

City of Ramsey
Agenda
Economic Development Authority (EDA)
Thursday, May 13, 2021
7:30 am

Council Chambers, 7550 Sunwood Drive NW

This meeting is being held in accordance with Minnesota Statutes 13D.021. Due to the COVID-19 Pandemic, it is not practical and prudent for all members of this board to attend in person. Current Minnesota law requires certain social distancing standards that impacts the capacity of the Council Chambers. For these reasons, it is not practical and prudent to have this meeting exclusively in person. Members of the public are welcome to attend in person or remotely.

Remote Attendance available at www.cityoframsey.com/meetings. To maximize social distancing due to the COVID-19 Pandemic, those that can join remotely are encouraged to do so. Those joining remotely and requesting to speak are asked to use a webcam when speaking.

- 1. Call to Order**
- 2. Approve Agenda**
- 3. Approve Minutes**
 1. Approve Meeting Minutes for April 8, 2021
- 4. EDA Business**
 1. Consider First Amendment to Purchase Agreement with Java Properties, LLC (Portions of meeting may be in closed session)
 2. Review West Armstrong Redevelopment Plans and Discuss Opportunities for Strategic Acquisition to Preserve Redevelopment Vision (portions of meeting may be closed to the public under Minnesota Statutes Section 13.D.05 Subdivision 3(c)(3) to consider purchase of real property)
 3. 2021 Business Appreciation Day Event
 4. Consider Implementation of Metropolitan Council Sewer Availability Charge (SAC) Deferral and Financing Program
- 5. Member/Staff Input**
- 6. Adjournment**

Economic Development Authority (EDA)

3. 1.

Meeting Date: 05/13/2021

By: Wendy Schlueter, Community
Development

Title:

Approve Meeting Minutes for April 8, 2021

Purpose/Background:

Purpose: The purpose is to approve the meeting minutes for the EDA meeting held the prior month. Background: The meeting minutes are attached for review and approval.

Notification:

Observations/Alternatives:

Funding Source:

Recommendation:

Approval of April 8, 2021 meeting minutes

Action:

Motion to approve April 8, 2021 EDA meeting minutes.

Attachments

April 8 2021 EDA Minutes

Form Review

Inbox

Sean Sullivan

Tim Gladhill

Form Started By: Wendy Schlueter

Final Approval Date: 05/06/2021

Reviewed By

Sean Sullivan

Tim Gladhill

Date

04/23/2021 03:40 PM

05/06/2021 08:54 AM

Started On: 04/21/2021 02:34 PM

**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, April 8, 2021, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Jim Steffen
 Member Scott Cords
 Member Chelsee Howell
 Member William MacLennan
 Member Michael Olson
 Member Chris Riley

Members Absent: Member Rachel Johnson

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.

Chairperson Steffen recognized the newest members of the EDA, Members MacLennan and Olson and invited them to introduce themselves.

Members MacLennan and Olson introduced themselves to the group.

2. APPROVE AGENDA

Motion by Member Cords, seconded by Member Riley, to approve the agenda.

Motion carried. Voting Yes: Chairperson Steffen, Members Cords, Riley, Howell, MacLennan, and Olson. Voting No: None. Absent: Member Johnson.

3. CONSENT AGENDA

3.01: Approve Meeting Minutes Dated March 11, 2021

Motion by Member Cords, seconded by Member Howell, to approve the March 11, 2021, minutes as presented.

Motion carried. Voting Yes: Chairperson Steffen, Members Cords, Howell, MacLennan, Olson, and Riley. Voting No: None. Absent: Member Johnson.

4. EDA BUSINESS

4.01: Appoint Chairperson and Vice Chairperson

Economic Development Manager Sullivan stated that this is the annual time of appointment for Chair and Vice-Chair.

Chairperson Steffen opened the floor for nominations for the position of Chair and Vice-Chair.

Member Riley nominated Jim Steffen for the position of Chair and Scott Cords for the position of Vice-Chair.

There were no other nominations.

Motion by Member Cords, seconded by Member MacLennan, to elect Jim Steffen as Chairperson and Scott Cords as Vice-Chair of the Economic Development Authority.

Motion carried. Voting Yes: Chairperson Steffen, Members Cords, MacLennan, Howell, Olson, and Riley. Voting No: None. Absent: Member Johnson.

4.02: Review Request for Interest/Proposals for a Dynamic Display Billboard for Retail Advertising on Highway 10 Near The COR

Economic Development Manager Sullivan presented the staff report.

Chairperson Steffen asked for details on the scoring system developed by staff and why the different scores were given.

Economic Development Manager Sullivan reviewed the items included in the scoring of the proposals. He stated that the RFI provides a summary of the different categories. He provided additional explanation on the different ranking criteria including display, advertising slots, leasing, sign location, and ordinance experience and explained why the three vendors were scored differently in the categories. He commented that iDigital Media was ranked first, Clear Channel second and Lamar third. He stated that the group could select one company to move forward with or could move forward with multiple companies to determine which would be the best fit.

Chairperson Steffen asked if the lease revenue is contingent upon sales in all three proposals.

Economic Development Manager Sullivan commented that the Lamar proposal was a flat revenue annually, but the other two proposals were based upon sales.

Chairperson Steffen asked and received confirmation that something would be displayed on the board at all times, even if that is City messaging. He asked if the difference in display would be noticeable to the general public.

Economic Development Manager Sullivan commented that it would be a preference on how clear you would want the display but any of the vendors would have effective displays. He stated that as this moves along, display quality and type would most likely have regulations within ordinance.

Member MacLennan asked if the quality of the display would be important for those businesses that may advertise.

Economic Development Manager Sullivan was unsure that would be a point in the sales pitch to businesses.

Member Cords asked if the quality dimension is the size of the pixel or distance between.

Economic Development Manager Sullivan replied that it is the distance between pixels. He stated that iDigital provided a proposal with both horizontal and vertical options which provides additional versatility and flexibility, noting that vertical options would most likely have a smaller footprint.

Member Riley commented that from an EDA standpoint the most important criteria would be the business advertising and City advertising, along with location. He stated that he likes the ranking that was done. He asked if those three criteria were weighted would the same company come out on top.

Economic Development Manager Sullivan again clarified that this was his scoring system and confirmed that iDigital would still be rated as the top choice if those categories were weighted based on impact for Ramsey business advertising.

Chairperson Steffen asked for clarification on the lease term and whether a longer term would be preferred.

Economic Development Manager Sullivan replied that the City is looking to have a strong partnership over a period of time and commitment for the company to be in that location. He stated that the longer lease term, the more guarantee there would be for lease revenue.

Chairperson Steffen asked if the sign would be maintained and upgraded over time during that 30 years.

Economic Development Manager Sullivan commented that repairs are often needed around the ten-year period and he would imagine a company would want to keep their product in good working order. He noted that maintenance would be addressed in a contract and/or lease agreement. He stated that the only cost to the City would be the staff time to develop the ordinance and therefore this would be considered a revenue generator.

Member Cords commented that there would also be staff time to develop messaging for the City but noted that would not differ from the messaging the City already generates.

Economic Development Manager Sullivan commented that the City would continue to post its messages on the City reader board sign. He stated that each of the companies will work with municipalities to develop City messaging. He stated that there are also opportunities to post Ramsey messaging on other billboards owned by the companies and other locations. He used the example of advertising for the Happy Days event, which could be displayed on billboards in other communities outside of Ramsey. He confirmed that City messaging would be free in all three proposals.

Chairperson Steffen asked if there would be a discount for Ramsey businesses or whether the cost to advertise would be the same for all businesses.

Economic Development Manager Sullivan provided details on the ranking for local business advertising costs. He stated that two of the companies provided discounts for Ramsey business advertising.

Member Riley commented that his highest priority is Ramsey advertising and therefore because Lamar is not offering a discount and was also ranked third, he would suggest eliminating that company from the discussion. He stated that location is also a high priority for him. He stated that none of the companies chose the spot the City was thinking and asked if that should be taken into consideration and whether one of the locations the companies chose should be considered further.

Economic Development Manager Sullivan commented that he believed that Clear Channel stated that they could work with the City site, whereas iDigital preferred Sunfish or Ramsey Boulevard but noted that those would be temporary locations because of the upcoming construction projects. He stated that his attempt was to provide a clear comparison between the companies for the same sign at the same location but agreed that alternate locations could be considered.

Member Cords asked if there were justifications for the alternate locations, noting that the companies have the expertise.

Economic Development Manager Sullivan stated that justification was not included in the proposals. He stated that his perception was that the sign locations were chosen in locations that would be most effective and generate the most income. He agreed that if there were not interchanges Ramsey or Sunfish Lake Boulevards would be ideal, but there will be interchanges at those intersections. He stated that once iDigital was made aware of the interchange locations, they agreed the 7443 would be a better location.

Chairperson Steffen asked for details on the RALF acquisition with M&G.

Economic Development Manager Sullivan replied that the acquisition happened years ago. He stated that the lease payments from M&G for that site are paid back to RALF. He confirmed that future lease funds generated on that site would go back to RALF until RALF is paid back. He explained that additional review would be needed related to RALF and the related payback. He noted that additional information will be likely be known once the design of the Highway 10 project is complete.

Deputy City Administrator Gladhill stated that there are some official steps that will be taken in the coming months to finalize the Highway 10 design vision. He provided an update on the funding secured for the Highway 10 project, noting that included in that plan is payoff of the RALF funds. He noted that the City would make decisions on which properties will be needed and which could be sold.

Chairperson Steffen asked if the existing ordinance would allow for this signage or whether there would be work to be done.

Deputy City Administrator Gladhill commented that this type of sign is currently prohibited and therefore work would need to be done. He commented that it was known from the start that updates would be needed, and this would be the driver to update the language within the code. He confirmed that currently there are no billboards allowed and the existing billboards were established prior to the prohibition and exist as lawful nonconforming uses.

Economic Development Manager Sullivan commented that although this was done as an RFI, all the information on quality and pricing was included and therefore did not believe additional information would be gained by an RFP.

Chairperson Steffen stated that he would support dropping Lamar, as Member Riley suggested, and confirmed the consensus of the group.

Economic Development Manager Sullivan commented that he is looking for a recommendation from the EDA on how this should move forward. He stated that the EDA could select one vendor or could recommend that staff work with two vendors to move forward.

Deputy City Administrator Gladhill stated that the due diligence has been done and would recommend negotiation occur with one vendor. He stated that the recommendation could be based off the information that was supplied and scoring that staff completed, or the EDA could request that both companies provide a presentation to the EDA in order for the group to make a decision.

Chairperson Steffen asked the contact that staff has had and whether an in-person presentation would be needed.

Economic Development Manager Sullivan commented that he has not met in person but has talked with all three companies on the telephone and is comfortable with them. He stated that the decision would be of the EDA as to whether they would feel that there would be benefit to in person presentations. He stated that even if one vendor is chosen, he did not believe construction would occur this fall as additional work will be needed to select the location and move forward.

Chairperson Steffen asked if this could happen this year based on the work that would be needed.

Deputy City Administrator Gladhill commented that he would feel more comfortable with early 2022, based on the timing of the Highway 10 project and right-of-way acquisition discussions.

Economic Development Manager Sullivan commented that the City currently has the ability to lease RALF property, therefore a lease and sign could be constructed with the knowledge that it may need to be moved in the future. He stated that iDigital stated that they would be willing to relocate a sign, if needed, at no cost to the City.

Member Riley stated that the City previously received a presentation from another company that stated they would not participate in an RFI. He asked if there was a sense as to how the proposal of that company would have compared.

Economic Development Manager Sullivan commented that he is unsure. He stated that it was a smaller company and perhaps they felt that they could not compete, but they did not submit a proposal and therefore it would be unfair to those that did to include that in the discussion.

Chairperson Steffen asked the next steps if this were narrowed down to one company today.

Economic Development Manager Sullivan stated that the first step would be to obtain City Council authorization to move forward. He stated that the City would then begin negotiations and review potential ordinance language.

Member Howell stated that she appreciated that iDigital offered a third spot or half spot option for business advertising as that would make advertising available to more businesses. She stated that she also liked the inclusion of a vertical option.

