with their desired site layout.



Stone Brook Comments:

- Alternate C works for Stone Brook. They understand the public well issue, and are willing to work around. This is not their #1 option—but would be willing to consider.
- Unfortunately, water/sewer stubs are located central to this site. Therefore, staff is concerned about how this user will access water/ sewer. One option is to punch into Sunwood Drive for new stubs (not recommended by staff). Another option is to run utilities internal to the property (also not recommended by staff).
  - RE the water/ sewer stubs--the easy/ desired route would be to require this lot to be taken down all at once, or at least require the Stone Brook lot to extend all the way out to the utility stubs. In that scenario, Stone Brook would be picking up nearly 2x the land they need (which they would oppose—as would staff recommend against).
- Staff would also like to note, this user may “fit” better on the east side of this site (the 5-acre Outlot B). The western portion of this 5-acre site may be better suited for retail (as it’s located adjacent to retail). An academy/ daycare makes for a good transition (between residential/ retail).
- This option does have merit. If desired, staff would be happy to further investigate.