

**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, July 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 Rachal Johnson
 Member William MacLennan
 Member Michael Olson
 Member Chris Riley

Members Absent: None

Also Present: Sean Sullivan, Economic Development Manager

1. CALL TO ORDER

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

2. APPROVE AGENDA

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

A roll call vote was performed:

Member Howell	aye
Member Riley	aye
Chairperson Steffen	aye
Member Cords	aye
Member Johnson	aye
Member MacLennan	aye
Member Olson	aye

Motion carried.

3. CONSENT AGENDA

3.01: Approve Meeting Minutes Dated June 10, 2021

Motion by Member Cords, seconded by Member MacLennan, to approve the June 10, 2021, minutes as presented.

A roll call vote was performed:

Member Howell	aye
Member Riley	aye
Chairperson Steffen	aye
Member Cords	aye
Member Johnson	aye
Member MacLennan	aye
Member Olson	aye

Motion carried.

4. EDA BUSINESS

4.01: Review Site Concept, Project Analysis and Recommendation for Public Hearing for TIF 18; Case of Oppidan

Economic Development Manager Sullivan presented the staff report.

Jason Aarsvold, Ehlers, stated that this project would have three buildings and provided an overview of the underwriting process Ehlers completes to ensure the projections from the applicant are accurately represented. He stated that these are industrial buildings intended for industrial manufacturing uses and the expenses and projected rents were accurately represented. He stated that without any assistance, the project was getting to about a 6.36 percent return on cost whereas the typical market would have a 6.5 to seven percent return on cost. He noted that the developer was attempting to get to a 6.75 percent return on cost but the increase in building materials had an impact on costs. He stated that they can use a nine-year economic development district to help the developer reach the return they are attempting to reach. He stated that the developer will pay all costs upfront and will ask for a reimbursement of eligible project costs in the form of a TIF Pay-Go Note. He explained that there is no risk for the City in using this method.

Chairperson Steffen referenced the original ask of \$2,900,000 and asked if the reduction to \$1,172,000 was done before or after the Ehlers analysis.

Mr. Aarsvold stated that it was a bit of both. He stated that the original number may have come from him, and the reduced number was a result of continued discussion and negotiation by city staff. He stated that the City wants to ensure that the assistance does not overly enrich the project but also wants to ensure it provides the increased return on cost that would be needed. He confirmed that he has spoken with the developer on multiple occasions to ensure this is workable for all parties.

Chairperson Steffen asked if the purchase agreement in place is contingent on the TIF.

Economic Development Manager Sullivan stated that the purchase agreement would have the developer on time to close in August. He stated that the developer has stated that if the TIF is not awarded, it would be difficult to move forward on closing. He stated that the property is not City owned and as part of the closing the current property owner would pay the outstanding deferred assessments from Bunker Lake Boulevard.

Chairperson Steffen asked if Delta ModTech is directly to the west of this site.

Economic Development Manager Sullivan confirmed that Delta ModTech is to the west of this project and is doing well, exceeding all of their job creation projections. He stated that business is actually looking to potentially expand. He provided an update on the available land in that area, noting that about 20 acres would still be available to the south and west in the business park.

Member Riley commented that this would develop industrial land, bring in jobs, be setup in a pay/go format and therefore the City is not at risk, assessments would be paid, and the City would keep 40 percent of the tax revenue. He asked if there are any downsides.

Economic Development Manager Sullivan could not identify and downsides to the project and commented that an additional upside could be that fantastic businesses come in with great jobs, noting that the minimum pay to be considered fulfillment of job creation would be at least \$17.45.

Member Cords asked if that wage number holds throughout the duration of the TIF life or whether it is the percentage of the median income that holds throughout that period.

Economic Development Manager Sullivan stated that typically perhaps the wage would be set as \$18 to account for inflation.

Mr. Aarsvold commented that the jobs have a set number within the agreement and two years is provided to meet that goal. He stated that if a percentage of median income is used, then that figure is used when the review is done. He stated that when the agreement comes forward, that would create the detail about the job provisions.

