

**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, February 9, 2023, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson William MacLennan
 Member Rachal Johnson
 Member Michael Olson
 Member Chris Riley
 Member Shanna Stewart
 Member Scott Wiyninger

Members Absent: None

Also Present: Sean Sullivan, Economic Development Manager
 City Administrator Brian Hagen

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 Wiyninger, seconded by Member Olson, to approve the agenda.

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

3. CONSENT AGENDA

3.01: Approve Meeting Minutes Dated January 12, 2023

Motion by Member Stewart, seconded by Member Johnson, to approve the January 12, 2023, minutes as presented.

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

4. EDA BUSINESS

4.01: Consider Purchase Agreement for a Portion of Lot 1, Lot 2, and Lot 3, Block 1, COR TWO; Case of ALDI (Portions may be closed to the public)

Economic Development Manager Sullivan presented the staff report.

Member Olson asked for more details on the difference in the right of re-entry as proposed compared to what the City typically does.

Economic Development Manager Sullivan explained that generally speaking the City has the position that it does not want to sell land for speculative purposes and wants to see the specific project constructed within a period of time. He stated that through that agreement, if the project does not move forward, the City would get the land back. He reviewed different stipulations that have been included on past agreements, noting that Aldi was not willing to accept the typical terms.

Chairperson MacLennan referenced the 24 months versus 12 months and asked if that is specifically related to potential delays in materials, as the presentation stated that the applicant would anticipate completion of the project this year.

Economic Development Manager Sullivan confirmed that staff does not anticipate that the build would take more than one year, but this additional time would provide flexibility if there were issues with supply chain relating to construction materials.

Member Riley stated that the restrictions were mentioned and asked why this would be a better deal for the City than previous deals such as the McDonalds deal.

Economic Development Manager Sullivan stated that national retailers typically have use restrictions to ensure that a similar use is not constructed directly adjacent. He stated that the use restriction would also help to ensure that intensive uses do not spill over on parking or that would not be consistent with the values of Aldi. He provided details on the negotiations between Aldi and the City on the use restrictions. He noted that Aldi does value its parking and therefore does not want to have spill over parking or transient uses in the parking areas. He stated that the PA did involve a lot of negotiation back and forth and some concessions were given by both parties.

Member Riley commented that the use restrictions of McDonalds were very broad and restrictive, whereas this seems most suited to what Aldi and the City would both want. He commented that this seems to make more sense for the City.

Economic Development Manager Sullivan clarified that these restrictions would be solely for the one-acre remnant and the City could still bring in whatever desired development on other parcels in the area.

Member Wyingner stated that it is his understanding that the City would retain ownership of the one-acre remnant for future sale. He noted that it appears there would be shared parking and therefore some cooperation would be needed in the future and asked how that would be addressed.

Economic Development Manager Sullivan stated that there is a part of the PA that addresses easements and restrictions and noted that the shared parking will be worked out through the sit plan process.

Chairperson MacLennan asked where the property line would be.

Economic Development Manager Sullivan identified the proposed property lines on the monitor.

Chairperson MacLennan asked for details on access.

Economic Development Manager Sullivan identified the right in access off 147th noting that would be reviewed in more detail through the planning process.

Member Riley commented that he understands the position of the developer on the right of re-entry agreement, but also acknowledged that the City would incur costs if it were to take the property back and asked for more details.

Economic Development Manager Sullivan commented that staff has had lengthy discussions on this topic. He acknowledged that there is a cost of doing business but noted that Aldi is spending money on this process as it moves forward as well. He stated that if the developer is not going to move forward on the project, they likely would not close on the property. He commented that it is a negotiation and if the EDA feels it necessary, it could go into closed session or talk about that in more detail.

Member Riley commented that the EDA often relies on staff and their recommendation. He stated that he does not feel that a closed session would be necessary and is comfortable with the opinion of staff. He stated that the right of re-entry is the worst-case scenario and therefore he does not want that to be the focus. He stated that the City's interest would still be protected in that it would get the land back if the project did not move forward.

Economic Development Manager Sullivan commented that the City did receive over \$400,000 from McDonalds, which did not move forward. He stated that even if the City were to lose out on the cost of commission for the sale of the property, it would still be ahead on the property as a whole.

Member Stewart commented that the purchase price appears to be 26.5 percent less than the list price and asked if that is the best price.

