

**ECONOMIC DEVELOPMENT AUTHORITY  
CITY OF RAMSEY  
ANOKA COUNTY  
STATE OF MINNESOTA**

The City of Ramsey Economic Development Authority (EDA) conducted a regular meeting on Thursday, December 8, 2016, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present:     Chairperson Jim Steffen  
                          Member Philip Brunt  
                          Member Brian Burandt  
                          Member Glen Hardin  
                          Member Chris Riley  
                          Member Wayne Skaff  
                          Member Kristine Williams (arrived at 7:35 p.m.)

Members Absent:     None

Also Present:         Patrick Brama, Econ. Dev. Mgr/Assistant City Administrator  
                          Tim Gladhill, Community Development Director  
                          Kurt Ulrich, City Administrator  
                          Mr. Michael Johnson  
                          Mr. Kristen Johnson

**1.     CALL TO ORDER**

Chairperson Steffen called the Economic Development Authority meeting to order at 7:30 a.m.

**2.     APPROVE AGENDA**

There were no changes.

Motion by Member Hardin, seconded by Member Brunt, to approve the agenda.

Motion carried. Voting Yes: Chairperson Steffen, Members Hardin, Brunt, Burandt, Riley, and Skaff. Voting No: None. Absent: Member Williams.

**3.     APPROVE MINUTES**

**3.01:   Approve Meeting Minutes Dated November 3, 2016**

Motion by Member Skaff, seconded by Member Riley, to approve the November 3, 2016, minutes as presented.

Motion carried. Voting Yes: Chairperson Steffen, Members Skaff, Riley, Brunt, Burandt, and Hardin. Voting No: None. Absent: Member Williams.

#### **4. EDA BUSINESS**

##### **4.01: Prestmore Academy & Daycare Purchase Agreement for OUTLOT B of CORE ONE**

Economic Dev. Mgr/Assistant City Administrator Brama stated the purpose of the case is to review a draft project concept. The case is expected to come back to the EDA/Council in January to be reviewed formally. The intent of the case is to provide the prospect with preliminary feedback, identify any major red flags, and to provide a counter offer of any major deal points, if desired.

Economic Dev. Mgr/Assistant City Administrator Brama reviewed the background of the case. He noted Mr. and Mrs. Johnson reviewed sites in Ramsey and neighboring cities. The COR is their ideal location, and where they are proposing their new facility. They looked at multiple site locations within the COR. This is their most desired site, they like that it is centrally located, is on Sunwood Drive, good access, good visibility and near residential development and future development. They like that the site is reasonably priced.

Member Williams arrived at 7:35 a.m.

Mr. and Mrs. Johnson were introduced to the Board, made a quick presentation and were available for questions.

Chairperson Steffen asked what kind of market research have they done that indicates 150 children would fit into the COR area.

Mr. Johnson stated there are numerous records and research that has been done through the State which they have reviewed. He stated the building market has increased and foreclosures have decreased and people are choosing to live here in Ramsey. There are a lot of people who commute from Elk River to Anoka or downtown. He felt there is a big call for child care in the area.

Chairperson Steffen asked what the price point would be for the child care.

Mr. Johnson stated they took the prices from the high end to the lower end to find out what the area would allow. He stated the prices will fit the market value for the area.

Member Skaff asked what the age range would be.

Mr. Johnson stated it would range from infant to pre-school and with the PACT school in the area they would like to work with them.

Member Skaff asked if they were planning on operating the business or just own it.

Mr. Johnson stated his wife, Kristen, will be the operator and seeing to the day to day operations.

Chairperson Steffen asked what the timeline would be in order to open the business.

Mr. Johnson stated it would take around a year or longer but they would like to open at least the preschool area of the business by September 2017.

Member Riley asked how far along were they with the SBA loan process.

Mr. Johnson stated the SBA is looking over the numbers and the process as a whole because they are a start up business. At this point, there is no doubt about the loan but they want to make sure it gets through the finance stage.

Chairperson Steffen asked if they would be the first franchisee of the fathers' business.

Mrs. Johnson stated her father is working with 2 other businesses right now but because laws are different in Minnesota than Florida it may not be a franchise but would be the same set up and her father is willing to help as much as possible.

The Johnsons left the meeting.

Chairperson Steffen asked if the Board wanted to go into a closed session to discuss this item further.