Member MacLennan stated that the choice seems to be clear as iDigital had a lower price, better quality, more options, and they are willing to relocate at no cost to the City.

Chairperson Steffen commented that he agrees. He stated that his only hesitancy is that Clear Channel has been in the market for a long time and is established. He asked what would happen if there was an issue that owns the sign.

Economic Development Manager Sullivan stated that he did review that element. He stated that Clear Channel is well known because they have a lot of signs and media in this market and metro area. He stated that iDigital has more saturation north and west and the number of signs between the companies are very similar overall. He stated that maintenance and operations would be included in the lease and if a company is not performing the City would have the ability to terminate the lease and/or require a company to remove a sign that is not functional.

Member Cords stated that when reading the proposals, he randomly scored Clear Channel and iDigital about the same but following the discussion he tends to prefer iDigital. He stated that he would not be fundamentally against continuing with more detailed negotiations with both companies.

Member MacLennan asked the cost of advertising for businesses, specifically if the better deal for the City has an impact through higher advertising costs.

Economic Development Manager Sullivan stated that the advertising costs were identified with specific rates in the staff report. He reviewed the discount offered by Clear Channel along with the different advertising choices offered by iDigital.

Chairperson Steffen asked and received confirmation that a digital sign makes sense on Highway 10. He commented that this is a unanimous decision by the EDA that this digital billboard should move forward. He asked if there is a preference for one company or the flexibility of two companies.

Member Riley commented that he would prefer to have the input of the EDA as he will be able to provide his input as a Councilmember during the Council discussion.

Member Howell commented that she preferred the multiple options that were made available through iDigital because of the options it would provide to local businesses.

Chairperson Steffen asked if the EDA were to select iDigital, would the Clear Channel proposal not move forward to the Council.

Economic Development Manager Sullivan replied that he will move this forward as the EDA prefers. He stated that if the groups wants to move forward with two, he would prefer to have it further vetted at EDA and the group then make a single recommendation to the Council. He commented that there is a lot of value to the iDigital proposal, but he would also feel comfortable that Clear Channel could also provide a good sign. He stated that iDigital would be entering a new market and therefore that proposal is aggressive, and they are motivated. He stated that Clear Channel is in the market and therefore would perhaps want to defend that turf. He stated that he would prefer not to develop competing proposals but rather focus on what is best for Ramsey businesses. He stated that the cheapest advertising for Ramsey businesses would be provided through iDigital.

Deputy City Administrator Gladhill commented that the recommendation would be provided to the Council, but they would still receive the information within the case. He stated that the decision of the EDA would be whether it feels confident making a recommendation today or whether it would like to interview the two groups in May and make a recommendation at that time.

Member Olson commented that Lamar should clearly be out and believed that both iDigital and Clear Channel would be viable options. He stated that iDigital appears to be the better choice and the higher quality sign will stand out moving forward as lower quality would begin to look outdated sooner. He stated that he also likes that the company would be willing to move the sign.

Chairperson Steffen agreed that iDigital seems to be the preferred choice and recognized that the next step would be to determine whether the Council would support a digital billboard.

Motion by Member Cords, seconded by Member MacLennan, to recommend to City Council to further investigate and approve the concept of a digital billboard on Highway 10 with the EDA preference for vendor as iDigital.

Motion carried. Voting Yes: Chairperson Steffen, Members Cords, MacLennan, Howell, Olson, and Riley. Voting No: None. Absent: Member Johnson.

4.03: Review West Armstrong Redevelopment Plans and Discuss Opportunities for Strategic Acquisition to Preserve Redevelopment Vision (Portions of meeting may be closed to the public)

Economic Development Manager Sullivan presented the staff report.

Member Riley commented that five parcels were identified and asked how many of those were willing sellers.

Economic Development Manager Sullivan stated that as it sits, he is aware of willing sellers for parcels four, two and one. He stated that there is a sign north of parcel four, but he has not spoken to that property owner. He stated that from a development standpoint and attempting to make commercial and retail development viable it would make sense to cleanup that area.

Deputy City Administrator Gladhill stated that in conversations with property owners, the majority of property owners have purchased the properties in that area with development opportunity and would appreciate that the area be cleaned up. He stated that the code enforcement issues and complaints are detracting from multi-millions dollar investment. He stated that the Planning Commission is reviewing a proposal tonight next to the brand-new building for a tree clearing company that would like to shred the trees onsite and have a mound of woodchips. He stated that is the type of interest that is coming forward and therefore the question is how aggressive the City would like to be to clamp down on those non-desirable uses.

Chairperson Steffen asked why the piece adjacent to Bunker Lake Boulevard and the two parcels south of that are not included.

Economic Development Manager Sullivan commented that when a City gets involved in a redevelopment project, the associated costs are to clear the sites and prepare them for development and therefore that was the focus. He commented that the other sites are also good but believed that if sewer and water were run into that area that many parcels would more likely develop under open market. He stated that the sites mentioned in the case are more challenging and therefore it would be recommended that the City be involved in order to help achieve the vision. He commented that the end goal is not for the City to own land but to bring forward development and job creation. He stated that sometimes the City needs to be involved in order to bring about that development, but if the sites could be developed without the City being involved, he would not recommend the City purchase property just because there is a willing seller.

Chairperson Steffen commented that it seems there are two parts to the case, cleaning up blight and identifying future industrial land.

Economic Development Manager Sullivan confirmed that they are separate issues, but they are interrelated. He stated that there will not be an appetite for people to acquire parcels that could not be developed. He stated that if the City purchased all of the sites, razed all the buildings, and

marketed them for development he is unsure how successful it would be without sewer and water. He commented that it is inevitable that sewer and water will be needed.

Member MacLennan asked where the sewer and water stops.

Economic Development Manager Sullivan confirmed that the new building has sewer and water and did not believe sewer and water extends past the newly developed PSD LLC retail building.

Member MacLennan asked if it would be difficult to run sewer and water through the site once the building is removed.

Economic Development Manager Sullivan described the path sewer and water services would most likely follow. He commented that sewer and water would run within the road right-of-way and simply provide access for the properties to connect to.

Deputy City Administrator Gladhill commented that the roads need to be reconstructed and therefore it would make sense that utilities could be extended at the same time. He did not anticipate that development/redevelopment would happen in the area without those services available.

Member Riley commented that the City was about to rebuild the road because of the poor condition, but with the potential redevelopment the landowners asked that it hold off as things may change. He stated that from an EDA standpoint, this makes sense as this is a development area and industrial and commercial land is needed. He commented that this is the blight that they would like to get cleaned up. He commented that the City may have to step in and do the work on some parcels but on some parcels the City could provide assistance in getting that work done. He stated that he does not like the City owning land but would be willing to support it from an EDA standpoint.

Member Cords asked what would be needed in order to clean up the sites and who would be responsible for removing the materials on site.

Economic Development Manager Sullivan commented that there have been changes in ownership for some parcels. He stated that the standard tool is through code enforcement, which can lead to the City completing the necessary action to bring the property into compliance. He stated that in terms of improving the aesthetic of the property in order to support development there are not tools to deal with that. He stated that if a property meets the minimum standards there would not be a tool the City could use in terms of code enforcement and those are cases when purchasing the property in order to bring about development would be the appropriate tool. He stated that while there is not an immediate need for industrial property today, there will be a need in the next two to four years. He stated that this seems like a reasonable and well thought out plan in order to clean up the area and provide more land for industrial development, which will also help to bring about interest from retailers and restaurants. He stated that in this area there are smaller lots as well that would support expansion of local Ramsey businesses that do not require huge buildings/spaces. He stated that he is optimistic that there are a few industrial projects that will move forward this summer in excess of 75,000 square feet.

Deputy City Administrator Gladhill commented that there is no deadline to this request and therefore the EDA could consider this an introduction to the topic and further discussion could continue at the May meeting. He stated that there are no current offers or time restriction. He stated that additional questions could be provided to staff through email, which staff could then use to build a case for May.

Economic Development Manager Sullivan commented that is a good way to look at this. He stated that there are two parts to this, the potential acquisition, and the vision for the future. He stated that he would like direction to authorize the design using HRA or TIF funds to develop a cost estimate for the utility work. He commented that this area is within a TIF District and the City has the ability to complete projects with that TIF revenue. He stated that the City has applied for an extension of the district through legislation but if that is not approved, the funds would have to be expended by November of 2021. He stated that this could move forward on a parcel-by-parcel basis as well. He was unsure what more would need to be discussed at the next meeting unless there are specific questions. He asked for general direction.

Member Cords commented that staff indicated that three of the property owners have indicated that they are willing to sell and asked if there is an urgency by any of those sellers.

Economic Development Manager Sullivan commented that the momentum of those sellers is between casual and pushing. He noted that there are for sale signs posted, which expresses intent. He felt that some of the parcels have frustration as to what can and cannot be done on the property and therefore perhaps are having difficulty finding tenants and are more open to selling. He commented that there is not an extreme urgency from any of the properties, but they would like to sell. He noted that sometimes it is beneficial to take advantage of willing sellers in a redevelopment area.

Member MacLennan agreed that the area is a blight. He agreed that access to City water and sewer would improve the chances of development. He stated that he would not want to see the City own more land. He commented that it could be a detractor for people to develop on the east side when the west side looks as it does.

Chairperson Steffen referenced parcel two, which needs cleanup. He commented that the parcel is retail and not prime retail and therefore the City could clean it up but would most likely own the property for a length of time. He recognized that cleaning up the site may increase the chances of other properties developing in the area.

Economic Development Manager Sullivan commented that parcels two and three could be combined for an office showroom type building. He stated that he would not want to discount those parcels as unable to move in the market but agreed that the City would want to be strategic in the parcels it acquires and the timing. He stated that bringing in sewer and water may help to facilitate the redevelopment and sale of properties. He believed that the design would need to be done and the cost estimate would need to be known in order for the City to be able to act.

Deputy City Administrator Gladhill encouraged the group to look at this on not only a real estate investment but issue of blight. He stated that staff has spent a lot of time on code enforcement and reviewing development applications that do not meet the zoning code. He understood that the EDA has typically invested more in industrial, but retail sites are important as well.

Chairperson Steffen commented that parcel four is visible, on a corner and listed for sale today. He asked if the property owner could sell that property without assistance from the City.

Economic Development Manager Sullivan commented that sewer and water is available at that site, but it is a small site from an individual owner which has challenges. He commented that bringing sewer and water to that area will help to revitalize that area and bring forward additional interest.

Deputy City Administrator Gladhill commented that this discussion has been helpful to frame the case moving forward. He stated that additional information can be gathered based on the questions asked to present this case again at the May meeting in more detail.

Chairperson Steffen confirmed the consensus of the EDA to continue this discussion at the May meeting.

Deputy City Administrator Gladhill asked that members email additional questions they may have in order for staff to build a more robust case for the next meeting.

Chairperson Steffen commented that it would seem that the infrastructure cost could have a higher cost than acquisition.

5. MEMBER / STAFF UPDATE

Economic Development Manager Sullivan advised of the park dedication taking place tonight at Central Park for the renaming of the park.

6. ADJOURNMENT

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

Motion carried. Voting Yes: Chairperson Steffen, Members Cords, Howell, MacLennan, Olson, and Riley. Voting No: None. Absent: Member Johnson.

The regular meeting of the Economic Development Authority adjourned at 9:13 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.

Economic Development Authority (EDA)

4. 1.

Meeting Date: 05/13/2021

By: Sean Sullivan, Community
Development

Title:

Consider First Amendment to Purchase Agreement with Java Properties, LLC (Portions of meeting may be in closed session)

Purpose/Background:

Purpose:

Consider First Amendment to Purchase Agreement to reduce purchase price due to increased development cost.

Background:

The City entered into a purchase agreement with Java Properties, LLC with an Effective Date of September 23, 2020. The City has received \$10,000 in nonrefundable Earnest Money and the land transaction is scheduled to close on or before June 22, 2021. The project received Final Plat and Site Plan Approval on March 23, 2021. Staff has been working with engineering to determine the best way to have city utilities (sewer and water) service the property and the remaining parcel to the West.

