

**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, August 13, 2020, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Jim Steffen
 Member Scott Cords
 Member Glen Hardin
 Member Ryan Heineman
 Member Mark Kuzma
 Member Chris Riley

Members Absent: Member Brian Burandt

Also Present: Sean Sullivan, Economic Development Manager
 Tim Gladhill, Deputy City Administrator

1. CALL TO ORDER

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

2. APPROVE AGENDA

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

A roll call vote was performed:

Member Heineman	aye
Member Cords	aye
Member Riley	aye
Member Kuzma	aye
Member Hardin	aye
Chairperson Steffen	aye

Motion carried.

3. APPROVE MINUTES

3.01: Approve Meeting Minutes Dated July 16, 2020

Motion by Member Riley, seconded by Member Hardin, to approve the July 16, 2020, minutes as presented.

A roll call vote was performed:

Member Heineman aye
Member Cords aye
Member Riley aye
Member Kuzma aye
Member Hardin aye
Chairperson Steffen aye

Motion carried.

4. EDA BUSINESS

4.01: Consider Third Amendment to Purchase Agreement with Ramsey Hotel Group LLC

Economic Development Manager Sullivan presented the staff report.

Member Cords asked if the developer is still generally interested in building or whether this is just treading water.

Economic Development Manager Sullivan replied that the developer is interested and frustrated with the COVID challenges. He stated that the developer is therefore requesting an extension rather than letting the PA terminate.

Deputy City Administrator Gladhill noted that the developer put great expense into plan preparation, so there have been funds invested in this process. He stated that although the PA is unique, the developer has invested funds in the process.

Chairperson Steffen asked if the developer could build tomorrow, if the COVID challenges were to disappear.

Deputy City Administrator Gladhill stated that the developer did receive approval of the Site Plan through the Planning Commission and City Council but has not yet applied for a building permit, so construction could not begin that quickly.

Member Riley stated that consistent with what has been done in the past with these types of requests, he would like the City to have some consideration, as this land is being held off the market. He suggested that a non-refundable cash payment from the developer be provided to the City for this extension.

Chairperson Steffen asked the amount of earnest money put down currently that would not be refundable.

Economic Development Manager Sullivan commented that this was a unique PA in which earnest money was not required noting that the City was going to be fully reimbursed for the price of the land through TIF. He asked Member Riley the amount he would suggest requesting as a payment.

Member Riley suggested \$3,500 to \$5,000, as the City should receive something in return for holding this land off the market for one year.

Economic Development Manager Sullivan confirmed that if the PA is extended, the City would hold the property and would not be able to entertain other offers on the property during that time.

Chairperson Steffen agreed that there should be some type of good faith payment to hold the property for an additional year. He asked where the \$3,500 figure mentioned in the case comes from.

Economic Development Manager Sullivan explained that because this project and Gigi's were moving forward in similar timeframes, there was a lot of surveying work for the platting of the property. He stated that there was language that would allow the refunding of the platting costs (\$3,500) when the property closes. He stated that language could be removed or negotiated to lessen the amount of City reimbursement.

Member Hardin asked if staff is aware of any other inquiries related to this site.

Economic Development Manager Sullivan replied that there has been no other interest in this site. He stated that development in the retail market has slowed and he did not anticipate that this would be a site that many people would be interested in with current market conditions.

Member Hardin stated that perhaps rather than requesting additional funds, the PA be extended for six months, to spring, at which time it could be reviewed again.

Economic Development Manager Sullivan stated that the developer is asking for one year and confirmed that could be a pushback in the negotiation. He stated that he would like to keep the deal in play and not push the developer away.

Member Kuzma stated that on the news this morning they are predicting that the pandemic could kick up again. He stated that cashflow is difficult for everyone right now. He stated that perhaps the one-year extension be granted with a \$5,000 or \$10,000 fee implemented if the developer walks away after that one-year period.

Economic Development Manager Sullivan stated that would be similar to non-refundable earnest money which would be similar to Member Riley's suggestion. He stated that while that could be considered an incentive to move forward, he would guess that the City would be required to obtain that money now and hold it during the agreement period as the City would be hard pressed to gain that money after the one year period.

Member Heineman asked if there is another way to get the developer to have more skin in the game without requiring a payment to the City, which would incentivize them to move forward.

Economic Development Manager Sullivan commented that the developer has invested funds into this process through the escrow, survey, platting and site plan processes. He stated that the developer was ready to move forward but COVID hit harder than expected. He stated that the next step in the process for the developer would be to pull a building permit, which has an additional cost of \$50,000 to \$60,000 for the developer to obtain the necessary architectural plans.

