

Staff Discussion Guide

Strategy for Marketing & Selling City Owned Land

DISCUSSION STATUS

From a long term perspective, it appears the Council and EDA do not want to use a traditional broker and do not want to use a professional services firm. It does appear that strong consensus exists, generally, to work with a developer(s).

RE the EDA specifically:

- It appears the EDA is concerned about working with a developer that is not invested in Ramsey/ The COR (in other words, the EDA doesn't want to work with a developer that doesn't have any skin in the game). The EDA wants a developer to be financially committed to Ramsey, at some level.
- The EDA also concerned about demand. The EDA is unsure if/ what level of interest the City will receive from developers—due to the fact that The COR has been available for 10 years now and has been marketed by multiple parties with no success in attracting a new major developer (outside of PSD).

WHAT IS THE NEXT STEP?

In order to enter into a new long term contract/ relationship, staff believes two major items need to be addressed.

- SCOPE:** we need to decide what the scope of “working with a developer(s)” means.
- TIMING:** we need to decide when to engage a developer(s)?

A. SCOPE: we need to decide what the scope of “working with a developer(s)” means.

Staff believes it’s important to define our scope. Without a clear scope, it will be challenging to obtain quality proposals from the development community, for the City to compare/ discuss proposals, and to determine if a developer is meeting the City of Ramsey’s goals/ expectations.

Listed below are some examples of scope alternatives. These are brief/ preliminary alternatives, to help kick-off discussion. These alternatives could be broken down into 2-4 sub-sections, based on land uses (i.e. retail land, office, apartments, etc.). Breaking down the approach may match up with developers’ individual strengths/ interests.

EXAMPLE SCOPING ALTERNATIVES:

1. Sell land to a developer.
Attempt to expeditiously sell all City-owned land in The COR as soon as reasonably possible. Could auction, create a listing, and/or establish a minimum price (i.e. we need to get at least X amount...), or we could give the land away to provide an incentive to move the market. Staff could work with professionals to create a marketing package(s) to aid this effort. This would look like a RFP process.
2. Partner with a developer.
Attempt to enter into a partnership with a developer. The developer doesn’t own land or pay property taxes—the city retains land. However, the developer has the latitude to sell/ negotiate land transactions and earn a commissions and/or developer incentives on projects. This could look like an option agreement and/or a hybrid broker agreement for example.
3. Retain a developer.
Retain a developer (i.e. their staff) to act as an advisor/ consultant to the City of Ramsey. This would be a contract for professional services. Staff is not aware of real-world examples of this relationship in practice. However, it may be worth exploring if desired.
4. Relationships w/developers.
Direct city staff to more proactively establish and maintain relationships with developers (more than what we are doing now). In this method, staff would continuously pitch projects/ suggest projects for developers to consider in Ramsey, and pro-actively push the vision of The COR. Staff could create targeted marketing packages for different initiatives (i.e. restaurants, medical, office, traditional business park, multi-family, large and small retail, etc.). Staff would send out materials, set up individual meetings, follow up on leads, and attend more networking/ training events. This process would likely take the least amount of time (compared to a RFP).

B. TIMING: we need to decide when to engage a developer(s)?

Staff believes there are a number of outstanding development items related to The COR. When said items are addressed or unfold—it will put the City in a stronger position to reach out to developers.

EXAMPLE TIMING CONSIDERATIONS:

(A) Complete outstanding development due diligence items?

Listed below are a number of items that would be of interest to any developer/ investor considering The COR. On several occasions, requests have been made to the City for this information. In some cases, the City's inability to answer these questions has pushed developers to other sites (in other words, some believe The COR isn't ready for development). During the EDA's informational interviews with developers, RE this process, it was suggested the City complete as much of this work as possible. Lastly, staff believes having this information in place puts the City in a much better position to: effectively analyze development proposals/ purchase agreements, strategize marketing efforts (i.e. pricing of land), conduct budget discussions, prepare cost-benefit analyses, complete the site selection process, and complete various City policy** items.

- Streets feasibility and concept plans
- Cut/fill feasibility analysis
- Storm Water feasibility and concept plans
- Development sign plan
- Structured parking feasibility and concept plans
- Parks feasibility and concept plans
- Market study (retail, office, hotel, movie theatre, apartments, etc.)?
- Community Center analysis, and alternatives

**Develop a city policy/positon on the above listed due diligence items. How will these improvements be funded? What are the financing options? What is the cost share? Do we want to update the COR TIF plan based on this new information?

(B) Finalize the new COR Master Plan and zoning updates?

The EDA and Council have made it clear, they only want to work with a developer that can share/ support the City's vision for The COR. Considering the fact that Ramsey's Vision for The COR is currently being discussed (likely to adopt an interim vision soon), it might make sense to wait, until that process unfolds, before the City attempts to "sell" an outsider on our vision. Not having a clear vision can create challenges for this proposed relationship. All of the developers interviewed by the City, along with the market panel, have indicated that it's very important that the city have a clear vision for the development.

(C) Wait to see happens with the wave of major development proposals?

Several major development projects are on the horizon for Ramsey. Assuming they all move forward, the effect on The COR (and the City's ability to market/ sell land) could drastically change. These projects will increase traffic counts, will create more rooftops, and will establish strong positive momentum. These projects will collectively change our development landscape. Said activity may put Ramsey in a stronger position to attract/ work with developers.

Major projects:

- Aeon Apartment Complex Phase #1, 50-60 units, 2018 completion predicted
- Aeon Apartment Complex Phase #2, 40-50 units, 2019 completion predicted
- PSD Business Park Building #1, 64K SF, 2018 completion predicted
- PSD Business Park Building #2, 56K SF, 2018 completion predicted
- PSD Apartment Complex Phase #2, 110 units, 2018/2019 completion predicted
- PSD other projects: considering a hotel and/or second office building in 2018/2019
- Sharp & Associates Business Park Building #1, 50K SF, 2018 completion predicted
- Stone Brook Children's Academy, 10KSF, 2017 completion predicted
- DR Horton significant activity continues (may purchase KHOV lots)
- Capstone 300-unit single family subdivision, 2017/2018
- Paxmar 150-unit single family subdivision, 2017/2018
- VA Clinic use of second floor, 2018 completion predicted
- 175-unit apartment, 4-story, senior, high-end, 2018 construction predicted