Rather than cut into Sunwood Drive NW and to cause an extended road closure, it was determined that a better solution is to bring the utilities in along the future extension of Peridot Street to the West to run south along Sunwood Drive. In addition, Staff has worked with the developer to find a temporary access solution to the west to reduce the traffic at the east access point it shares with Casey's. This would involve a temporary bituminous frontage road/access along Sunwood Drive to enter/exit at the future Peridot Street. These changes to the original site plan amount to an added cost of \$55,000 to the project. The Developer has asked the City to help with these added costs.

Notification:

N/A

Observations/Alternatives:

Rather than cost share with the project Staff is asking the EDA to consider reducing the land price to compensate for a portion of the added project costs. The City has a history of sharing in these type of costs in the COR with a 60%/40% split. The estimated additional project costs are \$55,000. If those costs were to be split 60/40 the City would be responsible for \$33,300 and the Developer \$22,200. Staff is asking the EDA to consider a reduction of \$33,300 from the Purchase Price rather than a cash contribution. The reduction in price would equate to a \$6.98 / square foot price rather than the \$8.00 / square foot originally negotiated. Staff has provided the original term sheet and the proposed changes (in **Bold**) for consideration.

Alternatives:

1. Recommend that the City Council approve the First Amendment to Purchase Agreement (as presented)
2. Recommend that the City Council approve the First Amendment to Purchase Agreement (with changes)
3. Something else.

Funding Source:

N/A

Recommendation:

Staff recommends that EDA recommend the City Council approve the First Amendment to Purchase Agreement (as presented).

Action:

Motion to recommend the City Council approve the First Amendment to Purchase Agreement (as presented); subject to City Attorney review.

Attachments

Site Location Map

ACTION - First Amendment to PA

Revised Term Sheet

Additional Project Cost Breakdown

Original Purchase Agreement

Form Review

Inbox

Sean Sullivan (Originator)

Tim Gladhill

Form Started By: Sean Sullivan

Final Approval Date: 05/07/2021

Reviewed By

Sean Sullivan

Tim Gladhill

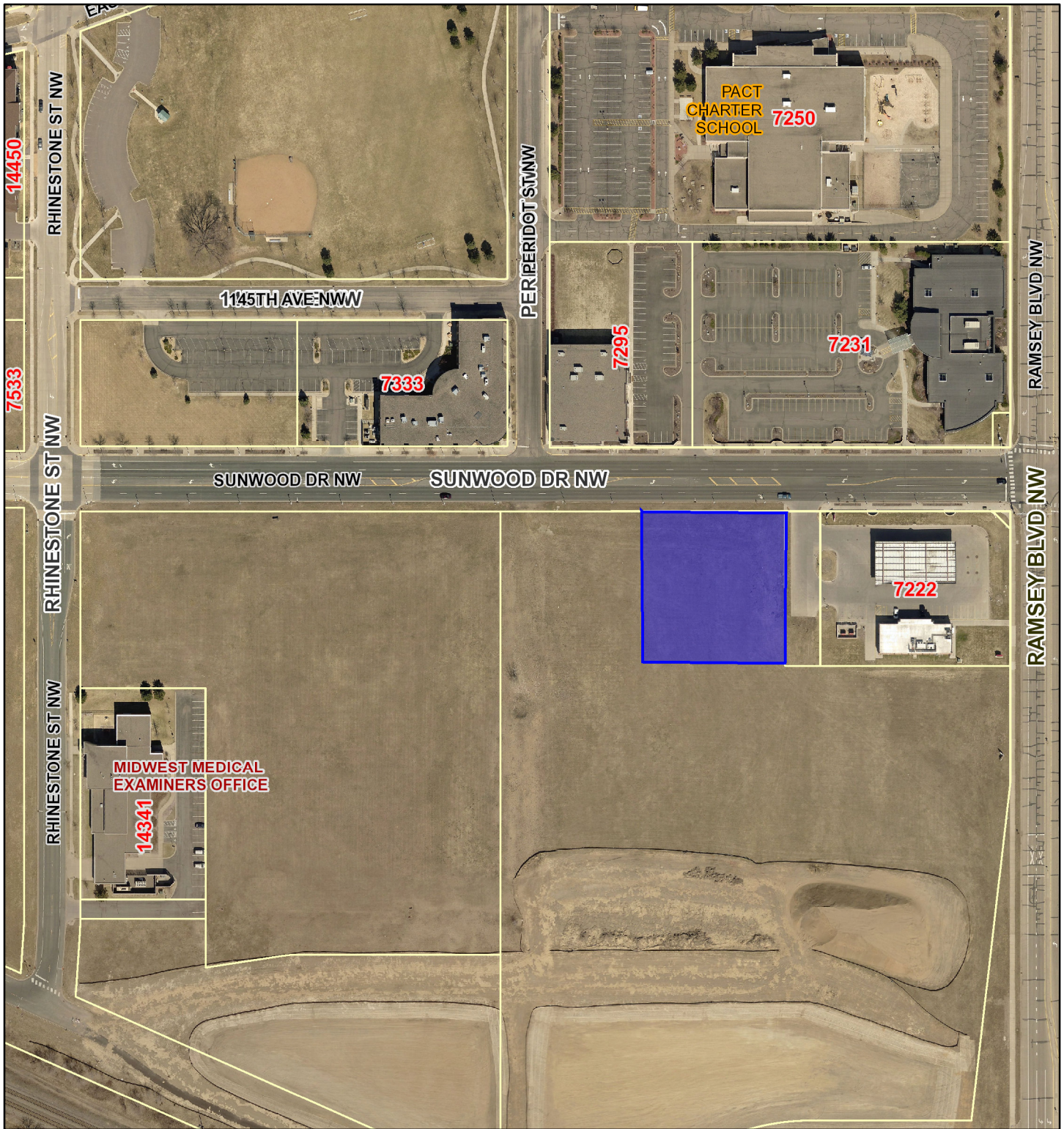
Date

05/04/2021 10:19 AM

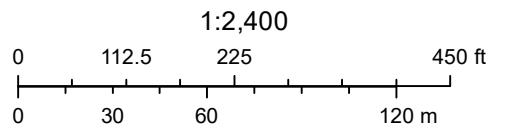
05/07/2021 10:18 AM

Started On: 05/03/2021 02:18 PM

Site Location Map - Java Properties



September 2, 2020



**FIRST AMENDMENT
TO
PURCHASE AGREEMENT**

This is the First Amendment to the Purchase Agreement by and between the **City of Ramsey**, a Minnesota municipal corporation (“Seller”), and **Java Companies, LLC** and/or its assigns, a Minnesota Limited Liability Company (“Buyer”), with an Effective Date of September 23, 2020.

Recitals

1. **EFFECTIVE DATE.** The Effective Date remains September 23, 2020.
2. **SALE OF PROPERTY.** Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller approximately .75 acres (32,775 square feet) of vacant land, legally described as follows:

Part of Outlot GG, Ramsey Town Center Addition, to be platted as:

Lot 1, Block 1, Java Auto Parts. Anoka County, Minnesota

PID Number: Portion of 28-32-25-41-0020 (“Property”)
3. **PURCHASE PRICE.** The purchase price for the Property is \$228,900 (the “Purchase Price”).
4. **BUYER.** Buyer desires to assign the Purchase Agreement to Java Ramsey Casey’s Outlot, LLC, and Seller agrees to and accepts said assignment.

Agreement

1. **AMENDMENT APPROVAL.** Buyer and Seller hereby approve this First Amendment to Purchase Agreement as modified by the above Recitals, which are hereby incorporated herein.
2. **REMAINING TERMS.** All other provisions of the Purchase Agreement remain unchanged except to the extent inconsistent with the terms of this First Amendment to Purchase Agreement. The terms used in this First Amendment to Purchase Agreement have the same meaning as in the Purchase Agreement.

SELLER: City of Ramsey, a Minnesota municipal corporation

By: _____
Mark E, Kuzma, Mayor

Dated: _____, 2021

By: _____
Kurtis G. Ulrich, City Administrator

Dated: _____, 2021

BUYER: JAVA RAMSEY CASEY'S OUTLOT, LLC

By: _____
Mark Krogh, Chief Manager

Dated: _____, 2021

REVISED TERM SHEET FOR JAVA PROPERTIES Java Ramsey Casey's Outlot LLC (O'Reilly Auto Parts) –
9.2.20 5.13.21

Real Estate	Tax ID Number: Portion of 28-32-25-41-0020. Part of Outlot GG, Ramsey Town Center Addition (Part of Parcel 50a) <u>To be platted as: Lot 1, Block 1, Java Auto Parts</u>
Acreeage	Approximately .72 acres or 31,304 SF <u>.75 acres or 32,775 SF</u>
Asking Price	\$250,432 <u>\$262,200</u> (\$8.00 / SF) (SF Subject to change based on approved Plat)
Offer Price	\$250,432 <u>\$228,900</u> (\$8.00 <u>\$6.98</u> / SF) (<u>Price Reduction due to Increased Project Costs</u>)
Earnest Money	\$5,000 Non-refundable upon Notice to Proceed being executed. <u>\$5,000 Received</u>
Inspection Period	180 days from Effective Date (Date City Council approves) (city requires plat/site plan approval before sale)
Closing	Within 30 days of Notice to Proceed.
Commission	This was a City generated lead for a CBRE Listed property. Per the terms of the listing agreement, the City will pay 3% of gross sales price to CBRE.
Extensions to Close	Developer will deposit \$5,000 in escrow for each 60 day extension (2 extensions allowed) Once extensions are made the money becomes non-refundable. <u>\$5,000 received. Closing date extended to June 22, 2021</u>
City take care of	Provide existing ALTA Survey and updated Title Work. The Developer will contract to plat the property as part of the site plan process.
Performance	City to require construction of a minimum 7,000 SF commercial/retail building (O'Reilly Auto Parts) compliant with COR Zoning requirements and obtain a Certificate of Occupancy one year after Closing. If this is not done, the City may exercise the Right of Re-Entry.
Assignment	Requires city approval if not same owners / company.
Contingencies	None at this time
Review	EDA (Sean): Land Transaction/ Purchase Agreement/ Right of Re-Entry Planning Commission (Tim/Chloe): Land Use, Development Agreement, Site Plan, Plat City Council: Final Approval on both items

Cost Share Proposal 5.3.2021

Item	Cost	Developer Responsibility	City Responsibility
Additional Sewer (40/60)	\$ 16,600.00	\$ 6,640.00	\$ 9,960.00
Additional Water (40/60)	\$ 16,400.00	\$ 6,560.00	\$ 9,840.00
Additional Grading (40/60)	\$ 5,000.00	\$ 2,000.00	\$ 3,000.00
Additional Engineering /Design (40/60)	\$ 3,000.00	\$ 1,200.00	\$ 1,800.00
Additional Bituminous (40/60)	\$ 14,500.00	\$ 5,800.00	\$ 8,700.00
	\$ 55,500.00	\$ 22,200.00	\$ 33,300.00

*\$33,300 proposed to be reduced from the purchase price.

PURCHASE AGREEMENT

This Agreement is entered into by and between the **City of Ramsey**, a Minnesota municipal corporation (“Seller”), and **Java Companies, LLC. & or Assigns**, a Minnesota Limited Liability Company (“Buyer”).

In consideration of the Earnest Money, the mutual covenants set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

1. **EFFECTIVE DATE.** The effective date of this Agreement is **September 23, 2020** (the “Effective Date”).
2. **SALE OF PROPERTY.** Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller approximately .72 acres (31,304 square feet) of vacant land, legally described as follows:

Part of Outlot GG, Ramsey Town Center Addition, to be platted as:

T.B.D. Anoka County, Minnesota

PID Number: Portion of 28-32-25-41-0020 (“Property”)
3. **PURCHASE PRICE.** The purchase price for the Property is \$250,432 (the “Purchase Price”).
4. **EARNEST MONEY AND ADDITIONAL EARNEST MONEY.** Within five business days after the Effective Date, Buyer must deposit the sum of \$5,000.00 (the “Earnest Money”) with Commercial Partners Title Company (“Escrow Agent”), via wire transfer or delivery of a certified check payable to Escrow Agent.
 - a. If Buyer does not deposit the Earnest Money as required above, then Seller may terminate this Agreement by written notice to Buyer; provided, however, if Buyer deposits the Earnest Money with Escrow Agent before Seller exercises Seller’s right to terminate, Seller’s right to terminate is extinguished.
 - b. Upon Seller’s receipt of a Notice to Proceed from Buyer in accordance with Section 9(b), all of the Earnest Money becomes non-refundable (except in accordance with Section 22 as a result of a default by Seller).