Economic Dev. Mgr/Assistant City Administrator Brama stated before they go into a closed session he wanted to make sure during the closed session the Board discusses the asking price and the Yolite Street cost share. All other items can be discussed at the open session.

Member Skaff asked if the sharing in the cost of the street included the entire portion of the street and are they going to cover the cost of the frontage of the remnant parcel or just the frontage of their property.

Economic Dev. Mgr/Assistant City Administrator Brama stated the cost that was provided was for the entire street, both sides. The twenty percent contribution will be for the entire street.

Member Riley asked if the City Staff suggested this spot or did the Johnson's suggest it. He thought it was a little weird putting it mid-block.

Economic Dev. Mgr/Assistant City Administrator Brama stated staff reviewed within the COR five sites and this is the site they liked due to a combination of reasons. The site is nice with infrastructure on both sides. The depth of the site is nice and rectangular. It is in the middle of The COR which they liked. The Johnson's liked being as close as possible to the middle of the urban COR with lots of apartments and there is good access and visibility as well. This is also the cheapest site. He noted this property is zoned COR Two Retail.

Member Williams asked how big the remnant parcel was.

Economic Dev. Mgr/Assistant City Administrator Brama stated it was a half-acre.

Member Burandt asked of the five sites recommended, is this the preferred site because it seems like there are several challenges.

Economic Dev. Mgr/Assistant City Administrator Brama stated this is in The COR Two zoning district so it meets the zoning perspective and from a master plan perspective this is more of a retail area. The issues on this site are going to be issues they will need to deal with regardless of Prestmore. They talked about different areas where this business could be placed but this site was the Johnson's preference.

Member Brunt asked what was the size and price of the lot across the street next to the Medical Examiners building

Economic Dev. Mgr/Assistant City Administrator Brama stated the lot next to the Medical Examiners site is a PSD lot and they are asking \$10 a square foot. PSD is currently considering a multi-tenant building deal and Prestmore wants to be the owner of their own project and are not interested in having a third-party developer.

Member Riley stated in regards to the remnant, it appears they are essentially deciding the remnant has to happen or does that issue need to be decided first and then after decide how else they want to proceed because they do not have a remnant yet but he felt a decision might be made where they will be creating it.

Economic Dev. Mgr/Assistant City Administrator Brama stated at some level they have already created the remnant parcel regardless of this project and they have set themselves up by selling off the common bond property the way they did, by having the road designed where it is and having the intersection run where it is. With moving forward, they are confirming what has already been decided.

City Administrator Ulrich did not think a remnant piece of land is particularly a bad thing. It is an opportunity for a small business to build onto a corner. This is a small parcel, potentially affordable in an urban area. This could be looked at as an opportunity.

Community Development Director Gladhill stated this is a very conceptual design. Planning and development has not had a chance to do a full analysis. This could be a part of a broader parking strategy and part of the parking district with surface parking or other parking strategies. There is use for a ½ acre parcel.

Chairperson Steffen wondered if a child care facility would fit into that area because he never envisioned something like that being there.

Member Skaff thought there was a need for a child care facility in The COR, maybe not on this site.

City Administrator Ulrich stated child care facilities are placed in transitional zoning areas in many cities.

Economic Dev. Mgr/Assistant City Administrator Brama stated in the closed session memo there is a staff recommendation and if the EDA is comfortable with what staff has put together then there is no need to go into a closed session at this time.

Chairperson Steffen asked if they are setting a precedent by selling this land at \$2.50 and have they sold anything else for that price and will it establish pricing to the west of this site.

Economic Dev. Mgr/Assistant City Administrator Brama stated the ability for someone to look up the price they have done deals at is public information. It is possible that the next person that comes in does some research and finds the City sold a property at a price that was lower than asking price and asked for the same deal but more than likely they will not get into that. He stated they can sell this parcel for \$2.50 and sell the next parcel for \$5 a square foot and the City gains discretion. There is no legal requirement for the City to continue selling property at \$2.50 a square foot.

Member Williams stated she strongly believed there should be a master developer on this site, which would alleviate some of the problems that they are dealing with. She stated they should not discount this remnant parcel. She was really concerned they would end up with another parcel like the u-shaped parcel where in the end they sit on it for a number of years and end up giving it away. She stated they would not only be discounting the value of the land to zero but also the potential of holding a portion of the contribution for construction of that road. When she looked at this development she not only looked at the discounting of the land, but the value of the twenty percent contribution to the road. This is an interesting project; however, she has some real concerns with the location of the project. She felt there are better solutions than what is being proposed and a master developer would be better suited for this area because there is potential for retail use.