Chairperson Steffen invited the applicant to speak.

Jay Moore, applicant, stated that Ramsey was a city they came across when looking for industrial land which had the land zoned properly with infrastructure in place. He stated that they got their plan and purchase agreement together and received the proper approvals from the City. He stated that their original cost estimates were feasible but as construction costs have skyrocketed as they get close to closing on the land they have been put into a pinch. He stated that as they spoke with Economic Development Manager Sullivan and Mr. Aarsvold, they discussed the possibility of creating a TIF district to bridge the gap. He stated that they want to proceed with the project and believed that the TIF district would help to get them over the hurdle.

Chairperson Steffen asked for background on Oppidan.

Mr. Moore provided a brief history on Oppidan and their development of retail, industrial, senior housing, office, and data centers with experience in 40 states.

Chairperson Steffen asked if Oppidan typically holds the properties as owner and manager.

Mr. Moore commented that each project is unique, and the decision is market driven.

Chairperson Steffen commented that this seems to meet the vision of the City with many positives that will be provided.

Economic Development Manager Sullivan stated that when a City has these large users, it brings daytime jobs, which increases daytime population and is attractive to restaurant users.

Motion by Member Cords, seconded by Member MacLennan, to recommend to City Council to call for a public hearing for the modification to the development program for Development District No. 1 and the proposed establishment of TIF District No. 18: Oppidan Industrial and to provide a \$1,172,133 business subsidy to the developer in the form of pay-go TIF note.

A roll call vote was performed:

Member Olson	aye
Member MacLennan	aye
Member Johnson	aye
Member Cords	aye
Chairperson Steffen	aye
Member Riley	aye
Member Howell	aye

Motion carried.

4.02: Consider Loan Application for Restaurant Subsidy Program and Policy Amendment: Case of Stories Foundation

Economic Development Manager Sullivan presented the staff report.

Member Cords referenced the 30 percent the developer would be responsible for and asked if that would be split between SAC and WAC.

Economic Development Manager Sullivan confirmed that to be true.

Member Cords asked if a request from a business would go through the EDA and Council each time.

Economic Development Manager Sullivan confirmed that any applications would come through the EDA and Council for review.

Member Riley asked if the restaurant portion would be a nonprofit.

Economic Development Manager Sullivan commented that level of detail has not yet been conveyed, it has been stated that this is a nonprofit entity. He noted that the mission is to stop human trafficking and the revenue from the restaurant would be used to support that purpose. He stated that if a for profit entity were to come in that would bring in an issues with taxes and therefore, he would be surprised if that portion were transitioned to for profit.

Chairperson Steffen asked if this were to be approved, is this the last remaining piece to get this project over the hump.

Economic Development Manager Sullivan stated that he cannot answer that, but the developer has indicated that they need this assistance in order to get there. He stated that the project involves a lot of fundraising and donations. He stated that TIF is not an option because of the nonprofit status.

Chairperson Steffen asked the closing date for the purchase agreement.

Economic Development Manager Sullivan replied that the closing date is July 31st.

Chairperson Steffen noted the goal to bring restaurants into the community and noted that it is not typical to have a nonprofit operate a restaurant therefore he was doubtful similar requests would come forward. He stated that the program has been used a few times in the last ten years and he believes it is a good program to have. He stated that it would appear the question is whether to grant an exception to the current policy for the program or to change the program and noted that he does not have a preference.

Member Cords stated that he likes the idea of granting the exception and did not see a need to alter the program.

Member MacLennan agreed. He stated that the EDA will evaluate each business. He noted that this is a great organization that will provide a good service, but he would want the ability to evaluate each business.

Member Olson asked the reason for omitting nonprofits from the policy to begin with.

Economic Development Manager Sullivan replied that this policy was created prior to his time with Ramsey. He stated that the provision was likely included as a nonprofit does not generate a tax base. He stated that there is the ability to grant an exception.