- c. If Buyer does not provide a Notice to Proceed to Seller in accordance with Section 9(b), this Agreement automatically terminates, and Escrow Agent must disburse all Earnest Money Escrow Agent holds to Buyer.
 - d. At Closing, Escrow Agent shall disburse to Seller any Earnest Money not previously disbursed to Seller, and Buyer shall receive a credit against the Purchase Price owing at Closing in an amount equal to the amount of the Earnest Money.
5. **SURVEY.** Seller has provided the Buyer an ALTA/NSPS 2016 survey (Table A, items 1, 2, 3, 4, 5, 7A, 8, 11 and 14) for Part of Outlot GG, Ramsey Town Center Addition (the "Survey") from a duly licensed surveyor dated August 11, 2016. Buyer may arrange with the surveyor to include additional information on the Survey at Buyer's expense.

6. **TITLE COMMITMENT.**

- a. Seller makes no representations or warranties with respect to the status of title to the Property. Within thirty (30) business days after the Effective Date, Seller shall, at Seller's expense, obtain a commitment from Escrow Agent to issue an owner's policy of title insurance insuring Buyer's title to the Property (the "Title Commitment") and deliver the Title Commitment and copies of or internet access to copies of all recorded documents referenced in the Title Commitment to Buyer.
- b. Buyer shall have until the date thirty (30) days after the receipt of the Title Commitment and the Survey (collectively, "**Title/Survey**") to review Title/Survey and to give Seller written notice of (i) any defects in the marketability of Seller title to the Property or any encumbrances on Seller's title to the Property that are objectionable to Buyer, and (ii) the specific actions Buyer requests that Seller take with respect to each such defect or encumbrance (a "**Title Objection Notice**"). Any defects in or encumbrances on Seller's title that Buyer does not identify in a timely Title Objection Notice are each a "**Permitted Exception.**" Within three (3) business days after Seller's receipt of a Title Objection Notice from Buyer, Seller will notify Buyer, in writing, of the actions, if any, that Seller is willing to take with respect to each of the matters identified in the Title Objection Notice and the time frame in which Seller will take those actions ("**Seller's Title Notice**"). If Seller's Title Notice indicates that Seller unconditionally agrees to make Seller's title to the Property marketable on or before the closing date established pursuant to Section 10, the parties shall proceed to closing pursuant to the terms of this Agreement. If Seller's Title Notice indicates that Seller does not unconditionally agree to make Seller's Title to the Property marketable on or before the closing date established in Section 10, Buyer may, at any time with three (3) business days after Buyer's receipt of Seller's Title Notice, terminate this Agreement by written notice to Buyer in which case this Agreement is terminated and Escrow Agent must disburse any Earnest Money to Buyer ("**Buyer's Title Termination Notice**"). If Buyer does not deliver a Buyer's Title Termination Notice to Seller within the three (3)

business days after Buyer's receipt of Seller's Title Notice, than Seller must perform in accordance with Seller's Title Notice, Buyer shall be deemed to have waived Buyer's objections to the extent Seller has not agreed to address them in Seller's Title Notice, the matters to which Buyer objected and Seller did not agree to resolve are deemed Permitted Exceptions, and the parties shall proceed to Closing in accordance with the terms of this Agreement and the terms of Seller's Title Notice.

7. **RIGHT OF ENTRY.** At all times after Buyer has deposited the Earnest Money with Seller and before the Closing, Buyer (and its employees, agents, and contractors) may enter the Property for the purpose of conducting soil tests, environmental tests and additional survey work, subject to the following conditions:
- a. Within one week after the termination of this Agreement, if either Seller or Buyer terminate this Agreement in accordance with the provisions hereof prior to Closing, Buyer must repair and or restore any damage Buyer or its employees, agents or contractors cause to the Property and remove any personal property, refuse or debris Buyer or its employees, agents or contractors brought onto or authorized third parties to bring onto the Property.
 - b. Buyer must defend and indemnify Seller from and against and hold Seller harmless Seller from all "Claims," as defined in Section 10, arising out of, resulting from or relating to any loss of or damage to any property or business or out of any injury to or death of any person, if the loss, damage, injury, or death arises or is alleged to arise either directly or indirectly and either wholly or in part from: (a) any action or omission of Buyer or its employees, agents, or contractors, while on the Property pursuant to this Section; or (b) actions or omissions of Buyer or Buyer's employees, agents, or contractors that cause or result in the release of any Hazardous Substance onto the Property or onto other property.
 - c. Buyer must comply with and shall cause it employees, agents, and contractors to comply with all applicable laws, while on the Property.
 - d. Other than a standard Phase 1 environmental assessment, Buyer may not commence any environmental testing on the Property until Buyer submits a work plan for such testing to Seller and Seller approves the work plan, in writing. Seller may not unreasonably withhold, condition or delay Seller's approval of a work plan.
 - e. Buyer must, promptly and without demand from Seller, provide Seller with true and complete copies of all draft and final reports relating to Buyer's geotechnical and environmental investigations and testing of the Property including, without limitation, any reports relating to any Phase I Environmental Site Assessment of the Property.
 - f. The cost of any test or additional survey work will be borne solely by Buyer.

The payment and indemnification provisions of this Section 7 shall survive any termination or cancellation of this Agreement and are referred to herein as the "Surviving Obligations."

8. PROPERTY SOLD AS IS. Subject to Buyer's right to terminate this Agreement pursuant to Section 9, Buyer agrees to accept the Property in its current condition, including, without limitation, its current environmental and geological condition, and in an "AS-IS" and with "ALL FAULTS" condition. Buyer's payment of the Purchase Price at Closing constitutes Buyer's acknowledgment and agreement that:

- a. Seller has not made any written or oral representations or warranties of any kind with respect to the Property (including without limitation express or implied warranties of title, merchantability, or fitness for a particular purpose);
- b. Buyer has not relied on any written or oral representation or warranty made by Seller, its agents or employees with respect to the condition or value of the Property;
- c. Buyer has had an adequate opportunity to inspect the condition of the Property, including without limitation any environmental testing, and to inspect documents applicable thereto, and Buyer is relying solely on such inspection and testing; and
- d. The condition of the Property is fit for Buyer's intended use.
- e. Buyer accepts all risk of Claims (including without limitation all Claims under any Environmental Law and all Claims arising at common law, in equity or under a federal, state or local statute, rule or regulation) whether past, present or future, existing or contingent, known or unknown, arising out of, resulting from or relating to the condition of the Property, known or unknown, contemplated or un contemplated, suspected or unsuspected, including without limitation the presence of any Hazardous Substance on the Property, whether such Hazardous Substance is located on or under the Property, or has migrated from or to the Property.

9. INSPECTION PERIOD.

- a. Except as otherwise provided in Section 6, Buyer shall have from the date that Buyer deposits the Earnest Money with Escrow Agent to **March 24, 2021** (the "**Inspection Period**") to investigate the Property and determine, in Buyer's sole judgment, whether (i) the condition of the Property is suitable to Buyer's intended use; and (ii) Buyer will be able to obtain all governmental approvals (including, but not limited to, approvals necessary to subdivide and re-plot the Property) and utilities necessary for Buyer's intended use of the Property. Buyer acknowledges and agrees that Seller has not made any covenants, representations or warranties regarding Buyer's ability to obtain governmental approvals from the City of

Ramsey or any other governmental entity. The City of Ramsey will review, consider and act on any applications Buyer submits to the City for governmental approvals in accordance with City Code.

- b. Buyer may, at any time on or before 5:00 p.m. on the last day of the Inspection Period, terminate the Agreement by written notice to Seller based on Buyer's determination, in Buyer's sole and absolute discretion, that the condition of the Property is not suitable for Buyer's intended use or that Buyer may not be able to obtain all governmental approvals and utilities necessary for Buyer's intended use of the Property. In addition, this Agreement automatically terminates at 5:00 p.m. on the last day of the Inspection Period unless, prior to that time Buyer delivers a written notice of Buyer's intention to proceed (a "**Notice to Proceed**") to Seller.
- c. If, pursuant to Section 9(b) either Buyer terminates this Agreement or this Agreement is automatically terminated, the Escrow Agent must disburse to Buyer any Earnest Money Escrow Agent holds.

10. DEFINITIONS. As used in this Agreement:

"**Claim**" or "**Claims**" means any and all liabilities, suits, claims, counterclaims, causes of action, demands, penalties, debts, obligations, promises, acts, fines, judgments, damages, consequential damages, losses, costs, and expenses of every kind (including without limitation any attorney's fees, consultant's fees, costs, remedial action costs, cleanup costs and expenses which may be related to any claims).

"**Environmental Law**" means the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. § 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., the Federal Water Pollution Control Act (the Clean Water Act), 33 U.S.C. § 1251 et seq. the Clean Air Act, 42 U.S.C. § 7401 et seq., and the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., all as amended from time to time, and any other federal, state, local or other governmental statute, regulation, rule, law or ordinance dealing with the protection of human health, safety, natural resources or the environment now existing or hereafter enacted.

"**Hazardous Substance**" or "**Hazardous Substances**" means any pollutant, contaminant, hazardous substance or waste, solid waste, petroleum product, distillate, or fraction, radioactive material, chemical known to cause cancer or reproductive toxicity, polychlorinated biphenyl or any other chemical, substance or material listed or identified in or regulated by any Environmental Law.

- 11. RELEASE.** By accepting the deed to the Property, Buyer, for itself, its directors, officers, stockholders, divisions, agents, affiliates, subsidiaries, predecessors, successors, and assigns and anyone acting on its behalf or their behalf hereby fully releases and forever discharges Seller from any and all Claims (including without limitation all Claims arising under any Environmental Law and all Claims arising at common law, in equity or under a federal, state or local statute, rule or regulation), past, present and future, known

and unknown, existing and contingent, arising out of, resulting from, or relating to the condition of the Property, and Buyer hereby waives any and all causes of action (including without limitation any right of contribution) Buyer had, has or may have against Seller and anyone acting on its behalf with respect to the condition of the Property, whether arising at common law, in equity or under a federal, state or local statute, rule or regulation. The foregoing shall apply to any condition of the Property, known or unknown, contemplated or un contemplated, suspected or unsuspected, including without limitation the presence of any Hazardous Substance on the Property, whether such Hazardous Substance is located on or under the Property, or has migrated from or to the Property.

- 12. NOTICES.** Notices permitted or required by this Agreement must be in writing and shall be deemed given when delivered in legible form to the party to whom addressed. Notices may be sent by certified mail or e-mail. Notices are effective two business days after they are mailed via certified mail, return receipt requested or, if sent by email, upon email transmission (provided that any email transmission that occurs after 5:00 pm Central Time will be deemed provided on the following day). If delivered at the Closing, a notice shall be deemed given when hand-delivered to the party's representative at the Closing. The business addresses of the parties are as follows:

Seller: City Administrator
City of Ramsey
7550 Sunwood Drive N.W.
Ramsey, MN 55303
Email: kulrich@cityoframsey.com

Buyer: Java Companies, LLC & or Assigns.
Mark R. Krogh
879 Scheffer avenue
St Paul, MN 55102
Email: andy@javacompanies.com and mark@javacompanies.com

Notices not given in the manner or within the time limits set forth in this Agreement are of no effect and may be disregarded by the party to whom they are directed.