Chairperson Steffen asked if the City Council has discussed holding out for one sale of the entire parcel.

Member Riley stated the City Council would not say no to a master plan.

Economic Dev. Mgr/Assistant City Administrator Brama stated if the area was master developed concerns would still be the intersection on the north side, dealing with the existing storm water pipe, and dealing with the curb cut. These items would not be huge problems, if master developed.

The EDA discussed potential master planning of the site and other parcels within the City that staff could pitch to the prospects for a site rather than the site the Johnson's desired.

The Board directed staff to discuss with the Johnson's other potential sites within the City and consider having the area master planned. Staff is also ready to propose a counter offer for the current site.

#### **4.02: Continue Discussion RE Strategy for Marketing and Selling City Owned Land**

Economic Dev. Mgr/Assistant City Administrator Brama stated the Board is requested to continue discussion regarding the City's strategy for selling city owned land and marketing the COR.

Economic Dev. Mgr/Assistant City Administrator Brama presented the staff report.

Chairperson Steffen asked if anyone believed they should not continue with the current method of using a traditional broker. He thought this was an easier way of continuing because doing an RFP and looking for a new broker would be a disruption and maybe a temporary setback.

Member Williams stated she thought the EDA has received what CBRE has told them they would give to them. She stated they have a website that lists their sites, Brian answers questions that are asked of him, and they are the largest market share in the Twin Cities. There is a lot of other things that other firms/brokers could give them. Her biggest concern with CBRE is that last year they took on transit oriented development site in Anoka and Ramsey was never told about it. She stated when the City has asked CBRE and pushed them in both public and private meeting she has never received what she thought was a satisfactory answer to her question as to how that brokerage firm is distinguishing the uniqueness of Ramsey's property over the neighboring city's property. She stated as more and more sites are being represented by the same broker, closer to their properties, she was concerned that Ramsey's sites were just a commodity that are listed on different sites and searches and if that is all they are interested in having. CBRE is good at that. If they want someone to help make strategic decisions about planning, she did not think that is what they will get with CBRE. She thought they should decide if that level of expertise is something they are searching for. She thought there were a lot of other resources out there that can help them make better decisions as an EDA that they are currently not employing and she thought it was important they consider that.

Chairperson Steffen stated he agreed but, to get any of that, the EDA will have to pay for it because they will not get that by just increasing the five percent commission to a higher percentage. He thought they would still need to keep a broker and then add the services on top of that.

Member Williams stated most of them are brokers and thought a better way of addressing the question of how much the conversation would be is how do they want to structure that and do they want to structure someone as a partner and pay them monthly payments for their services or do they want to incent them by providing a structure where they get compensation on closing the deal and she thought it was important to evaluate alternatives and consider how that incentive has worked for them in the past in different ways. She thought there was also some positive reasons for paying someone to come and consult and provide information and to be a champion for Ramsey and their properties. Depending on what they pay them they could have conversations on whether or not they would represent the City of Anoka as well.

Chairperson Steffen asked if CBRE could do what Member Williams described or was that not in their purview.

Member Williams suspected CBRE could expand on their current role and provide more service to the EDA. She stated they should consider something other than the structure they currently have in place and not just reconsider their dealings with CBRE.

Chairperson Steffen stated the EDA was not involved with hiring CBRE so they were not involved in the RFP process. He thought the City Council handled that so he did not know what else was out there and what that price is.

Member Riley stated they had other businesses that they reviewed and they went with CBRE with the name, size, reach and presentation and the traditional broker.

Chairperson Steffen asked if they felt they received some additional services with CBRE versus local.

Member Riley thought CBRE has a much larger reach, bigger base and better name recognition globally than other firms.

Chairperson Steffen thought they were looking for something more than shiny signs and web links. He thought maybe now they are looking for additional services which would be taking the next step.

