

Key points of interest for the Bunker Lake Industrial Park

Past events that have taken place:

Over the course of the last year, PSD has had numerous requests for industrial / warehouse space in Ramsey. The City of Ramsey has recently changed the land use on a large parcel west of Armstrong Blvd. In talking with the City, and learning of this re-zoning, we decided to explore the development an Industrial park on said parcel.

While exploring the feasibility of creating an industrial park, PSD talked with numerous commercial brokers and industrial building owners and built a proforma based on the feedback which we received. We also pulled several comps of available buildings and raw land, with that information we made some assumptions and realized that the project needed some assistance to get it on its feet to become viable. At the same time, we developed concept drawings, in order to maximize the use of land for both PSD and the City, we learned we could fit an additional building on the easterly half if an artery road were to be built to service said building.

The Pat Brama with the City of Ramsey introduced PSD to Mike Altamari, Project Manager for Hagemann Holdings. Both parties attended a subsequent meeting and entered into a non-binding Letter Of Intent. During that meeting we established a purchase price of \$1.75/sq. ft. and negotiated the expense of moving a spoil pile. Hagemann Holdings has also agreed they would fund the assessed portion of all future road improvements necessary to Bunker Lake Blvd.

On March 28, 2017, Matt Kuker, on behalf of PSD, attended a City Council Workshop meeting which Pat Brama unveiled the project to the City Council. The project was very well received and there was a consensus to move ahead and send this to the EDA to see if it qualified for assistance. Pat then sent the EDA application requirements to PSD, which is description is a part of.

Key building elements and factors of the 1st building:














- The building will be Precast concrete building between 58,500 and 61,000 sq. ft., size to be determined by panel layout by Precast manufacturer.
- The building will have some color variations and raised parapet walls to denote building entrances.
- The building will have both drive in doors and dock bays to lessen interruptions to tenants in the future.
- Each bay of the building will have a 400amp service brought in, more capacity can be added later if needed.
- The building will front Hwy 10 to allow a retail/wholesale user to be able to have visibility.
- Arterial road will serve the first 4 buildings, this will lessen the number of entrances and curb cuts onto Bunker Lake Blvd.
- Each bay will have commercial rooftop heat and air conditioning.

- A glass curtain wall, or very similar, will be incorporated on the front that faces Hwy 10.
- We will finish the first bay as a model with concrete floor, showroom and bathroom. The balance of the building will have the earth pad at the correct height with no concrete. By leaving it open we can incorporate all the tenants' future needs in the initial construction (drains, bathrooms, isolation pads, and all other in floor items could be installed without saw cutting the floor).
- The building will be 24' clear height inside, which allows a tenant to maximize storage of warehouse items. Max height of the outside walls is to be approx 29.5'.
- PSD will work with the City to design tasteful signage along Bunker Lake Blvd.
- Phase I of this project will occupy approx 3 acres of the 45.3 total acres. If the buildings follow the concept we developed, we envision a total of 7 buildings in the business park. We anticipate each of these buildings to be approx 60,000 sq. ft., we can accommodate larger buildings within the site, if larger buildings are erected the quantity of buildings would be then decreased.

Timeline of this project:



We request that this assistance request be fast tracked through the approval process. There are many items that need to be completed and approved prior to construction. Are looking to have the first building available ready for permits and obtain a Certificate of Occupancy as soon as possible.

The following are benchmarks that need to be followed in order:

-  EDA authorizes Ehlers to evaluate assistance request
-  EDA and City Council approve assistance request
-  Hagemann Holding and PSD, LLC close on the 2 parcels
-  Preliminary Major Plat application to the City and P&Z (more than 3 lots to be created) in Easterly ½
-  Final Major Plat hearing at the City
-  Remove and place spoil pile as a berm to the west
-  Met Council WAC/SAC determination
-  Architectural and Civil plans and specs are developed
-  Mass grading underway and trees scrubbed
-  Site infrastructure installed
-  Footings and pondage work start
-  Erect wall panels and roof trusses
-  Finish first bay inside

About PSD, LLC:

PSD, LLC started to develop commercial property in Ramsey in 2003. Over the last 14 years we have developed/constructed/property managed the following buildings:

-  NAU Country Insurance Company
-  Ramsey Office Plaza

- ✚ VA Medical Center
- ✚ Northgate Church
- ✚ Alpine Business Center (former Allina building)
- ✚ ParkView East Apartments
- ✚ PSD, LLC has sold numerous lots to other developers (Allina, Midwest Medical Examiners) to name a few

PSD, LLC has a reputation of building quality buildings and not cutting corners. The above described projects are located within the City of Ramsey, we also own/develop/build in a number of other communities, including: Alexandria, Grand Rapids, Crystal, Savage and others. PSD, LLC has the experience, project management, reputation and vision to be able to make this project succeed as well. The Principals of PSD, LLC are Pam and Jim Deal and Matt Kuker. This project will be a new entity, but it will still fall under PSD, LLC ownership. We are excited to bring the property forward and fill a need in the area, which will be an asset for everyone. We look forward to work with the City and welcome your feedback.