- 13. CLOSING.** This transaction shall close within 30 days after Buyer delivers a Notice to Proceed to Seller or on such earlier date as Seller and Buyer may establish by mutual, written agreement; provided, however, Buyer may extend the Closing a total of two (2) times, each time for a period of Sixty (60) days, by depositing an additional Five Thousand and 00/100 Dollars (\$5,000.00) earnest money with Escrow Agent for each extension. Each \$5,000 extension payment shall be non-refundable, but applicable to the Purchase Price. The Closing shall take place at the offices of the Escrow Agent, or at some other place as the parties may mutually agree prior to such date. At the option of either Party, the executed closing documents, Purchase Price and closing costs may be deposited with the Escrow Agent and disbursed by the Escrow Agent pursuant to avoid

the necessity for a Closing at which the Parties are present.

a. **Seller's Obligations at Closing.** At Closing, Seller must deliver to Escrow Agent, for delivery to Buyer:

- i. A limited warranty deed, duly executed and acknowledged on behalf of the City and with the City's seal affixed, conveying title to the Property, subject to (A) the lien of real estate taxes, if any, not yet due and payable and any installments of special assessments certified for payment therewith; (B) Building, Subdivision and Zoning Ordinances; (C) Matters that would be disclosed by an accurate survey of the Property; and (D) matters that constitute Permitted Exceptions pursuant to Section 6;
- ii. A certified copy of a duly adopted City Ordinance and Resolution authorizing Seller's sale of the Property to Buyer;
- iii. The Right of Re-Entry Agreement provided for in Section 28 below; and
- iv. Seller's affidavits, well disclosure certificate (if required), settlement statement approved by Seller and Buyer, and any other documents required by the Escrow Agent.

b. **Buyer's Obligations at Closing.** At Closing, Buyer must:

- i. Wire Transfer (or deliver a certified check in) an amount equal to the amount of the Purchase Price adjusted for to reflect Buyer's prior payment of the Earnest Money and to reflect amounts Buyer must pay or will receive pursuant to Section 14(c), to Escrow Agent for disbursement to Seller and others pursuant to this Agreement and the Settlement Statement;
- ii. Execute and deliver the Right of Re-Entry Agreement provided for in Section 28 below; and
- iii. File or cause Escrow Agent to file an Electronic Certificate of Real Estate Value, if required and necessary.

c. **Closing Costs.**

- i. At Closing, the following Seller closing costs and expenses must be paid from the Purchaser Price or, if the Purchase Price is not sufficient, paid by Seller:
 1. Seller shall pay all outstanding property taxes, including but not limited to, Payable 2020-2021 for the Property.

2. Seller shall pay all special assessments levied or pending against the Property as of the Closing Date.
 3. Seller's own attorney's fees.
 4. One-half the cost of any closing fees.
 5. The cost of real estate broker commission fees as prescribed in Section 14.
 6. State Deed Tax
- ii. At Closing Buyer must pay the Purchase Price to Seller and the following costs and expenses:
1. Buyer's portion of prorated property taxes.
 2. Buyer's own attorney's fees.
 3. One-half the cost of any closing fees.
 4. Documentary and recording fees for the deed(s).
 5. The cost of the owner's title insurance policy, if Buyer elects to purchase an Owner's title insurance policy.

d. **Possession.** Seller must deliver possession of the Property to Buyer at Closing.

14. REAL ESTATE BROKERS. Seller and Buyer represent and warrant to each other that they have dealt with no brokers, real estate agents, finders or the like in connection with this transaction, other than CBRE, Inc. ("Sellers Broker"). Seller shall pay Seller's Broker as required by their agreement 3% of final gross sale price. Seller and Buyer agree to indemnify each other and to hold each other harmless against all claims, damages, costs or expenses of or for any broker's fees or commissions resulting for their actions or agreements regarding the execution or performance of this Agreement, other than the fees payable to Seller's Broker, and will pay all costs of defending any action or lawsuit brought to recover any such fees or commissions incurred by the other party, including reasonable attorney's fees.

15. ASSIGNMENT. This Agreement may not be assigned without the written consent of the non-assigning Party. The Seller recognizes the Buyer intends to assign this Agreement to an affiliated special purpose entity that will be registered officially with the State of Minnesota.

16. THIRD PARTY BENEFICIARY. There are no third-party beneficiaries of this Agreement, intended or otherwise.

17. JOINT VENTURE. Seller and Buyer, by entering into this Agreement and completing the transactions described herein, shall not be considered joint ventures or partners.

18. CAPTIONS. The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement, and are not to be considered in interpreting this Agreement.

- 19. ENTIRE AGREEMENT / MODIFICATION.** This written Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the Property. There are no verbal agreements that change this Agreement and no waiver or modification of any of its terms will be effective unless in writing executed by the parties.
- 20. BINDING EFFECT.** This Agreement binds and benefits the Parties and their successors and assigns.
- 21. CONTROLLING LAW.** This Agreement is made under the laws of the State of Minnesota and such laws will control its interpretation.
- 22. REMEDIES.**
- a. If Buyer fails to perform any of the terms or conditions of this Agreement within the specified time limits, Seller may declare this Agreement terminated pursuant to Minnesota Statutes section 559.21. Seller's sole remedy in the event of Buyer's default is retention of the Earnest Money, unless Buyer defaults under Section 7 or 11 of this Agreement, in which case Seller may retain the Earnest money or suspend the performance of its obligations under this Agreement and commence an action in Anoka County District Court to recover its actual damages arising from the default.
 - b. If Seller fails to perform any of the terms or conditions of this Agreement within the specified time limits, Buyer may, as its sole remedy, declare this Agreement terminated in which case Escrow Agent and, if applicable, Seller, shall refund the Earnest Money (both the Initial Disbursement and the Remaining Earnest Money) to Buyer, or, in the alternative, Buyer may have this Agreement specifically enforced and recover any incidental damages. Buyer waives all claims for consequential damages against Seller based on Seller's breach or alleged default hereunder.
- 23. WAIVER.** Failure of Seller or Buyer to insist upon the performance of any of the covenants, agreements and/or conditions of this Agreement or to exercise any right or privilege herein shall not be deemed a waiver of any such covenant, condition or right.
- 24. SURVIVAL OF TERMS AND CONDITIONS.** The terms and conditions of this Agreement shall survive and be in full force and effect after the delivery of the deed, and shall not be deemed to have merged therein.
- 25. SEVERABILITY.** Each provision of this Agreement shall apply to the extent permitted by applicable law and is intended to be severable. If any provision is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the legality or validity of the remainder of the Agreement.

26. CONSTRUCTION. The Parties acknowledge that this Agreement was initially prepared by Seller solely as a convenience and that all Parties and their counsel hereto have read and full negotiated all the language used in this Agreement. The Parties acknowledge that because all Parties and their counsel participated in negotiating and drafting this Agreement, no rule of construction shall apply to this Agreement to construe ambiguous or unclear language in favor of or against any Party.

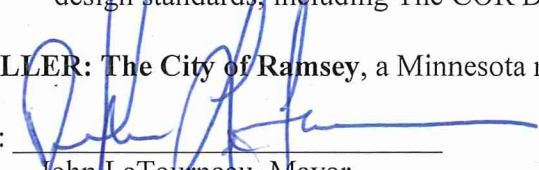
27. COUNTERPARTS; DIGITAL COPIES. This Agreement may be executed in any number of counterparts and the signature pages of the separate counterparts combined into a single copy of this Agreement which will then constitute a fully executed version of this Agreement. A facsimile, .pdf file or digital copy of a signed counterpart or of an assemblage of counterparts of this Agreement shall be deemed to be an original thereof.

28. CONSTRUCTION DEADLINE. Within one year from the Closing Date, Buyer shall construct and obtain a certificate of occupancy from the City of Ramsey for a minimum 7,000 SF building compliant with COR Zoning requirements to be further defined by an approved Site Plan.. At Closing, a "Right of Re-Entry Agreement" shall be executed and recorded against the Property providing that, in the event the above deadline is not met, Seller has the right to reclaim title to the parcel(s) for which a certificate of occupancy was not obtained.

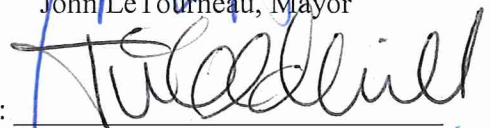
29. TIME PERIODS. The time for performance of any obligation or taking any action under this Agreement shall be deemed to expire at 5:00 p.m. Central Time on the last day of the applicable time period provided for in this Agreement. If the time for the performance of any obligation or taking any action under this Agreement expires on a Saturday, Sunday or legal holiday, the time for performance or taking such action shall be extended to the next succeeding day which is not a Saturday, Sunday or legal holiday.

30. PLATTING & DEVELOPMENT AGREEMENT. Buyer must be in the process of obtaining an approved final plat, development agreement, and building exterior visual renderings with the City of Ramsey for its intended project before Closing. The Development Agreement and Site Plan must comply with all local zoning ordinances and design standards, including The COR Design Standards.

SELLER: The City of Ramsey, a Minnesota municipal corporation

By: 
John LeTourneau, Mayor

Dated: 10-01, 2020

By: 
Kurt Ulrich, City Administrator (ACTING)

Dated: 10/1/20, 2020

TIM GRADHILL

BUYER: JAVA COMPANIES, LLC. & OR ASSIGNS

By: 
Mark Krogh, Chief Manager

Dated: September 25, 2020

Exhibit A

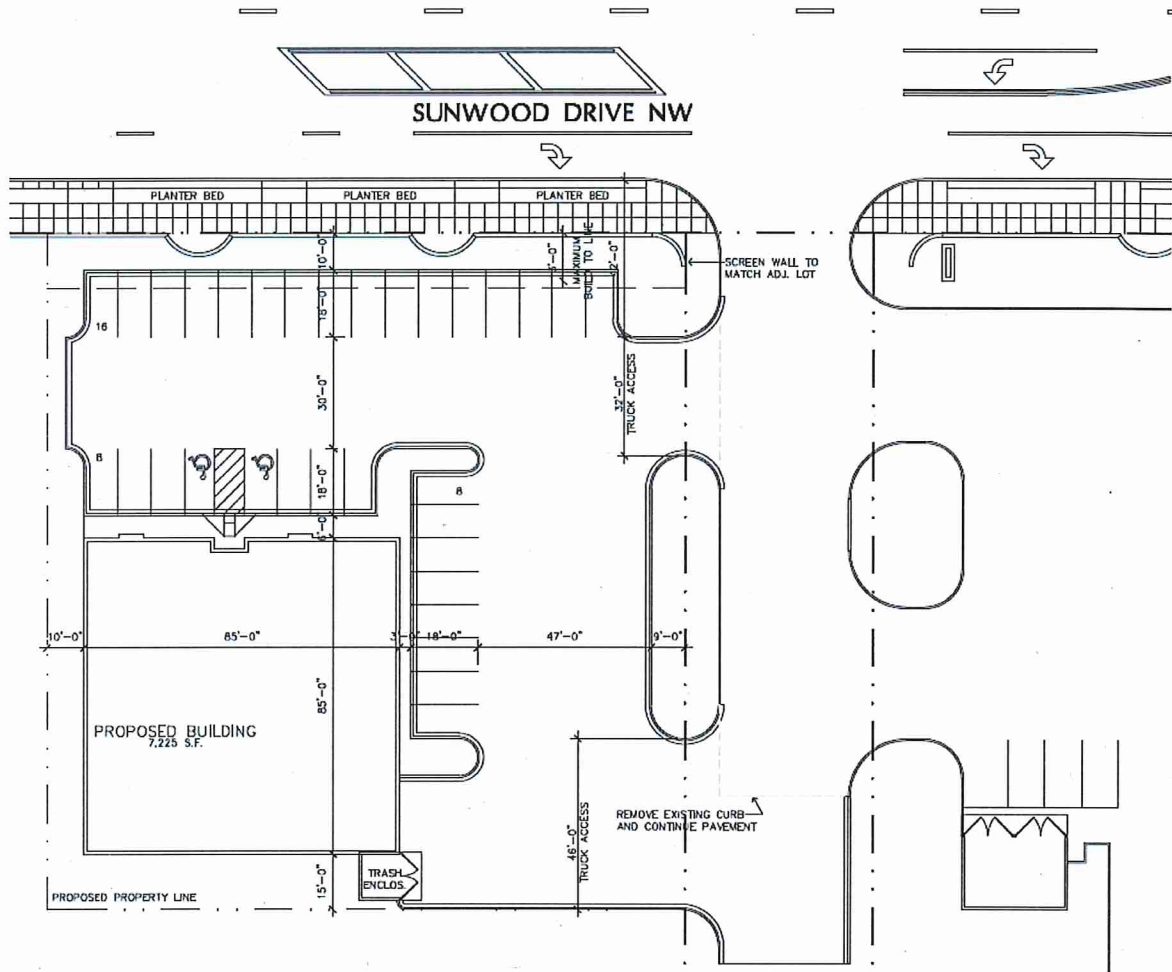
Legal Description

Part of Outlot GG. Ramsey Town Center Addition, to be platted as:

T.B.D. Anoka County, Minnesota

PID Number: Portion of 28-32-25-41-0020 ("Property")

Exhibit B
Concept Plan



Economic Development Authority (EDA)

4. 2.

