

**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, January 12, 2023, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson William MacLennan
Member Chelsee Howell
Member Chris Riley
Member Shanna Stewart
Member Scott Wiyninger

Members Absent: Member Rachal Johnson

Also Present: Sean Sullivan, Economic Development Manager
Stephanie Hanson, Community Development Director

1. CALL TO ORDER

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

2. APPROVE AGENDA

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

Motion carried. Voting Yes: Chairperson MacLennan, Members Riley, Wiyninger, Howell, and Stewart. Voting No: None. Absent: Member Johnson.

3. CONSENT AGENDA

3.01: Approve Meeting Minutes Dated December 8, 2022

Motion by Member Wiyninger, seconded by Member Stewart, to approve the December 8, 2022, minutes as presented.

Motion carried. Voting Yes: Chairperson MacLennan, Members Wiyninger, Stewart, Howell, and Riley. Voting No: None. Absent: Member Johnson.

4. EDA BUSINESS

4.01: Consider Business Assistance Application and First Amendment to Purchase Agreement for Ramsey Properties, LLC (A portion of this meeting may be closed to the public)

Economic Development Manager Sullivan presented the staff report.

Member Wyingner asked if the City would be responsible for any site improvements.

Economic Development Manager Sullivan replied that the site improvements and related costs would be the responsibility of the developer. He provided additional details on the pay-go TIF format for the reimbursement of site improvement and development costs to the developer.

Chairperson MacLennan invited the applicant to address the EDA.

Emily Allegra, applicant, commented that she believes that the change of site to the larger lot would be wise and would provide the opportunity to operate the hotel in a more efficient manner as recommended by Hilton. She stated that if the City is willing to partner with them and work through this, they are willing to take the risk.

Member Wyingner asked for details on the expansion component.

Ms. Allegra replied that is typically a 30-to-40-unit increase. She stated that it would be a similar mix of rooms and they could potentially add a meeting room or other space as well.

Chairperson MacLennan asked if the hotel would have a pool.

Ms. Allegra replied that the hotel would have a pool, fitness center, onsite laundry and would serve hot breakfast. She stated that they would also have outdoor patio seating with fire pits.

Member Riley recognized that this change is driven by the hotel chain to make it more profitable and provide a better product to Ramsey.

Economic Development Manager Sullivan commented that the financial analysis completed for the new 98-unit project had similar results to the previous 82-unit project on the site across the street, confirming the need for the level of assistance, satisfying the “but-for test” and not unduly enriching the developer.

Jason Aarsvold, Ehlers, provided details on the analysis that was done to ensure the recommended assistance would not go above what is needed to get the project done. He commented that they found that the assistance is necessary and would not unduly enrich the project. He recognized that the numbers requested are bigger, as is the building, which provides the same projected return on investment.

Economic Development Manager Sullivan asked for Ehlers to provide more information on the concept of minimum assessment agreement as part of the project.

Mr. Aarsvold stated that within the TIF Agreement they can have another agreement called an Assessment Agreement that sets the minimum baseline value for the duration of the assistance payback. He noted that would ensure they would generate the revenue necessary for the TIF.

Member Stewart referenced the extended inspection period and asked for details.

Economic Development Manager Sullivan replied that there are 180 days in the standard purchase agreement which allows the applicant to conduct due diligence for the condition of the site and to start working through the site plan and platting processes. He stated that because they have moved to a new site, he felt it appropriate to provide additional inspection time. He noted that the applicant does not have to fully utilize that time if it is not needed.

Member Howell stated that she is excited about the project but is nervous about the additional assistance needed from the City. She stated that her concern is not that it would unduly enrich the project but that the additional funds that it would require to reach the return on investment, and therefore she will deny the request.

Chairperson MacLennan asked for additional details on the cost to the City Member Howell is speaking of.

Member Howell stated that her issue is with the assistance requested to result in only a 7.7 percent return on investment with the assistance, which is a risk and not a very high rate of return. She commented that maybe it's just not the right time for a hotel.

Member Riley commented that if they do not move forward that would mean nothing would happen. He stated that this is an appropriate use of TIF. He stated that overall, there is an increase of \$367,000 in assistance. He stated that the new land is not shovel ready and would require \$350,000 in fill, therefore it would seem the increase would be related to moving to the new site.

Member Stewart commented that she likes this project.

Chairperson MacLennan commented that he likes that this project is moving forward on an undeveloped site, which could be a catalyst for other development to come.

Motion by Member Stewart, seconded by Member Winyinger, to recommend to the City Council to approve the First Amendment to Purchase Agreement, Business Assistance and a TIF Agreement in the form of \$434,511 in TIF Land Cost Write Down and \$550,000 in Pay-Go TIF for Site Development/Improvements as presented, subject to City Attorney Review.

Total TIF Business Assistance Package of \$984,511 for Ramsey Properties LLC and to Draft a TIF Agreement.

Motion carried. Voting Yes: Chairperson MacLennan, Members Stewart, Wiyninger, and Riley. Voting No: Member Howell. Absent: Member Johnson.

Member Wiyninger asked if there is a request for the City Council to provide input to the applicant in regards to their support of the project and support of the proposed assistance.

Economic Development Manager Sullivan replied that he will speak with the City Attorney to determine the proper format to do so.

4.02: Consider Extension of CBRE Real Estate Listing Agreement for City Owned Land in COR

Economic Development Manager Sullivan presented the staff report.