Economic Development Manager Sullivan provided details on the negotiation process noting that this number was developed through negotiation by both parties. He stated that the COR development standards are more stringent than other areas of the city and therefore the cost to develop is higher in the COR compared to other areas or communities.

Member Stewart asked the purchase price from McDonalds.

Economic Development Manager Sullivan replied that price was \$12 per square foot, about ten years ago and noted that McDonalds was unable to deliver the project. He stated that the City also worked with a previous developer at \$8 per square foot and that developer also could not make the numbers work to bring forward development. He believed that this is a good price and the best that could be negotiated.

Chairperson MacLennan noted that the previous developer also contributed funds that the City kept and asked the total contributed by that developer.

Economic Development Manager Sullivan replied that \$40,000 was contributed by the previous developer through that right of re-entry and extensions.

Member Wyingner commented that the elevations from the north and west look great but noted that the side facing the COR would seem to be a blank building wall and asked if additional consideration would be given to the placement of the building and side facing that direction.

Economic Development Manager Sullivan noted that the level of finish is handled through the planning process rather than the EDA. He stated that point has been mentioned by planning staff and there are plans to enhance that side of the building.

Member Riley stated that he would like to hear from the developer.

Member Johnson commented that this space is currently vacant and does not provide economic growth. She stated that this would be a use that would benefit the community and enhance the aesthetics. She stated that although the purchase price is a bit lower, it would enhance the tax base and residents have mentioned that they would love to have an Aldi because of their produce offerings and lower prices.

Andrew Mack, Aldi, thanked staff for their cooperation throughout this process. He stated that they are excited for the opportunity to come to Ramsey as they believe that this is a great location for service that fills a gap in their current market offerings.

Member Riley commented that he is excited for the project.

Chairperson MacLennan stated that the renderings look great, and this would be a good addition to the COR. He asked if Aldi would anticipate to open the store this year.

Mr. Mack commented that it would be challenging to open the store this year and would more likely start construction in the summer or fall and open in the first quarter of 2024.

Chairperson MacLennan asked how many jobs would be estimated for the store.

Mr. Mack commented that he is unsure but generally there are about 10 to 20 employees at a store.

Chairperson MacLennan asked the hours of operation.

Mr. Mack replied that stores are open from 9 a.m. to 8 p.m. seven days per week.

Chairperson MacLennan thanked the applicant for coming to answer questions. He agreed that this would be a great addition to the community.

Motion by Member Johnson, seconded by Member Wyingner, to recommend to City Council to approve the Purchase Agreement, Use Restriction and Right of Re-Entry Agreement for Purchase Agreement for Portion of Lot 1, Lot 2, and Lot 3, Block 1, COR TWO, subject to City Attorney review.

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

4.02: Receive Draft West Armstrong Area Street Reconstruction Feasibility Report

Economic Development Manager Sullivan presented the staff report.

Member Stewart asked where the sports dome would be.

Economic Development Manager Sullivan identified the area where the sports dome would be, as well as the related stormwater ponds.

Chairperson MacLennan asked if the larger stormwater pond would eliminate any of the smaller ponds.

Economic Development Manager Sullivan replied that the larger pond could reduce the need for the smaller ponds on the three southerly parcels, where additional parking could occur. He noted that if offsite ponding was going to be used, the City would expect ARAA to contribute to the cost for the offsite ponding.

Chairperson MacLennan asked for details on funding the ponding.

Economic Development Manager Sullivan replied that would depend upon the financing that is decided upon for the project. He stated that as this moves forward there would be additional discussion about funding and special assessments for the adjacent property owners. He stated three parcels would benefit from a regional pond, and therefore ARAA would not be the only benefitting property from that type of infrastructure.

Chairperson MacLennan stated that he does like the larger stormwater pond.

Member Stewart asked if there is a known project for the site across from the ARAA site.

Economic Development Manager Sullivan replied that there is not development interest at this time. He stated that there are currently two businesses operating in those locations, as renters, and the anticipation would be for redevelopment in the future. He stated that if the EDA feels that the

larger stormwater pond would be a benefit, he would like to know as EDA dollars could be contributed towards the cost for acquiring that portion of property.

Member Riley commented that this area is commercial/industrial, and this stormwater pond would seem to make the area more usable and better for future development. He stated that the road improvement project would also seem to enhance the value of the area to increase interest in development of this area.