Subsidy Justification:

After developing a pro-forma we discovered that we needed assistance for two different aspects of the project. The following describes in detail why business subsidies should be granted, they are:

- Request #1, that the City provide TIF funds on the first phase of construction.
The construction of this building will be easily marketed with numerous items that you will not find in a bare bones building. Items that we plan to incorporate include:
 1. 24' unobstructed clear height building inside to be used for warehousing, tall inside building requirements or work on large equipment
 2. Multi colored upgraded walls panels to be located at building entrances
 3. Glass curtainwall with aluminum storefronts, or similar, along the front of the building
 4. Thickened inside concrete slabs compatible with forklift equipment
 5. LED lighting on exterior to lessen electrical costs
 6. Each bay will have both drive in doors and dock bays, dock bays will have cushioned seals to have tractor trailers to connect to, drive in doors will have high-lift overhead doors
 7. Upgraded EPDM roofing to insure a longer life of the building
 8. ESFR fire suppression system, due to building height

Undoubtedly this will be one of the most full featured industrial buildings in Ramsey, or Anoka County. By including these upgrades in the initial build will make it attractive for potential tenants to immediately occupy this building. Many of these features listed above are upgrades, unfortunately there is a price tag that accompanies those upgrades. *The "but-for" test, by PSD investing heavier and adding these extra amenities this project does not meet investment return requirements, "but-for", by having the City of Ramsey subsidize and shore up losses expected in the first years, the average investment over time becomes acceptable and it allows PSD to move ahead.*

- Request #2, the City repay the cost of the interior artery road.

PSD, as well as the City, would like the project as dense as possible due to the following reasons:

1. A higher density can be achieved, we are able to spread the infrastructure costs (curb, storm, signage, water/sewer main extension and central ponding) across 7 buildings vs. 6 and make it feasible. Without this extra \$250,000, the improved cost of the land becomes too high and the project is not viable.
2. The appearance, by having the first 2 phases front Hwy 10 it will set the tone and these buildings will be highly desirable. The success of the industrial park hinges on how the project is first received. If an arterial road is not provided, the buildings would “piano key” along Bunker Lake Blvd, which prospective tenants may not know these buildings are available, or what type of businesses will be located within them.
3. The success of tenants is key to having visibility from Hwy 10. Some tenants may choose to locate there given the visibility to Hwy 10, especially in a retail/warehouse combination type of business.
4. It will clean up blight, much of this area is wasteland of dirt pile and garbage, and there have been gypsies actually living in the trees and brush. This cleanup will raise the image of the City of Ramsey and the area that fronts Hwy 10.

As you will see in the attached proforma, the margins generated do not afford the ability to absorb \$250,000 for the arterial roadway into the project. In order to set the tone and have the building properly front Hwy 10, the first two phases need to be located as close to Hwy 10 as possible. *This project cannot move ahead with the current returns if the road has to be paid by the developer, “but-for”, having the City repay the cost of the road will insure this building will be highly visible and tenants will wish to locate (or relocate) their business in Ramsey with will provide jobs to Ramsey residents, traffic for neighboring developments (The COR) and raise the image along Hwy 10.*

In conclusion:

Being a business owner in Ramsey for many years and talking with many real estate experts, there is glaring need for additional industrial buildings in the City of Ramsey. We would like to think that we can bring a great quality building to this City, which has been evident from our past projects. This industrial park is a gamble on our part, we will be holding land and incurring holding costs, investing money into a parcel which its land use has recently changes, as well as, building a spec building with not one lease signed yet. We are not asking the City to backstop unrented spaces, grant real estate tax exemptions, reduce or eliminate the SAC, park or trail fees, the project just needs a little help to get its traffic flow started and make people aware that this is a viable business park. We strongly feel that this will add options for the City of Ramsey and you will be able to locate businesses within this industrial park. The amount we are requesting has very few variables, almost all of the gamble rests on our shoulders. By investing City funds into this new venture, we will partner together and help Ramsey grow, for this business as well as many others. Thank you in advance for your consideration of granting these two requests, we know it will be an asset to both the City and PSD.