Member Riley commented that he would want to elaborate on what the exception is and why this nonprofit is being allowed to avoid having to grant similar exceptions in the future.

Economic Development Manager Sullivan noted that this project is within The COR and on City owned land.

Motion by Member Cords, seconded by Member Olson, to recommend to City Council to approve of 70 percent, zero percent interest, forgivable loan for both the SAC and WAC charges in the amount of \$40,068 for Stories Foundation; subject to satisfactory underwriting based on the EDA goals of selling City owned land in The COR, specifically a restaurant.

A roll call vote was performed:

Member Howell	aye
Member Riley	aye
Chairperson Steffen	aye
Member Cords	aye
Member Johnson	aye
Member MacLennan	aye
Member Olson	aye

Motion carried.

4.03: Review Preliminary Concept Plan for Parcel 46 (COR): Case of Centra Homes

Economic Development Manager Sullivan presented the staff report.

Chairperson Steffen asked if Centra Homes would then leave the portion just north and west of the roundabout for a future retail buyer rather than acquire it.

Economic Development Manager Sullivan confirmed that the City would retain that portion as Centra Homes would have no desire to develop retail. He stated that when this parcels develops, Zeolite will be upgraded to City standards.

Member McLennan asked who would be responsible for the cost to upgrade that road.

Economic Development Manager Sullivan stated that the cost share splits from project to project depending on the level of benefit for each party but that would be negotiated.

Member MacLennan commented that there are many apartments and townhomes and not much retail. He asked if allowed additional townhomes would limit the possibility for retail.

Economic Development Manager Sullivan commented that this would be a mix of attached and detached townhomes and would match what is in the D.R. Horton development. He commented that those are valid concerns. He stated that a vision process was completed in 2017 where the City stated that they were open to this type of concept. He stated that directly west of this property has parcels zoned for COR retail. He stated that there are three acres south of this currently under contract and zoned retail. He stated that there on the east side is the new O'Reilly project which is attracting more interest from other retail businesses as well.

Member MacLennan stated that he has spoken with residents that would love to see a big box retailer and if a big box retailer comes in that could attract smaller retailers. He asked if this would be the only location a big box retailer could go in.

Chairperson Steffen commented that it seems there is very little big box retail development nationally.

Economic Development Manager Sullivan confirmed that the big box retail trend is going away and moving towards stand-alone retail. He noted that Ramsey does not have the acreage to do a supercenter like Riverdale. He stated that Ramsey has tried to bring in a user such as Target in the past but has been unsuccessful. He commented that this proposed development would forgo the opportunity for a large, big box user. He commented that there is a lot of demand for housing right now and that the City would receive a lot of development pressure for this parcel. He noted that he wants to be confident in communicating to the City's broker as to the use of the property. He stated that if the City is going to hold to reserving the entire parcel for big box retail it would need to be confirmed with the Planning Commission and City Council as that would be a change from the 2017 vision.

Member Riley commented that this is a big picture policy decision that needs to be made. He stated that the City is coming against the vision of what has been in place for 15 to 20 years in order to respond to the market. He stated that this whole section was previously retail but was then changed to mostly residential with some retail.

Economic Development Manager Sullivan confirmed that the EDA, Planning Commission and City Council were involved in the revisioning of this site and the consensus was that all bodies were open to this type of concept with housing and retail.

Member Riley commented that the developer suggests all residential, but staff suggests carving a portion out for retail to follow the vision from 2017.

Member Johnson stated that COVID changed the way people shop and was unsure that she would want to hold out for big box retail. She noted that many people have changed to curbside pickup and therefore reserving a large portion of land for something that may not ever come. She stated that if there are more residents, that attracts more retailers. She noted that there are big box retailers on both sides of Ramsey and therefore did not see that those big box stores would want to come to Ramsey.

Member Cords asked if the guidance for partial retail would be focused on smaller retail stores and if that were the case, he would prefer to stay with that rather than 100 percent residential.