Meeting Date: 05/13/2021

By: Sean Sullivan, Community
Development

Title:

Review West Armstrong Redevelopment Plans and Discuss Opportunities for Strategic Acquisition to Preserve Redevelopment Vision (portions of meeting may be closed to the public under Minnesota Statutes Section 13.D.05 Subdivision 3(c)(3) to consider purchase of real property)

Purpose/Background:

Further direction on this case was originally tabled at the April EDA Meeting. Staff is compiling any final questions submitted by EDA Commissioners and will be making further recommendations on or about Monday, May 10. This agenda will be updated at that time.

Purpose:

To discuss support for a potential infrastructure project west of Armstrong Blvd and to consider City role in the potential purchase of property in the area from willing sellers. The parcels below currently have active businesses or structures on site:

1. 8100 146th Avenue NW. Anoka County PID is 29-32-25-14-0012. Legal Description is Lot 1, Block 1, Hauser Addition
2. 8049 146th Avenue NW. Anoka County PID is 29-32-25-14-0011. Legal Description is Lot 4, Block 2, Hy-10 Ramsey
3. 8050 147th Avenue NW. Anoka County PID is 29-32-25-14-0008. Legal Description is Lot 1, Block 2, Hy-10 Ramsey
4. 14700 Armstrong Blvd NW. Anoka County PID is 29-32-25-11-0008. Legal Description is Lot 3, Block 1, Hy-10 Ramsey 3rd Add.
5. XXXX Ferret St NW, Anoka County PID is 29-32-25-11-0009. Legal Description is Lot 1, Block 1, Hy-10 Ramsey

(Number Identified on attached Map)

*Portions of meeting may be closed to the public under Minnesota Statutes Section 13.D.05 Subdivision 3(c)(3) to consider purchase of real property.

Background:

The Industrial market remains strong in the City of Ramsey. Industrial land over 1 acre, that is ready for development is becoming harder to find in Ramsey. Staff has received inquiries from existing Ramsey business looking to expand or build new buildings (15-50,000 SF Range) in the near future. Currently, the 43 acres east of Delta Mod Tech and the 14 acres south of Connexus are under contract or are in negotiations. That leaves approximately 20 acres west of Armstrong Blvd off Bunker Lake Boulevard as the only larger piece of land shovel ready for industrial development.

Purpose

The purpose of this case is to seek high-level policy direction as a recommendation to the City Council to discuss how aggressive the City should be to preserve the vision for cleanup and redevelopment of the industrial park generally west of Armstrong Boulevard and north of Highway 10.

There are 3 major components of planning in this area.

1. Future Land Use Planning/Zoning/Non-Conforming Uses
2. Economic Development Tools to Facilitate Cleanup/Blight Removal and Redevelopment

3. Infrastructure and Roads/Pavement Management Program

Background

Future Land Use Planning/Zoning/Non-Conforming Uses

From approximately 2015 through 2018, the City convened a series of public engagement meetings that led to the visioning and small area plan for this area. The planning area also included areas now known as the Bunker Lake Industrial Park and Riverstone Neighborhood. This redevelopment area is the final piece of this small area plan.

This area pre-dates current zoning regulations and zoning district, providing protections under lawful, non-conforming statutes. This area is generally characterized by aging, underutilized buildings and significant outside storage. As the surrounding areas of The COR, Bunker Lake Industrial Park and Riverstone Neighborhoods continue to develop, this aging industrial park appears to be in conflict with these surrounding areas. Public Nuisance Complaints continue to increase. A former gas station and former liquor store were previously purchased and removed to make way for the Armstrong Interchange.

The future land use vision contemplates this entire area redeveloping. Most of the Property Owners share this redevelopment vision, but timing, financing and market conditions appear to be a barrier. The areas east of Ferret Street are visioned as redeveloping as a primary retail corridor for the community. This area includes the new West Armstrong Retail Center. The areas west of Ferret Street are visioned as redeveloping as another business park similar to the Bunker Lake Industrial Park.

The City continues to respond to numerous zoning inquiries for uses that are not allowed by code and not protected by lawful, non-conforming statutes. The City has shown some flexibility through the issuance of Interim Use Permits that allow a temporary use until such time redevelopment occurs. Staff seeks policy direction as to whether this continued allowance for interim uses is appropriate, or a more aggressive approach is desired.

Economic Development Tools

Redevelopment projects are naturally more complicated and more expensive than 'greenfield' development of raw land. It is unlikely that the City will achieve the broader blight removal and redevelopment vision without financial assistance of some degree, including but not limited to potential acquisition of key parcels to preserve said vision. The site is located within TIF District #14 that also includes The COR.

Infrastructure and Roads/Pavement Management Program

In 2017-2018, the City began planning for the reconstruction of 146th Avenue, 147th Avenue and Ferret Street. In January of 2019, the City cancelled/delayed the project until future land use planning and visioning were complete. With the completion of the 2040 Comprehensive Plan Update, that visioning and land use planning is now complete and the City should be able to move forward with this needed pavement management plan without interfering with the redevelopment vision. In fact, investment in basic infrastructure in this area may leverage interest in private redevelopment. Based on current economic conditions and demand for industrial land, Staff thought this would be a good time to revisit this position. This project expands sewer and water in the area and also connect Ferret Street to Bunker Lake Boulevard (new infrastructure in addition to reconstruction of existing infrastructure).

Notification:

Notification is not required.

Observations/Alternatives:

Observations:

The current uses (outside storage/industrial) by many of the businesses in the area (generally east of Ferret Street) are not consistent with current zoning (COR Retail). The industrial uses are considered lawful, non-conforming and can continue to operate as long as the use does not change and they are in compliance with city code. A few of these properties have required code enforcement actions to bring them into compliance due to excess outside storage and site use issues and the frequency of this has increased. Staff has been contacted by some landowners in the area west of Armstrong Blvd asking if the City would be interested in acquiring their properties. If the City is committed to a redevelopment City infrastructure project in the area, a strategy should be developed around the prioritization of land acquisition.

Alternatives:

At this time, this is simply a discussion item to determine the EDA level of interest in the proposed redevelopment project and to potentially identify parcels for acquisition. Nothing in this case should be interpreted as the City is actually considering additional land acquisition. Staff has not formulated a formal recommendation, and is seeking broad EDA recommendation. Here are some questions to contemplate:

- Does the EDA support making more industrial zoned property with sewer and water infrastructure available?
- Would the EDA support using TIF/EDA/HRA dollars to prepare plans and specs for roads and utilities?
 - TIF would be an eligible funding source if funds are expended prior to November 28, 2021
- Would the EDA support using TIF/EDA/HRA dollars to extend utilities, rebuild roads and extend Ferret Street north to Bunker Lake Boulevard?
 - TIF would be an eligible funding source if funds are expended prior to November 28, 2021
- Is the EDA interested in purchasing properties with blight and zoning issues (tied to recent zoning requests)?
- Is the EDA interested in purchasing strategically located properties to help facilitate this redevelopment project (i.e, locations for regional storm water)?

Funding Source:

If as a matter of policy and priority, the City felt this was an appropriate acquisition(s), there likely would be adequate economic development funds. Possible funding sources include:

1. EDA Fund
2. Anoka County HRA (Housing and Redevelopment Authority) Fund
3. TIF (Tax Increment Financing) (Expenses incurred prior to November 28, 2021)

Recommendation:

Based on discussion.

Action:

Based on discussion.

Attachments

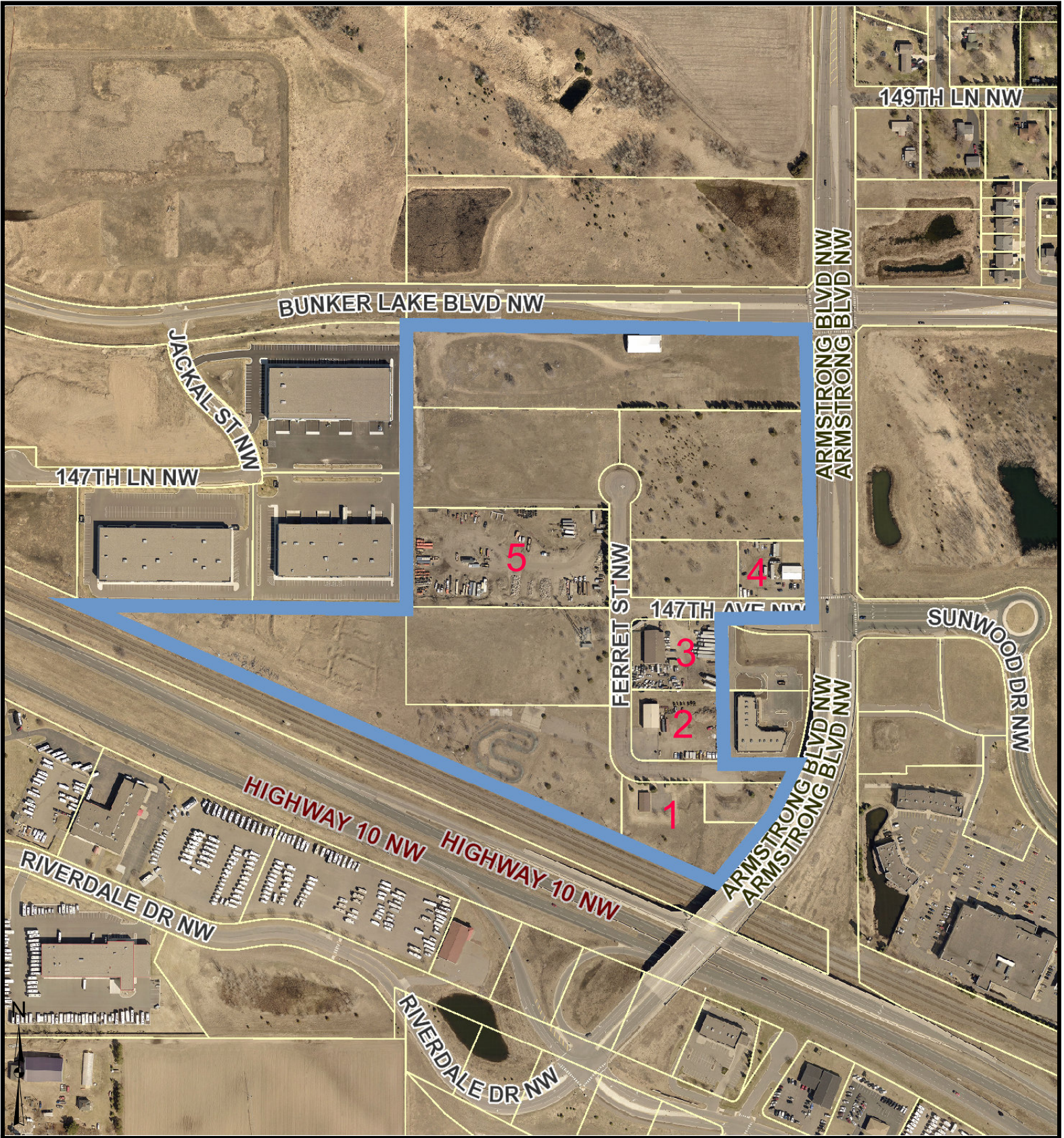
Site and Parcel Location Map

January 2019 Project Termination Letter

Form Review

Inbox	Reviewed By	Date
Sean Sullivan (Originator)	Sean Sullivan	05/05/2021 04:20 PM
Tim Gladhill	Tim Gladhill	05/07/2021 10:21 AM
Form Started By: Sean Sullivan		Started On: 04/23/2021 03:31 PM
Final Approval Date: 05/07/2021		

West Armstrong Redevelopment Area



Parcel Information: Approx. Acres: 45
 Commissioner: MATT LOOK

Owner Information:



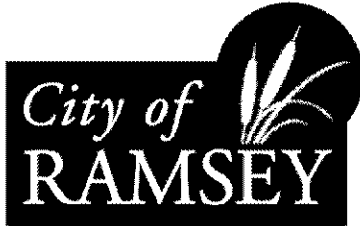
Plat:

Sean Sullivan

1:4,800

Date: 3/29/2021

Disclaimer: Map and parcel data are believed to be accurate, but accuracy is not guaranteed. This is not a legal document and should not be substituted for a title search, appraisal, survey, or for zoning verification.