Economic Development Manager Sullivan agreed that typically a road project would not fall under the review of the EDA but explained that City utilities will be added in order to attract future development.

Member Johnson stated that once the dome is constructed that could attract different ancillary uses to the area.

Economic Development Manager Sullivan agreed that there has been a lot of discussion about the development interest that a sports dome could bring.

Member Riley stated that the proposed location seems to be a great spot for the regional stormwater pond. He asked if there would be more developable land for the northern properties.

Economic Development Manager Sullivan provided background information on stormwater in this area noting that the three parcels marked in red would benefit from a larger stormwater pond not all of the properties in the area.

Member Olson asked if the proposed regional pond would eliminate or reduce the onsite ponding for the ARAA site, which could expand parking on that site.

Economic Development Manager Sullivan replied that would provide more flexibility for ARAA to reduce the stormwater treatment provided onsite.

Chairperson MacLennan stated that he likes the regional stormwater pond concept. He stated that everything east of Ferret Street is designated COR and could have retail shopping uses. He stated that ultimately as a member of the EDA he would like to see the two rental properties redeveloped with more desired uses. He asked if the building on the PSD property would be demolished.

Economic Development Manager Sullivan replied that PSD has communicated to the city that it will be demolishing that building when this project moves forward.

Chairperson MacLennan asked where the pond is for that property.

Economic Development Manager Sullivan identified the existing pond for that property. He noted that the regional stormwater pond is still hypothetical and will depend on how the sports dome project moves forward. He stated that his intention was to determine whether the EDA would find it beneficial to provide some funding for that enhancement in return for the economic benefit that could be received in return.

Chairperson MacLennan commented that he does see the value that would be provided as it would create more opportunity for business and development.

Motion by Member Johnson, seconded by Member Wyingner, to recommend that the City Council identify a viable funding source and move forward with the construction of the West Armstrong Street Reconstruction Project in 2023.

Further discussion: Member Stewart asked for clarification on the motion. Member Johnson reiterated her motion.

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

Motion by Member Johnson to financially commit EDA funds to purchase land for a regional stormwater pond, if needed, with an estimated cost of \$350,000 and \$450,000.

The motion failed for lack of second.

Economic Development Manager Sullivan stated that there would be no record of support from the EDA for a larger pond or financial contribution. He noted that the EDA could make a motion to support the larger pond without committing dollars. He stated that based on the discussion, there did seem to be support for a larger pond.

Member Wyingner stated that he does not feel there is enough information to commit funds, although he does believe it would be a good idea.

Economic Development Manager Sullivan stated that even if the EDA were to support the motion with the funding, it would not actually commit the funds at this time but would alert the Council that could be a potential funding source. He stated that related to the parking and ARAA site, that information will come forward in the future and this would show the Planning Commission and City Council that the EDA was open to contributing funds for this purpose.

Member Johnson noted the other funding that could potentially be used for this type of purpose and asked for more details.

Economic Development Manager Sullivan confirmed that those are viable funding sources for the road project and the Council would make the decision on which source to use. He stated that for a property acquisition of this nature, he believed the EDA fund would be more appropriate.

Member Johnson asked if ARAA is considered a nonprofit.

Economic Development Manager Sullivan he believed that the entity is a nonprofit. He stated that the ownership of the dome has not yet been determined.

Member Johnson acknowledged that there is a willing seller at this time and stated that if the larger pond was not created, the adjacent properties may not be as attractive for developers.

Economic Development Manager Sullivan replied that there are a lot of ways to solve for stormwater, including underground treatment which often has a higher cost. He stated that if the larger pond is going to be done, it needs to be done as part of the road project. He noted that the willing seller could also choose to sell to another entity if the City does not choose to purchase.

Member Wyingner stated that he could support a larger pond without expression of financial commitment.

Chairperson MacLennan confirmed consensus of the EDA in supportive of the larger pond option.

5. MEMBER / STAFF UPDATE

Economic Development Manager Sullivan provided a recap of the business networking breakfast that was recently held, noting he received a lot of positive feedback from attendees. He also provided general updates on development interest, activity, and upcoming meetings.

Chairperson MacLennan thanked staff for their hard work on the networking breakfast and the appreciation night event.

Economic Development Manager Sullivan recognized Wendy Schlueter who also works hard to make these events successful.

6. ADJOURNMENT

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

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

The regular meeting of the Economic Development Authority adjourned at 8:46 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.

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