Economic Development Manager Sullivan commented that a three-acre site could support a multi-tenant space or a standalone businesses. He stated that there is a lot of pressure for dollar stores, noting that he has spoken with two recently.

Chairperson Steffen asked if the map shown is the consensus of the vision from 2017.

Economic Development Manager Sullivan commented that this was one of the visions based on a previous concept that was brought forward. He stated that the Planning Commission has requested a group work session with the EDA and Council to review the visioning once again.

Chairperson Steffen noted that the west side of Armstrong is zoned retail and asked if that stretches to Bunker Lake Boulevard.

Economic Development Manager Sullivan commented that everything east of Ferret Street would be retail and everything west of Ferret Street would be industrial.

Chairperson Steffen asked if it would make sense to match that on the east side of Armstrong as well.

Economic Development Manager Sullivan commented that there was discussion on that in the past and the concern was related to access for commercial near the intersection.

Chairperson Steffen asked for an example of mixed use.

Economic Development Manager Sullivan commented that the vision was to perhaps have a vertical building with first floor retail and apartments above. He noted that he would be at least two stories with a residential component above the first floor.

Member Cords commented that perhaps that would be a good location for the hotel concept if that comes back.

Economic Development Manager Sullivan confirmed that could be a good fit.

Chairperson Steffen commented that if the group agrees that big box retail is not a realistic option, he would find it hard to believe the entire site would be filled with retail. He noted that the question would then be what the split should be between retail and residential and how patient the City is willing to be with its current vision. He stated that any vision could be had, but that does not mean the market will support that vision. He recognized that residents may not be excited about more townhomes, but retailers and restaurants may be excited about that. He stated that generally some combination of retail and residential would make sense for that parcel. He noted that the City goal is to sell land and this developer is interested.

Member Johnson asked if the City has a list of people that have contacted the City with interest in retail development.

Economic Manager Sullivan stated that there are a number of lists with contacts summarized by CBRE and in addition to that, staff has gone to the conferences to meet with specific retailers and restaurants. He confirmed that all contacts are tracked whether through staff or the broker.

Chairperson Steffen noted that the parcel under contract with RGH Ramsey has been under contract for two to three years.

Economic Development Manager Sullivan commented that it was not the best time to be a speculative developer with the timing of the pandemic. He noted that Mr. Hardy continues to work with staff to solicit retailers.

Chairperson Steffen noted that it has been difficult to fill that corner, even pre-pandemic and therefore to say the same thing should be done across the street would not seem to make sense. He agreed that it could be helpful to have a joint meeting with the Planning Commission to ensure they are on the same page, whether or not the Council is involved.

Member Cords asked if this developer had a timeline they would prefer. He asked if this is a concept or something they really want to move forward on.

Economic Development Manager Sullivan commented that another iteration would come forward that carves out the retail and believes that the developer would want to enter into a purchase agreement this year with grading and perhaps building to begin in 2022. He confirmed that he has received sufficient input from the EDA on this topic, reaffirming the vision to include a portion of retail with residential.

4.04: Authorize 2021 Annual Ramsey EDA Business Expo Budget

Economic Development Manager Sullivan presented the staff report.

Member Riley commented that the Council has made it a priority to return to normal as much as possible as fast as it can and therefore, he would love to see this move forward. He asked if they should hurry to do it in October or wait until the normal timeline of April.

Member Johnson stated that perhaps staff should reach out to the businesses to get that input. She stated that if there is interest it could move forward, if not, it could wait.

Economic Development Manager Sullivan commented that the City has a business contact list he could reach out to gauge interest. It was confirmed that could be done through email but noted that there is an advertising deadline that would need to be met in order to support an October event. He believed that it would be important to commit today and if that cannot be done, he would prefer to wait until April. He stated that in 2019 the City paid some deposits, one vendor is willing to roll that into 2022, while the other vendor would not.

Member MacLennan commented that the cost for a business to participate is low at \$50 and many businesses are looking for opportunities to get out there. He believed it would be worth it to hold the event and signal to the community that the businesses are open. He asked if the event were held in October, would it be held again in April as that would seem a quick turnaround.