Economic Dev. Mgr/Assistant City Administrator Brama thought Member Williams had a good point. He thought this case and this discussion was more about the City setting their expectations for a broker. He stated as far as brokers go, on one end they had some lower price brokers with a straight commission and on the other end of the broker spectrum they have value added; what they did get back as far as 2013, RFP was Coldwell Banker, now IAG and they proposed a 7% commission with a \$500/month fee and with that they provided monthly updates, status reports and they were going to take a much more grass roots, pro-active cold calling approach and they were going to act more as a consultant and broker versus purely listing property. That was at the time, service wise, the most effective product they could get while balancing and not dishing out as much money as when they went the Landform route, but still receiving a valuable product at an efficient price. He stated at the time the City was going through budget cuts and chose to go with the firm that had a good reach, good reputation, well established and at no risk to the City.

City Administrator Ulrich stated one of the solutions suggested is to go back and review the different packages and what they could provide and what it would cost to provide additional services. Another option would be to look for a different brokerage firm that would give the City a more personal relationship because CBRE is huge and he was not sure they that they are geared to get down to a more personal level but maybe they are for the right price.

Member Burandt asked if they have benefited by CBRE's wide global reach.

Economic Dev. Mgr/Assistant City Administrator Brama stated CBRE has brought forward Common Bond and the U-shaped parcel is looking to close and the third deal would be the Platinum Properties. He stated CBRE also brought in Dominion, the Dollar Store and OGA. Some of the deals that fell through were not CBRE's fault. He stated with that set aside, they have not received a significant amount of feedback from legitimate prospects interested in The COR that are outside of their normal networks. This is not necessarily CBRE's fault, as the market plays a huge role.

Member Williams asked if she was the only one concerned that CBRE lists Anoka's properties.

Member Burandt stated he shared the same concerns and he was concerned about going with the low-cost solution. He felt CBRE thought of Ramsey as a commodity and not a deep personal investment. He thought that opening the RFP process isn't the end of the world and might provide some good and might be worth looking at what companies would be willing to provide for a five to six percent commission.

Member Williams did not think it was a conflict of interest in what CBRE does in providing brokerage services but she thought that someone who truly understood and was a part of the vision the City has of this development would understand why their Council and EDA might wonder. She thought that from that perspective, she was concerned that listing a property in an adjacent city that is so very similar to the property Ramsey has highlights a lack of goal congruency.

Member Brunt stated he did have some of the same concerns. He wondered what other kind of services the brokers have. He stated the City has a vision and thought it was pretty well thought out in terms of what they want to do with the center of the City and having someone that would drive that forward and he did feel uncomfortable knowing that CBRE is doing something in an adjacent city which because of their reach, who do they give the pamphlet to. He thought it behooves them to look at something else.

Chairperson Steffen thought they were willing to look at "Action two" option, the value add broker and what they could get that they are not getting today. He asked how they start the RFP process.

Economic Dev. Mgr/Assistant City Administrator Brama stated assuming they are heading down the broker route he asked the EDA what they were looking for.

Member Hardin stated if they are really interested in getting rid of the property why don't they drop the price or consider giving the property away. He thought they could get the same job from local brokers as they do from CBRE. He asked how quickly they want to move the land because other cities are giving their land away.

Member Burandt thought they are always discounting the land to get businesses to purchase and build in the COR.

Member Skaff asked if a master developer route has ever been pursued.

Member Williams stated there are a lot of firms out there that do master development. Kraus Anderson acts as a master developer but they do not own the land. There are other firms like that which come and discuss with the EDA what they would provide and how they would partner with the City. She thought that whatever the City wants that partnership to look like they could find someone that would be able to provide that. They need to think about the partnership and structure the payment for that. She suggested they get people in to talk to the EDA and learn the options before they decide.

Member Skaff asked if the new agreement were to start the first of February and is there an interim agreement that could run until a decision is made.

Economic Dev. Mgr/Assistant City Administrator Brama stated CBRE is willing to work with the City until a decision is made.

Chairperson Steffen thought they needed to discuss this further with the City Council and have some consultants come in to talk to them to provide them options before a decision can be made.

Economic Dev. Mgr/Assistant City Administrator Brama stated based on EDA input, what they should do over the next few meetings is to have people come in and discuss the options, and then the EDA can define the scope of expectations and staff can do an RFP. He thought having the first few interviews will give the EDA a better base of knowledge and what is available that will allow the EDA to define the scope that they want for an RFP.

The EDA consensus was to bring this back to the February 2017 meeting with various agencies for review and discussion in order to define the scope of what the EDA is looking for a brokerage firm to provide.