Deputy City Administrator Gladhill stated that from the building inspections side, the developer will need to pay for the plan review fee in addition to the building permit process costs.

Chairperson Steffen stated that he would be willing to offer a six-month extension with no additional funds involved or a full year extension with some type of payment to the City.

Economic Development Manager Sullivan noted that would provide staff with the ability to negotiate with the developer between now and the City Council review. He stated that ultimately the City Council will make the decision on whether or not to extend the PA.

Member Cords stated that he is more comfortable with the suggestion of extending for six months with no payment required and a review done after the six months.

Member Kuzma stated that these are weird times because of COVID and business in general is struggling, especially hospitality. He stated that he wants to support this project and would be willing to accept the PA extension for one year as stated in the case.

Member Riley stated that he understands and agrees that these are different times but feels strongly that the City needs to get something in return for giving something. He believed that the City should be cognizant of these trying times and make it an affordable payment that shows interest and commitment to moving forward. He stated that the developer asked for one year and if six months is provided, they could be back here in six months to discuss that again.

Deputy City Administrator Gladhill noted that the six-month extension could be provided with no payment and the ability for an administrative extension after that for an additional six months. He noted that if the second six-month extension is chosen, the earnest money could be triggered.

Chairperson Steffen commented that if the COVID situation persists and they are back in six months to review this again, he believed that the EDA would be willing to grant the second extension at no cost. He stated that he would hate to make that decision today when the future is very uncertain.

Motion by Member Hardin, seconded by Member Kuzma, to recommend to City Council to modify the Developers Third Amendment to Purchase Agreement proposal to extend the Inspection Period 6 for six months, subject to City Attorney review.

A roll call vote was performed:

Member Heineman aye

Member Cords aye
Member Riley nay
Member Kuzma aye
Member Hardin aye
Chairperson Steffen aye

Motion carried.

4.02: Recommend 2021 EDA Budget and Levy

Deputy City Administrator Gladhill presented the staff report.

Member Hardin asked if the Council provided a number or percentage for each department to trim from the budget.

Deputy City Administrator Gladhill provided information on the EDA budget and levy authority, noting that Ramsey requires approval from the Council on those figures.

Chairperson Steffen referenced the professional services budget line item and noted that the EDA has not come close to spending that amount of funds.

Economic Development Manager Sullivan explained that he can complete a lot of the preliminary tax increment financing analysis work that the previous employee was unable to do, which caused a need for those professional services. He stated that when there are years with many development proposals, those professional services dollars are needed to put proposals together.

Chairperson Steffen asked the cash balance of the EDA fund and whether those funds could be used if necessary.

Economic Development Manager Sullivan stated that the current balance is about \$1,300,000. He noted that certain projects require property acquisition and that is when those funds could typically be used.

Chairperson Steffen stated that he feels it would be justified to reduce the professional services line item to \$30,000.

Member Cords stated that he would support that reduction.

Member Hardin stated that he would also support that reduction.

Economic Development Manager Sullivan stated that he would support the recommendation and if he feels that it would be warranted to increase that item in the future, he would feel comfortable bringing that back before the EDA.

Motion by Chairperson Steffen, seconded by Member Cords, to adopt the 2021 EDA Budget and Levy as modified, reducing the Professional Services budget line item from \$43,000 to \$30,000 (Net reduction of \$13,000)

A roll call vote was performed:

Member Heineman	aye
Member Cords	aye
Member Riley	aye
Member Kuzma	aye
Member Hardin	aye
Chairperson Steffen	aye

Motion carried.

5. MEMBER / STAFF UPDATE

The EDA reviewed the Staff Update.

Economic Development Manager Sullivan provided an update on the Business Appreciation Day event that will be held on August 17th. He stated that the City is almost prepared to roll out its business grant program and provided an update on that progress along with some information on the Anoka County business grant program.

6. ADJOURNMENT

Motion by Chairperson Steffen, seconded by Member Hardin, to adjourn the meeting.

A roll call vote was performed:

Member Heineman	aye
Member Cords	aye
Member Riley	aye
Member Kuzma	aye
Member Hardin	aye
Chairperson Steffen	aye

Motion carried.

The regular meeting of the Economic Development Authority adjourned at 8:17 a.m.

Respectfully submitted,

Sean Sullivan

Economic Development Manager

ATTEST:

Wendy Schlueter
Economic Development Administrative Assistant

Draft by Amanda Staple
TimeSaver Off Site Secretarial, Inc.