

# ALTERNATIVES

Over the past few years, staff has received feedback from elected officials, the public, and third party professionals related to our strategy for selling city-owned land. Listed below are a handful of opportunities/ alternatives to consider as this discussion unfolds. Staff would like to know if the EDA has interest in further pursuing any of these alternatives (or alternatives not listed). It should be noted, these alternatives are not mutually exclusive (they can be combined).

- (1) Traditional Broker (current method)
- (2) Value-Added Broker
- (3) Public Relations/ Marketing Firms
- (4) Private Economic Development Services
- (5) Event Attendance & Networking
- (6) Master Developer
- (7) Market Research Firms

The EDA and City Council directed staff to concentrate on alternatives #2 and #6 in January of 2017—with a preference for #6. To begin the process of further evaluating alternatives #2 and #6, the EDA and Council directed staff to arrange informational interviews between the EDA and developers.

## **(1) Traditional Broker (current method)**

Broker creates professional listings, lists properties on websites, places real estates signs, sends email blasts, connects with networks/ contacts, and provide market updates to city. A traditional real estate broker typically gets paid a commission between 5-7% on land sales. This marketing alternative is typically the most cost-effective, and requires the least amount of exposure to the city financially, in terms of upfront expenses.

Staff believes CBRE is a great fit for this particular strategy. CBRE's 3-year contract is due in January of 2017. The background section of this case provides more information on CBRE. One option to consider is keeping CBRE, and enhancing their services by hiring a PR firm for targeted marketing campaigns (for example, to restaurants or retail), or hire a research firm to help us further refine or prospects.

*Examples: [coldwellbanker.com](http://coldwellbanker.com), [edinarealty.com](http://edinarealty.com), [colliers.com/en-us/us](http://colliers.com/en-us/us), [premiercommercialproperties.com](http://premiercommercialproperties.com)*

## **(2) Value-Added Broker**

Organizations that provide traditional brokerage services, along with additional value-added services. For example, some firms provide professional engineering and land use services, along with broker services (i.e. Landform). Another example is a firm that provides broker services with a more robust marketing, public relations offering, and professional consulting (i.e. IAG, Jeff Lafavre). Typically, these firms cost more than a traditional broker--and often times include a combination of both higher commission payments (6-8%) and regular monthly professional service payments (\$300-\$15,000).

These firms would be a little more "hands on" with staff and our elected officials. Staff would expect these firms to have a higher emphasis on supporting Ramsey's vision, values, and zoning. These firms would go above and beyond listing properties and connecting with known relationships--they would be more pro-active. They would also work closer with known developers/ investors. These firms would act more of as an extension of staff. Although this type of broker would have a high motivation to close deals, it would not be their exclusive mission (as is for a traditional broker). The scope of work for a custom broker is variable, and highly customizable.

If the city were to select this alternative, staff would recommend we send a RFQ to our broker list, and within the RFQ specifically require certain services be provided (i.e. services we want above and beyond the role of a traditional broker). For, example, we want the broker to produce (or contract out) targeted marketing materials for restaurants and retail--and we want them send to a minimum XXX entities per year, directly and personalized (not just via a mass email blast of a generic message), and they should follow up with at least one direct phone call to each. Staff would also ask for the scope/ expectations for updates/ and progress reports to be clearly defined.

*Examples: [iagcommercial.com](http://iagcommercial.com), [landform.net](http://landform.net)*

### **(3) Public Relations/ Marketing Firms**

Private organizations that specialize in providing detailed/ specific marketing for real estate--including in-depth targeted marketing campaigns. This could be useful for Ramsey in the areas of retail (restaurants and shopping), anchor users (theaters), hotels, and office users. This could also be useful in aiding staff with keeping our content/ data fresh and out in the public eye (i.e. more press releases, facebook posts, etc.).

These firms would likely bill like any professional services firm--by project or by hourly rate. These firms would pay a lot of attention to Ramsey's customized marketing/ PR needs. These firms would not have a high motivation to close deals. The City would use our EDA marketing dollars to fund this work (and potentially EDA professional services dollars). A benefit of this alternative is no commission payments on land transactions (i.e. we could maximize land proceeds). Also, we wouldn't be tied into a contract.

If this route was utilized, staff would suggest hiring a PR firm to complete a specialized marketing package for three campaigns (retail, restaurants, and destination users--like hotels, theaters, community centers, etc.). Upon completion of marketing packages, the PR firm would develop a long list of prospects. The PR firm would send information to the prospect list. Then, either staff/ or the PR firm would follow up with the prospect list.