Economic Development Manager Sullivan commented that staff would suggest returning to the regular schedule. He commented on the uniqueness of the pandemic and noted that this would provide two opportunities for businesses to get out in front of residents and other businesses. He stated that typically there is cross marketing that occurs between the businesses as well at the event.

Member MacLennan noted that businesses could have the same things prepared for the events in October and April and did not believe that would be hard for businesses. He commented that members of the public are also looking for things to go out and do.

Chairperson Steffen agreed that he also supports holding the event in October and again in April. He referenced the proposed budget and stated that he has no recollection of the balloon artist, which is the second highest expense. He stated that it would seem the \$1,200 could be better spent reducing the fee or on giveaways.

Economic Development Manager Sullivan commented that this vendor was very busy and was very popular at the event. He noted that vendor has already been paid for October, but it could be reconsidered in April.

Member Riley attested that the balloon artist and face painting was very popular.

Member MacLennan commented that having something for the kids often brings in the parents.

Member Cords asked the consequences if this moves forward and there is not enough participation by businesses.

Economic Development Manager Sullivan commented that if it is obvious that there is not enough participation, it could be postponed. He stated that at the last event some businesses were turned away. He noted that the policy is to have Ramsey businesses first choice, but other businesses are allowed if spaces are available.

Motion by Chairperson Steffen, seconded by Member MacLennan, to authorize the proposed budget for the 2021 Ramsey EDA Business Expo and to hold the event at Adrenaline on October 16, 2021.

A roll call vote was performed:

Member Olson	aye
Member MacLennan	aye
Member Johnson	aye
Member Cords	aye
Chairperson Steffen	aye
Member Riley	aye
Member Howell	aye

Motion carried.

4.05: Select EDA Representative to Participate on the Interview Panel for the Deputy City Administrator/Community Development Director Position

Economic Development Manager Sullivan presented the staff report.

Member Cords stated that he is very interested in participating and the EDA supported that representation.

5. MEMBER / STAFF UPDATE

Economic Development Manager Sullivan provided an update on anticipated closings for properties along Sunwood Drive within The COR. He stated that he continues to review industrial inquiries. He stated that the City also received an RFP for a 50,000 square foot building and submitted the documents. He stated that staff continues to work to bring retail and services businesses to the community. He commented that housing continues to boom, and he anticipates additional residential development proposals. He stated that staff has been very involved in Highway 10 which is shifting more into a design phase and Anoka County will be coordinating those efforts. He also provided an update on road projects and interest from other retail users.

Member Riley noted that the Highway 10 project is essentially fully funded after the funding allocated in this year's legislature session. He asked the status of the PSD strip mall which is unoccupied.

Economic Development Manager Sullivan commented that is a privately owned property with ongoing negotiations. He stated that PSD is working with a daycare provider which seems promising. He commented that the City had a request to extend the duration of the TIF district and it was approved for two years, rather than the five requested. He thanked Senator Abeler and Representative Heinrich for the work they were able to do to include that extension in the bill. He confirmed that as soon as O'Reilly's and GiGi's close, those businesses are ready to move dirt.

Chairperson Steffen asked for an update on the digital billboard process.

Economic Development Manager Sullivan noted that an initial lease has been submitted and is being negotiated and they have begun the process to amend the ordinance. He noted that while the developer would like to get the sign in this year, it would most likely be constructed in the spring.

Chairperson Steffen asked for an update on the construction at 47 and Bunker.

Economic Development Manager Sullivan provided details on the project which will be considered a temporary (15-20 year) improvement.

6. ADJOURNMENT

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

A roll call vote was performed:

Member Howell	aye
Member Riley	aye
Chairperson Steffen	aye

Member Cords aye
Member Johnson aye
Member MacLennan aye
Member Olson aye

Motion carried.

The regular meeting of the Economic Development Authority adjourned at 9:02 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.

DRAFT