Brian Pankratz, CBRE, commented on the unique market at this time. He stated that there is no demand for traditional office and many of those uses are converting to retail or flex industrial. He stated that industrial continues to be hot. He noted that residential was very hot but has cooled a bit with increased interest rates. He stated that in terms of retail, every user seems to want a drive-thru and much of the demand is for single tenant or small strip retail. He recognized the hard work the City has done to increase city population and the overall demographics of the City that will draw attention from retailers. He commented that they have recently been receiving inquiries from national retailers that they would not have in the past. He agreed that the hotel would help to draw more attention as well.

Chairperson MacLennan asked whether the highway project would have impact on development.

Mr. Pankratz replied that project timelines are typically 18 to 36 months from start to open. He stated that while there will be some impact from the project, the completed project will be a huge benefit for Ramsey. He also noted that Armstrong Boulevard interchange is complete and access will not be impacted.

Member Wiyninger asked for details on the percentage of deals brought from CBRE and City staff.

Economic Development Manager Sullivan replied that typically CBRE brings in more leads but noted that some more recent developments have been generated by the City as well. He noted that City generated leads have a lesser commission rate and those users may have seen the CBRE listings as well. He recognized that there was not much general interest during COVID and believed that the ratio would soon return to more CBRE generated leads. He believed that CBRE brings value, and the City would not receive the same level of national user attention without CBRE.

Mr. Pankratz commented on the cross selling that they do when they receive interest from a potential user. He used the example of someone calling for a site in another community and then potentially being shown opportunities in Ramsey.

Member Wyingner asked if there are things the City could do differently to assist CBRE in moving properties.

Mr. Pankratz replied that some of the signs are old, noting that with the contract extension they would put up new signs. He stated that each year they update the brochures with the new demographics and highlight new developments in the area. He stated that from a City standpoint, much of the work has been done using the example of survey work to determine what would be needed to develop a site. He commented that City staff is also responsive when he reaches out about potential leads and interest.

Motion by Member Stewart, seconded by Member Wyingner, to recommend to City Council approval of the Listing Agreement with CBRE from February 1, 2023 – January 31, 2024.

Motion carried. Voting Yes: Chairperson MacLennan, Members Stewart, Wyingner, Howell, and Riley. Voting No: None. Absent: Member Johnson.

4.03: Receive 2022 Business Retention and Expansion Presentation

Economic Development Manager Sullivan presented the staff report.

Member Stewart referenced the desire for more community involvement and asked for more details on what those businesses would be looking for.

Economic Development Manager Sullivan replied that the businesses think the City does a great job with community events and simply want more, using the example of the summer concert series, Happy Days, and EDA events. He did not think it to be a negative but more of wanting more of a good thing.

Member Stewart asked if the businesses eluded as to how they would like to be promoted better.

Economic Development Manager Sullivan replied that the City Facebook page and newsletter were mentioned. He stated that although at times they spotlight a business, the City does not want to cross the line of advertising for specific businesses. He noted that businesses can advertise within the newsletter. He stated that there are other opportunities such as BNI and the Chamber of Commerce.

Member Riley asked if the electronic billboard would help to meet that want.

Economic Development Manager Sullivan confirmed that it would be another avenue for businesses to promote themselves, but it would be up to the business to choose to advertise on that source. The City negotiated reduced rates for Ramsey based businesses

Member Wyingner mentioned the comment that it can be difficult to schedule meetings with business leaders. He also stated that perhaps there is a way to cross advertise, noting recent businesses that staff met with and encouraging other businesses to reach out.

Economic Development Manager Sullivan commented that he would be concerned that a social media post could spiral in the comments section, as that cannot be controlled.

Chairperson MacLennan stated that perhaps a posting could be made on the City website as that would not allow commenting.

Economic Development Manager Sullivan confirmed that could be done under the EDA news section of the website. He stated that they could also do something more generic, just mentioning the number of businesses staff met with. He explained that the businesses share some level of confidential information with him during those visits and he would not want to unintentionally expose those businesses. He did like the idea of mentioning the number of businesses that staff met with, as that could generate interest from additional businesses.

Chairperson MacLennan commended Economic Development Manager Sullivan for his continued excellent work. He liked the idea of meeting with businesses along the Highway 10 corridor to gather input on the anticipated impacts from the coming project.

Member Wyingner commented that he was able to attend one of the visits with staff and appreciated that opportunity. He thanked Economic Development Manager Sullivan for the great work.

Motion by Member Wyingner, seconded by Member Stewart, to accept 2022 Business Retention Report and adopt the plan for 2023 as outline in the staff report.

Motion carried. Voting Yes: Chairperson MacLennan, Members Wyingner, Stewart, Howell, and Riley. Voting No: None. Absent: Member Johnson.

5. MEMBER / STAFF UPDATE

Economic Development Manager Sullivan highlighted upcoming events and provided an update on recent development activity and interest.

Chairperson MacLennan asked if there is any idea on the tenants that will go into the building across from Coborn's.

Economic Development Manager Sullivan replied that at this point the developer is not willing to acknowledge any confirmed tenants.

Chairperson MacLennan noted that his only concern with the retail project in Northstar Marketplace would be with the potential backup that could occur from a drive-thru.

Economic Development Manager Sullivan replied that a stacking area was created for vehicles within the site plan to mitigate backup into that parking lot or roadway.

Community Development Director Stephanie Hanson introduced herself to the group.

6. ADJOURNMENT

Motion by Member Riley, seconded by Member Wyingner, to adjourn the meeting.

Motion carried. Voting Yes: Chairperson MacLennan, Members Riley, Wyingner, Howell, and Stewart. Voting No: None. Absent: Member Johnson.

The regular meeting of the Economic Development Authority adjourned at 8:53 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.