7550 Sunwood Drive NW • Ramsey, MN 55303

City Hall: 763.427.1410 • Fax: 763.427.5543

www.cityoframsey.com

January 22, 2019

Re: Termination of City Improvement Project #18-02, HY-10 Street Reconstructions

On Tuesday, October 23, 2018, the Ramsey City Council adopted Resolution #18-218 accepting the Feasibility Report for Improvement Project #18-02, HY-10 Ramsey Street Reconstructions, including Staff's recommendation to shelve the project until it is no longer needed, or until abutting property owners request that the streets be repaired, such as in the form of a petition.

The City strives to allocate resources as cost-effectively as possible by completing the proper improvements at the proper time. Considering the significant potential for re-development of the HY-10 Ramsey development, the City felt it would make the most sense to shelve Improvement Project #18-02 at this time. This effectively means the City will not propose to improve the streets in this development while waiting to determine if re-development will occur.

Even though Improvement Project #18-02 was shelved, the City's Public Works Department plans to repair and/or replace the bituminous pavement in and around the intersection of 147th Avenue and Ferret Street this summer.

This will be the last communication you will receive regarding this terminated improvement project. If you have any questions, please contact me at 763-433-9825 or bwestby@cityoframsey.com.

Sincerely,

Bruce Westby
City Engineer

Economic Development Authority (EDA)

4. 3.

Meeting Date: 05/13/2021

By: Sean Sullivan, Community
Development

Title:

2021 Business Appreciation Day Event

Purpose/Background:

Purpose:

Provide update to the EDA of the status of 2021 event and to receive feedback.

Background:

The City of Ramsey has a rich history in hosting a Business Appreciation Day and Business of the Year Awards Dinner to celebrate the great businesses in our community. Historically, the City has had up to 144 participants in the event and staff will work to achieve maximum attendance this year, dependent on Executive Orders.

Wells Catering has been the caterer for the event in past years and has agreed to do so again in 2021. Staff is satisfied with the service provided by Wells Catering in the past. However, Staff does acknowledge that Wells Catering has recently been sold and is no longer a business that is headquartered in Ramsey. Wells Catering is technically part of Lynde's Catering based in Osseo, Minnesota. Depending on the contract with The Links at Northfork, Staff is open to looking at Ramsey Based Caterers such as Lisa's Catering or Kitchen Table.

The Links of Northfork has been the host of this event for many years and have agreed to host again. The facility size and layout are conducive to a great event. All aspects relating to the format, golf, meal and 2021 Business of the Year ceremony will remain consistent with non-Covid 19 years aside from the current capacity limit of 140 people. The EDA has always provided a City of Ramsey item for each of the participating golfers. Staff proposes that this marketing "giveaway" continue and is asking for staff to have the discretion to select and item.

On May 6, Governor Walz announced additional rollbacks of Covid-19 restrictions that is of benefit to a move towards the traditional format of this event. Staff will adjust as we better understand these parameters.

Notification:

N/A

Observations/Alternatives:

The City of Ramsey Economic Development Team has been working with Ace Sales, Wells Catering, The Links at Northfork and other local vendors to get pricing for event related activities and items. Based on information we have received at this time, a \$5,000 allocation by the EDA for this event should be sufficient to maintain a balanced budget with some flexibility. This event focuses on networking and celebration for all Ramsey Businesses. Staff is looking for authorization to move forward in event planning and to select vendors and items.

Budget:

Staff has put together a preliminary budget that includes a \$5,000 EDA allocation. Last year, the EDA allocated \$6,000 for the event due to special circumstances. The remaining balance is funded through sponsorships, dinner tickets and event registrations. The preliminary budget for the event is \$19,268.00. The 2021 budget includes some of these key highlights.

Key Line Item Costs per Attendee

\$99.00 - Cost for Golf \$99.00 and Dinner (same as previous non-Covid 19 years)

\$40.00 - Cost for Dinner Only

\$20.00 - Promo Item - TBD

\$150.00 - Hole Sponsor

Once EDA has approved \$5,000 budget allocation, Staff would like to send out the email invite to Ramsey Businesses and past attendees on or before June 4, 2021.

Key Dates (tentative):

March 26 - Save the Date flyers emailed and posted on website.

June 4 - Event invites sent out via email.

June 4- Online registration opens.

August 9 - Online registration closes.

August 17 - Business Appreciation Day / 2021 Business of the Year Recognition (Armstrong Kennels)

Venue Capacity:

Currently 140 people. Staff is proposing 128 golfers and 12 dinner only format unless capacity can be increased. Based on the May 6 Governor Walz Announcement, this can likely be expanded. Staff will be prepared for a more detailed update at the EDA Meeting. As time allows, Staff may update this case prior to the meeting. The event will still need to adhere to any parameters set by The Links at Northfork.

Event: (tentative)

9:00 Driving Range Opens

10-10:45 Registration

11-4:00 - Golf Tourney

4:30 - Dinner and Awards

Funding Source:

EDA Marketing Budget 9230-6246- \$5,000 and Event Revenue.

Recommendation:

Staff recommends that the EDA authorize a budget allocation of \$5,000, select a preferred caterer and select Tuesday, August 17 at The Links at Northfork for the 2021 Business Appreciation Day Event.

Action:

Motion to authorize EDA budget allocation of \$5,000, select _____ as the preferred caterer and select Tuesday, August 17 at The Links at Northfork for the 2021 Business Appreciation Day Event.

Attachments

Save the Date - March 26

REVISED Proposed Budget

2021 Promo Ideas

Form Review

Inbox

Sean Sullivan (Originator)

Tim Gladhill

Form Started By: Sean Sullivan

Final Approval Date: 05/07/2021

Reviewed By

Sean Sullivan

Tim Gladhill

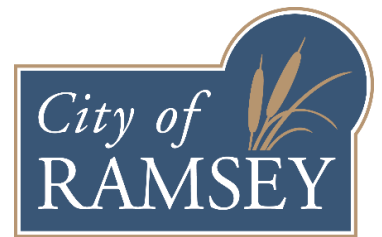
Date

05/04/2021 04:05 PM

05/07/2021 10:15 AM

Started On: 05/04/2021 10:48 AM

Save the Date!



Ramsey Economic Development Authority

2021 Business Appreciation Day

August 17, 2021

The Links at Northfork

Save the date for the City of Ramsey Economic Development Authority's annual Business Appreciation Day Golf Tournament and recognition of the 2021 Ramsey Business of the Year! We are hopeful to return to an in-person banquet and awards ceremony this year so round-up your team of four and join us for an 18-hole "Best Ball" scramble.

Watch for details and registration in June!



2021 Projected Budget - EDA Business Appreciation/Golf

	2021			
REVENUES	Price ea	#	Est Budget	Actual
Hole Sponsors	\$ 150.00	18	\$ 2,700.00	
Golf/Event Fees*	\$99	130	\$ 12,870.00	
Dinner Only Fees	\$40	12	\$ 480.00	
EDA Budget Allocation			\$ 5,000.00	
Total Revenues			\$ 21,050.00	
EXPENSES				
Golf Registrations	\$60.00	144	\$ 8,640.00	
Dinner - Caterer	\$ 40.00	170	\$ 6,800.00	
			\$ -	
Promo Item	\$ 20.00	150	\$ 3,000.00	
Biz of Year Award			\$ 110.00	
Biz of Year Flag (+ Design)			\$ 225.00	
Photography			\$ 899.00	
Sponsor signs (TJ & Associates)	\$ 25.00	8	\$ 200.00	
Raffle Prizes, etc.			\$ 800.00	
Tourney Winner Prize	\$ 25.00	4	\$ 100.00	
Contest Winner Prizes	\$ 25.00	4	\$ 100.00	
Sponsor Banner (Do All Printing)			\$ 45.00	
Misc. supplies (Coborns - water/candy)			\$ 60.00	
Total Expenses			\$ (20,979.00)	
Net Balance			\$ 71.00	

NOTES:

\$5,000 EDA Allocation- 9230.6249 w923002

Qty 4 (\$396) fees comped for Biz of Year, Rum River Chiropractic - Qty 4 (\$396) City - Qty 6 (\$594)

Giveaways

Min Qty = 140 @\$17 each

Mini USB Fan - @\$15.40/ea with set up

<https://acesales1.dcpromosite.com/p/product/ccbba4d2-0ed8-4983-840e-c3c6bd8d01b5/rechargeable-mini-usb-fan>

Pop Socket/Phone Stand - \$5.40

<https://acesales1.dcpromosite.com/p/product/a44ce543-a857-41ae-9ea6-cee579b8b66e/popsockets-popgrip>

Bluetooth Wireless Earbuds - \$16.50

<https://acesales1.dcpromosite.com/p/product/dfed241-51ee-4445-a9ee-7cd9333a95f4/bluetooth-wireless-earbuds-w-case>

30 oz Vacuum Sealed Tumbler – \$19.42/144

<https://acesales1.dcpromosite.com/p/product/534fbe88-6b91-42a4-ae71-09b25c5f2ac9/30-oz-kong-vacuum-insulated-tumbler>

Regency Tumbler - \$14.62/ea

<https://acesales1.dcpromosite.com/p/product/73f2f646-a259-4c03-bad5-1b5ed7b994ea/regency-16-oz-tumblrite.com>

Koozie Sport Can Cooler - \$19.80/ea

<https://acesales1.dcpromosite.com/p/product/60e857d5-07e9-41e4-8558-ac9f17d0dcba/koozie-sport-20-can-kooler>

Slicker Slicker Poncho - \$14.75/ea

<https://acesales1.dcpromosite.com/p/product/44d084fb-7ad4-4444-9459-746782907c42/slicker-slicker-poncho>

Dual USB Charger - \$9.63

<https://acesales1.dcpromosite.com/p/product/68cbb8b2-8bf9-4e1e-ac4a-b789fead7082/autopop-car-charger>

Mobile Charger Travel Kit - \$18.99

<https://acesales1.dcpromosite.com/p/product/3c4078d6-df9b-4259-8ee5-01b443299069/mobile-travel-kit-w-wall-car-charger-powerbank-cord>

Economic Development Authority (EDA)

4. 4.

Meeting Date: 05/13/2021

By: Sean Sullivan, Community
Development

Title:

Consider Implementation of Metropolitan Council Sewer Availability Charge (SAC) Deferral and Financing Program

Purpose/Background:

The purpose of this case is to determine if the EDA is supportive of adding an additional business assistance tool to finance Metropolitan Council Sewer Availability Charge (SAC).

The City of Ramsey has recently put in place a revised SAC and Water Availability Charges (WAC) Deferral program for for-profit restaurants. The program provides for a 5 year, forgivable 0% interest loan for up to 70% of the charges due. This program is limited to restaurants only as they have been identified by the EDA as a targeted industry for recruitment and development.

