

# **Background Information**

## **BACKGROUND**

In 2012, the Council completed an exercise to determine Ramsey's inventory of city-owned land. The City of Ramsey owns over 250 parcels city-wide. The majority of these parcels are wetlands, existing or planned trails, existing or future right of ways (ROW) and greenways. About 20 city owned parcels are available for sale and development by the private sector. In 2013, staff was directed to market and sell surplus city owned land.

On January 28, 2014, the City of Ramsey entered into a contract with CBRE to provide professional real estate brokerage services. The contract with CBRE is set to expire January 28, 2017.

CBRE listed 19 different properties (about 25 parcels). CBRE has placed signs on available properties, and completed professional listing brochures for all 19 properties. Said listings have been placed on CoStar, MnCAR, LoopNet, CBRE's website, and on the City's website. CBRE has shared these listings via email blasts to their contacts monthly. CBRE has reached out to a long list of prospects individually RE their listings in Ramsey (roughly XXXX).

Periodically, CBRE provides the EDA/ City Council with updates. In late 2015, CBRE worked with staff to create a detailed community profile--that highlights the momentum taking place throughout the community (attached). Additionally, CBRE and staff developed a detailed pricing strategy table for the sale of city-owned properties.

CBRE has acted as an advisor to the City's Economic Development and Community Development staff on many occasions. The working relationship between staff and CBRE is positive and professional. CBRE has closed four deals, has three deals under contract (purchase agreements), and are currently working to get two more deals under contract.

CBRE has been paid \$150,938 in commissions. If the currently executed purchase agreements close, CBRE would be paid an additional \$63,750 (total of \$214,688 in commissions). This contrasts with the 3-year Lanform contract which cost the city roughly \$1.8M (commissions plus other professional services). The CBRE contract includes a six-month carryover commission clause. This contrasts with the former Landform contract that had an 18-month carryover commission clause.

## **NUMBERS**

**(1) Closed Deals:** since 2013, the City has closed on the sale of eight properties, totaling 39.82 acres, and \$4.216M. CBRE was involved with four sales. These sites include: the former municipal center site (GS Land), Windsorwood (former park), McDonald's, Common Bond, Casey's, PSD LLC, and Purmort (two deals).

**(2) Deals Under Contract:** the City (and CBRE) currently have three purchase agreements executed and in-play, totaling roughly 15.68 acres of land, and about \$1.275M. These include Aeon, Lifestyle Homes, and Platinum Properties.

**(3) Potential Deals:** the City (and CBRE) are currently in negotiations on two more purchase agreements, totaling roughly 2 acres of land, and about \$350K. These purchase agreements include OGA and a daycare/ children's academy. Today, staff feels cautiously optimistic about both prospects.

**(4) Past Prospects:** CBRE brought two deals to the City in 2015 that were eventually turned down, totaling roughly 8 acres. These included Dominion and SCA (both senior apartment projects).

**(5) Remaining Opportunity:** the City has 17 land listings remaining, totaling about 90 acres of land, with a roughly \$19M total asking price.

*NOTE: asking price should not reflect expectations for land proceeds--the City of Ramsey established a pricing table that has been discussed in closed session on multiple occasions--which better outlines land sale predictions/ ranges.*

### **CHANGES TO CITY STRATEGY, Since 2013**

**(1) Template PA:** The City has developed a template purchase agreement and policy for selling City owned land. This has drastically increased the efficiency/ effectiveness of negotiations with prospects.

**(2) Pricing Strategy:** The City has developed a detailed pricing/ land sales table that clearly outlines all basic data (numbers) needed to make decisions on deals (offers) that come into the city. This table tracks the number of listings, asking prices, deal ranges, actual sales, sales dates, brief site specific notes, etc. This table has drastically increased the efficiency/ effectiveness of negotiations with prospects.

**(3) Community Profile:** The City has developed a detailed community profile. This profile outlines basic demographic information on Ramsey. Additionally, as suggested by CBRE, this document was created to clearly identify the great momentum taking place in Ramsey--within the development community. This document has helped staff convey basic information on Ramsey quickly and professionally. Additionally, this document helps "sell" the city.

**(4) Marketing Materials:** The City has completed a basic refresh of all materials/ documents/ marketing materials (2015). This basic refresh has allowed staff to update a handful of basic marketing materials, and make custom marketing materials on-the-fly and as-needed. This has helped staff be more consistent, professional, and efficient with the materials and messages sent to potential customers.

**(5) Shovel Ready:** The City is in the process of completing MN DEED Shovel Ready Certifications for the majority of city-owned parcels. This process essentially prepares all information needed by a developer to conduct a preliminary analysis of a land purchase--upfront and ahead of time. This increases the efficiency of the city's development team, and makes city-owned land more marketable.

**(6) Website Upgrade:** The City Council has budgeted enough dollars in 2017 to allow for a website revamp. Said redesign could be an opportunity to improve the functionality of the City's economic development pages--including a mobile friendly website. This is an opportunity staff plans to explore with the EDA/ Council in 2017. It should also be noted, in 2014, for the first time, the City began keeping an inventory of available properties within the community online--which has made communications with prospects/ developers much more effective and efficient.

**(7) Infrastructure Analysis:** Staff is planning to bring a work order request to the EDA/ Council specifically related to The COR. Staff would like to complete a preliminary infrastructure analysis, sign plan, and regional stormwater plan for The COR. For a number of reasons, not having this work completed creates complexities/ ambiguities/ and delays when negotiating land transactions in The COR. Additionally, not having this work completed now could put the city in a disadvantaged position in future (as we may not understand what obligations we are assuming, or pushing off, as master developer, when working on isolated deals today). Attached is an overview of outstanding master developer items for The COR.

**(8) 2017 Additional Resources:** At this point, it appears the City Council will be approving a 2017 budget that will include a \$25,000 increase in the EDA marketing budget and a 20-hour per week position to aid the economic development manager. Although the exact scope of the work to be completed with these additional resources is not 100% finalized today--these resources will certainly put the City in a position to take a stronger, and more pro-active, approach on economic development in 2017.