#### **4.03: Future Business Park: Consider Rezoning Hageman Holdings Site**

Economic Dev. Mgr/Assistant City Administrator Brama stated the purpose of this item is to consider directing staff to rezone Lot 1 Block 1, and Outlot B, of Alpha Plat, to allow for a business park and quasi-public uses and to consider updating the previously completed Bolton and Menk infrastructure analysis to account for the change to Legacy Christian Academy parcel, and the change to the Pearson parcel.

Economic Dev. Mgr/Assistant City Administrator Brama presented the staff report.

Chairperson Steffen asked if they have started conversations with Capstone regarding the cost sharing.

Economic Dev. Mgr/Assistant City Administrator Brama stated staff met with Capstone recently and they are in the process of completing their first site concept for the ninety acres. He stated a lot of the expectation they have set with Capstone is that the City is not committed to anything now and they are starting from zero and it is a renegotiation process.

City Administrator Ulrich stated they are not able by a charter to force assessments on Hageman on this case; however, Capstone could front the cost and as property develops the hook up fee or assessment cost could go back to Capstone for reimbursement. The City does not want to pay that entire cost.

Chairperson Steffen asked if the City was getting ahead of itself if they were to rezone Hageman before Capstone because it could fall through.

Economic Dev. Mgr/Assistant City Administrator Brama stated from purely a business park perspective this layout might be better for the City. He reviewed the advantages with the Board.

Member Skaff asked if zoning would allow for a potential school to go in there again.

Community Development Director Gladhill stated they do not have a zoning district right now that allows for both, they would have to create that district.

Member Hardin asked if the study should be done before they embark on a zoning change and do they know what the price per square foot will be upon completion of the infrastructure. How much would they have to sell this land for and would it be competitive with other cities.

Economic Dev. Mgr/Assistant City Administrator Brama stated the price per square foot is \$2.00 a square foot on the Hageman properties and he thought it would be logical to eliminate risk that they will jack up prices on the back end so they will need to come to some sort of agreement on asking price on the property to protect the City. He stated the market asking prices for industrial land ranges from \$2.50 to \$3.50 per square foot in the surrounding cities. Deal prices are lower. He indicated the \$2.00 per square foot includes the current assessments. He thought they will need to discuss future assessments and come up with an agreement with Hageman on those items. He stated internal assessments will need to be paid for by the developer.

Member Hardin indicated the explanation did not answer his question of what the future price would be of this land because they are talking about rezoning the property without knowing what the future price will end up being.

Economic Dev. Mgr/Assistant City Administrator Brama stated the Board could do an analysis of what internal infrastructure would look like and how it would affect project prices they could do that in the future.

Member Hardin stated he was concerned with how they are competing with neighboring communities and if the future costs will be consistent or too high/low.

Member Hardin left the meeting at 9:45 a.m.

Chairperson Steffen asked what happens to the \$8,000 the EDA will be spending for rezoning.

Community Development Director Gladhill stated they can discuss this. The City does not charge the applicants that amount of cost if there is a Comp Plan Amendment. This is a little bit

broader than just a future business park. Running parallel to this is the Capstone project and the analysis will go with that as well. He felt this was a very conservative cost to show that is not an easy task to go through this and will also trigger some environmental review as well. They can refine that number and is more than a few hours of staff time to get this done.

Member Skaff agreed with the direction they are going.

Consensus of the group was to move forward with the Comp Plan Amendment.

Motion by Skaff, seconded by Steffen, to recommend staff to move forward with the Comp Plan Amendment.

Motion carried. Voting Yes: Chairperson Steffen, Members Skaff, Brunt, Burandt, Riley, and Williams. Voting No: None. Absent: Member Hardin.

## **5. ADJOURNMENT**

Motion by Member Skaff, seconded by Member Burandt, to adjourn the meeting.

Motion carried. Voting Yes: Chairperson Steffen, Members Skaff, Burandt, Brunt, Riley, and Williams. Voting No: None. Absent: Member Hardin.

The regular meeting of the Economic Development Authority adjourned at 9:48 a.m.

Respectfully submitted,

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Kurtis G. Ulrich  
City Administrator

ATTEST:

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Patrick Brama  
Econ. Dev. Mgr/Assistant City Administrator

Draft by Sue Osbeck  
*TimeSaver Off Site Secretarial, Inc.*