All new construction that results in the creation of new space, expansion of existing space or increase in intensity of use of existing space is required to pay SAC and WAC fees at time of Building Permit. SAC and WAC fees are based on the size and use of the business. For existing spaces, additional charges are only due if the intensity of the use is expanded based on a clearly defined formula.

The Metropolitan Council has a SAC Deferral and Financing Program that can be used for any type of business. They will allow a maximum of 80% of 25 SAC units to be deferred/financed from a period of up to 10 years. Cities have the ability to modify or otherwise restrict up until the maximum amount to tailor their own local program. The City must commit to making the SAC Payment to MCES once an agreement is put into place. It is up to the City to enter into a separate agreement with the participating business to ensure the business pays on time. The arrangement for SAC

Staff would like to know if the EDA would like to explore this program further and to potentially develop a draft policy for consideration. A draft application from the City of Rosemount has been supplied for reference.

Notification:

N/A

Observations/Alternatives:

Staff understands that implementation of a program of this type will create more administrative work for both Economic Development, Building and Finance, but something that is completely manageable. This is simply another tool for the toolbox to help recruit and retain businesses. The purpose of this case is to get some feedback from the EDA on whether adding a program like this would be beneficial to businesses and efficient to operate and to explore further. In addition, discussion on the scope of a potential program would be helpful in the the event that Staff is directed to do more research and to put together a sample policy or application. A few items to consider for a draft policy are:

1. What is the maximum percent of SAC that would be deferred (capped at 80% of the fee)?
2. What is the maximum length of repayment timeframe (capped at 10 years)?
3. Should this be limited to certain business types?
4. What is the maximum amount of SAC units to be deferred (capped at 25 SAC Units - approximately \$2,500 per SAC unit for a total of \$62,500)?
5. Are there any other qualifying criteria the EDA would like to consider?

Alternatives:

1. Direct Staff to conduct further research and to bring back a draft policy for future EDA review
2. Direct Staff to expand our current Restaurant Subsidy Program (forgivable loan - internal processes) to include more business types
3. Do nothing. Current programs are sufficient.
4. Something else.

Funding Source:

This would be covered under normal staff duties. EDA could be a potential funding source in the event that a business is in default.

Recommendation:

Staff is open to the idea of exploring the SAC Deferral program further if the EDA deems it worthwhile. If a decision to explore this further is made, Staff would like some EDA consensus on some general parameters of a proposed policy or program.

Action:

Motion to direct Staff/not direct Staff to conduct further research and to bring back a draft SAC Deferral Policy for future EDA review.

Attachments

MCES Deferral Program Application

Sample City of Rosemount Application

Form Review

Inbox

Sean Sullivan (Originator)

Tim Gladhill

Form Started By: Sean Sullivan

Final Approval Date: 05/07/2021

Reviewed By

Sean Sullivan

Tim Gladhill

Date

05/06/2021 09:34 AM

05/07/2021 08:36 AM

Started On: 05/06/2021 08:30 AM

SAC Deferral Program

Description and Application

To promote business development, Metropolitan Council Environmental Services (MCES) provides communities the option to participate in the SAC Deferral Program to defer some SAC payment obligations. This option allows deferral of up to 80% of SAC due for the wastewater demand created by businesses (communities are required to pass on the benefits of deferred SAC payments to the participating businesses). Businesses allowed to participate are those within an eligible city and where a new SAC determination of 25 or fewer SAC units occurs (total charge before credits). To obtain these deferments, communities must first complete and submit to MCES a signed master SAC Deferral Agreement (Agreement). This Agreement will be sent to interested communities for signature after the information in the following table is completed and returned to MCES.

1. Community:
2. Community Address:
3. Contact (Finance Director or CFO):
4. Community-Wide Maximum Percent of SAC that can be Deferred (80% maximum):
5. Community-Wide SAC Deferment Period (years):
6. Payment Month(s):

For 4, 5 and 6 above, each participating community has additional implementation options that will apply to all its deferrals:

4. For qualifying SAC liabilities (businesses with total determinations of 25 units or fewer), MCES allows the community to defer up to 80% of SAC due; however, a community can set a maximum that is lower than this (fill in this percentage on line 4 above). Once this community maximum is set, the percentage deferred for each individual site deferral can be lower than this maximum but cannot be higher (e.g., a community chooses a 75% maximum, but a business chooses to pay 50% up front). For each individual deferment, this site-specific percentage must be noted on the MCES SAC-E Form, available at: <http://www.metrocouncil.org/SACforms>
5. Deferment period (term): Choose any whole number up to a maximum of 10 years. This term will apply to all individual deferments from the community. However, note that the Agreement allows any individual deferment to prepay the remaining principal (and interest up to the payoff date) at any time.
6. Timing of payments: Annual or semi-annual payments are allowed, on any month-end during the year (e.g., a schedule may be preferred that corresponds with local SAC collections, assessments, or other payments from businesses). Mid-year (end of June) and end of December payments are most common, and what MCES prefers.

Communities are strongly encouraged to:

- Consider which staff will be responsible for authorizing SAC deferrals and what the process will be to implement site specific deferral arrangements as are allowed under the Agreement with MCES;
- Consider the need for policies or ordinances around your agreements or arrangements with business and property owners (in some cases those parties may have different interests);
- Consider in advance how to react if a business fails to pay, which will not relieve the community of its deferral payment obligation to MCES, unless the business closes as described below; and
- Review the Agreement with involved community staff and legal advisors before signing. Please note that this program is offered only as described in the Agreement; MCES does not anticipate changing it.

Once the Agreement is executed, SAC reporting staff in your community must also attach the MCES SAC-E form with monthly SAC reporting for each qualified business for which the community is allowing the deferred SAC payment. Each deferral liability will be effective the first day of the subsequent month (e.g., for an April building permit that is due and typically reported in May, interest will begin accruing June 1).

Principal on the deferred amount will be amortized monthly at a fixed interest rate based on MCES' average cost of debt (per statute). MCES' average cost of debt, computed on December 31 each year, will be used as the interest rate for all new deferrals entered into the following calendar year. For example, the average rate was 2.27% on 12/31/18, so all deferrals originating in 2019 use this rate, and the rate will be fixed for the duration of each individual deferral started in 2019. Near the end of January each year, MCES will provide the new interest rate (for deferrals started in the new calendar year) to participating communities.

If a participating business completely closes, the community has an option to discontinue making deferral payments to MCES. If this option is chosen, it requires a notification to MCES and a certification of the business closing. In this situation, the site will not be credited with the unpaid wastewater capacity (for future SAC determinations), but will get credit for each SAC unit paid. No payments will be refunded and no net credits will be transferrable off the site (unless and until a redevelopment requires less wastewater capacity, as on any site). Alternatively, for each such business closure, the community has the option of simply finishing the payments to MCES, which will result in full SAC credit for the next use of the site.

Late payments on deferrals will incur an additional administrative charge of 2% per month plus the maximum interest allowed by law.

SAC Deferral Example #1:

1. Community signs SAC Deferral Agreement in October 2018, establishing basic deferral terms including maximum amount deferred (e.g., 80%), standard community deferral length (e.g., 5 years), and the payment timing requested (e.g., billing only on anniversary of Agreement).
2. An 8-SAC unit business is permitted February 2019. On the SAC Activity Report for February, the community chooses a deferral and:
 - a) Pays 20% of the SAC for the site = $8 \times 20\% = 1.60 \times \$2485/\text{unit}$ [2019 SAC rate] = \$3976

- b) Attaches SAC-E form that details the information for this individual deferral:
 - i. Property Address = 123 45th Street, City of XYZ
 - ii. Business Name = Acme Genetics, Ltd.
 - iii. Permit Issued Date = 2/15/19
 - iv. Start of Loan Date = 4/1/19 (1st day of month after SAC report is due)
 - v. Deferred amount = 8 SAC units X 80% = 6.40 X \$2485/unit = \$15,904
- 3. MCES sends an invoice detailing the amount due on the SAC deferral(s) in October 2019. In this single deferral example:
 - a) \$15,904 is spread over 5 years with monthly amortization at 2.27% interest (the 2019 interest rate) = \$280.64/month.
 - b) Payment on this loan = \$280.64 X 7 months [April through October] = \$1,964.48
 - c) Invoice is sent out annually (aggregating all community deferrals).
 - d) Payment is due in 30 days.

In this example, unless the deferral is prepaid, the community will pay for 12 months in 2020, 2021, 2022 and 2023, and only 5 months on the last year's invoice (2024). At that point the full 8 SAC is paid and creditable to future use.

SAC Deferral Example #2:

Same circumstances as above but the business closes in 2021 after community made 2 payments (for 7 months in 2019 and 12 months in 2020).

In June 2021, community notifies MCES that the business closed. Community has two options:

1. Continue remitting the remainder of the SAC deferral payments as scheduled. The full 8 SAC units will be credited to future use on the site as all units are paid for. Of course, if the new use is different, a new SAC determination must be made, and the community will owe SAC for any incremental capacity demand.
2. Discontinue accruing liability. The community still needs to pay for the 5 months that wastewater demand was needed in 2021, but it has no obligation for the rest of the scheduled payments. Only what was paid is creditable for future use (24 months of 60 is paid = 40% X 6.4 SAC units = 2.56 credits available for the site, in addition to 1.60 units from the original down payment).

If you wish to participate in the deferral program and are ready for the master SAC Deferral Agreement, fill out the boxes at the top of this application and return it to Dan Schueller, MCES, 390 North Robert Street, St. Paul, MN 55101 or dan.schueller@metc.state.mn.us. For questions about the SAC program in general, please contact Jessie Nye at jessica.nye@metc.state.mn.us. For SAC determinations, please contact the SAC program at SACprogram@metc.state.mn.us.



ROSEMOUNT

MINNESOTA

ROSEMOUNT SEWER FEE DEFERRAL PROGRAM APPLICATION

BUSINESS INFORMATION

Business Name: _____

Business Address: _____

Business Contact: _____ Title: _____

Principals and Titles: _____

Telephone: _____

E-Mail: _____

PROPERTY OWNERSHIP INFORMATION

Property Owner: _____

Address: _____

Telephone: _____

E-Mail: _____

SAC UNIT DETERMINATION

The Metropolitan Council has established a total Sewer Availability Charge (SAC) Unit Determination for the Business, including **all leased/owned space at the above address** (attach the SAC determination letter):

_____ Gross Units; _____ Credits; _____ Net Units; _____ Rounded Units

Note: Gross Units will be rounded down at **x.49** or less, and units will be rounded up at **x.50** or more.

PROGRAM ELIGIBILITY

SAC Unit (Gross) determination is between 2.50 and 24.99 units? _____ Yes, _____ No

SAC Unit (Gross) determination is 25.00 units or more? _____ Yes, _____ No

- If your gross determination is between 2.50 and 25.49 units, you may apply for a deferral of Met Council SAC **and** City of Rosemount sewer connection. If the SAC determination is over 25 units you are not eligible for the program.

The SAC Unit determination allows me to apply for the following fee deferrals (deferral 80% of the total billing) to be paid to the City of Rosemount monthly for sixty (60) months as defined in a Payment Agreement to be executed between the Property Owner and the City.

_____ Metropolitan Council SAC (\$2,485 per unit in 2015)
 _____ Rosemount Sewer Connection Charge (\$1,200 per unit in 2015)

Eligibility is also based on answering "Yes" to all six questions below:

1. ___ Yes / ___ No Property tax payments are current?
2. ___ Yes / ___ No The business is in good standing with the State of Minnesota?
3. ___ Yes / ___ No The property is in compliance with Rosemount City Code?
4. ___ Yes / ___ No The SAC determination is two (2.0) or more gross units?
5. ___ Yes / ___ No The property is located within the City of Rosemount?

AUTHORIZATION

I understand the City of Rosemount Sewer Fee Deferral Program.. I hereby certify that the above statements are true and correct to the best of my knowledge. I understand that any false statements may disqualify me or this business from the Rosemount Sewer Fee Deferral Program.

Business Signature: _____ Date: _____

Property Owner Signature: _____ Date: _____