*Examples: [fallsagency.com](http://fallsagency.com), [maccabee.com](http://maccabee.com), [antennaconsulting.com](http://antennaconsulting.com)*

### **(4) Private Economic Development Services**

Organizations that specialize in aiding government agencies (and large utility companies) in maximizing the effectiveness of their economic development departments. Range of services is highly variable. Often times, these agencies have a plug-in to a base of traditional economic development prospects/ contacts. Additionally, these agencies typically target website improvements and advertising campaigns.

One example to consider is WEDA (word economic development alliance), they are based out of Texas and work across the US. For a fixed annual fee, they provide a pallet of economic development services. WEDA only works with 2-3 cities from each State. WEDA delivers 100+ leads of businesses considering relocation on an annual basis (traditional economic development, i.e. manufacturing). WEDA attracts prospects via their magazines, ads, websites, event attendance, relationships, the WEDA partnership board, and their brokerage. WEDA also has a network of nearly 8,000 restaurants and retailers--they would create a customized marketing campaign for our target market--and send out on our behalf. Any prospects Ramsey has would be managed by WEDA, via their CRM system. WEDA also offers website design and maintenance services. Lastly, WEDA has very strong tracking and reporting capabilities--they can track if prospects are opening our emails, if they are clicking on our website, etc.

*Examples: [goldenshovelagency.com/gsa](http://goldenshovelagency.com/gsa), [WEDA attractmorejobs.com](http://WEDAattractmorejobs.com)*

## **(5) Event Attendance & Networking**

The development world is a relationship business. The city could put more of an emphasis on staff attending various networking events, trade shows, etc. Examples (site selectors events, commercial real estate development association, and the global retail convention).

*Examples: [siterelectorsguild.com](http://siterelectorsguild.com), [icsc.org](http://icsc.org)*

## **(6) Master Developer**

Private sector organizations that specialize in managing large developments. This opportunity comes in many forms. On one end, the city could sell all city owned land in/ near The COR to a master developer. Then, let the master developer work the the city to develop their property (much like PSD LLC). On the other end of the spectrum, the city could simply hire a master developer for consulting/ professional services. The city would maintain control of land. Another option is in the middle, the city to allow a developer an option to purchase, or a commission for sale, on all city owned land. However, the master developer would manage/ partner in all development services/ planning/ marketing.

The positives with this alternative include: an organization that has experience successfully managing and completing large developments, the ability to bring in owner equity or equity partners, the city would only be dealing with one entity rather than several, and a "partnership relationship." The drawbacks would include: master developers often have their own opinion, vision, and priorities, master developers may only work with certain users, and may exclude other users, master developers may pressure the city to reduce development standards and development fees to get deals done, and if master developer were to pick up all city-owned land upfront, they would likely only do so for a discounted price.

Lastly, it should be noted, the city may want to consider engaging PSD LLC about strategy for marketing The COR. They are a major land owner, and a partnership may yield certain efficiencies and synergy. Regardless of which alternative is selected as part of this discussion, staff will recommend formally connecting with PSD LLC.

*Examples: [kadevelopment.com](http://kadevelopment.com), [rjryan.com](http://rjryan.com), [ryancompanies.com](http://ryancompanies.com), [opus-group.com](http://opus-group.com)*

## **(7) Market Research Firms**

Private organizations that specialize in providing detailed/ specific research for real estate--including in-depth marketing analysis, and demographic analysis. This could be useful for Ramsey in the areas of retail (restaurants and shopping), anchor users (theaters), hotels, and office users. This could also be useful in aiding staff/ brokers with better understanding what our best, and most market realistic, development opportunities in Ramsey are, and will be into the future. This could also help us better understand the customer profiles of potential shoppers.

These firms would likely bill like any professional services firm--by project or by hourly rate. These firms would pay a lot of attention to Ramsey's customized research needs. These firms would not have a motivation to close deals. The city would use our EDA marketing dollars to fund this work (and potentially EDA professional services dollars). A benefit of this alternative is no commission payments on land transactions (i.e. we could maximize land proceeds). Also, we wouldn't be tied into a contract.

This city did complete two retail studies, similar to what is being proposed here, in 2008 and 2011. The city did contact all leads identified in the study. Unfortunately, no actual land transactions transpired as a result of this study. With that in mind, timing was not the best (i.e. since the Great Recession retail has been a challenging market). Attached is the 2011 study for example.

*Examples: McComb Group LTD, [buxtonco.com](http://buxtonco.com), [nielsen.com](http://nielsen.com)*