

**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 8, 2024, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Scott Winyinger
 Member Chelsee Howell
 Member Rachal Johnson
 Member Brittany Lindahl
 Member William MacLennan
 Member Chris Riley
 Member Shanna Stewart

Members Absent: None

Also Present: Sean Sullivan, Economic Development Manager

1. CALL TO ORDER

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

2. APPROVE AGENDA

Motion by Member Johnson, seconded by Member Stewart, to approve the agenda.

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

3. CONSENT AGENDA

3.01: Approve Meeting Minutes Dated January 11, 2024

Motion by Member Johnson, seconded by Member Lindahl, to approve the January 11, 2024, minutes as presented.

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

4. EDA BUSINESS

4.01: Consider Provision of Tax Increment Financing Assistance to Medart, Inc.

Economic Development Manager Sullivan presented the staff report.

Jason Aarsvold, Ehlers, provided details on the analysis completed by Ehlers. He explained that the requested \$1,500,000 in TIF cannot be reached without the A-Election and provided additional details relating to Fiscal Disparities. He also explained the difference between the A-Election and B-Election as well as the potential impact, or no impact, to taxpayers. He then provided details on the additional analysis that was completed to ensure that the requested assistance would not unduly enrich the project. He commented that the assistance requested does meet the but-for test.

Member Stewart asked for clarification on the rating of 29.

Economic Development Manager Sullivan commented that the scoring system for the application with the City is not tied to the Ehlers analysis. He explained that the higher the score, the better the project and a score of 29 is high on the moderate range.

Member Stewart commented that A - Election would have an impact on the Ramsey taxpayers and asked if there would be an impact to someone as a result of B - Election.

Mr. Aarsvold replied that the premise is that the project would not be in Ramsey but-for the assistance, therefore without the TIF assistance the City would not capture any of those taxes. He stated that if the project is built in Ramsey, there would be benefit to the City. B-Election does not have the impact on the taxpayer that A – Election would.

Member Riley asked if the B-Election would also be the same period of nine years.

Mr. Aarsvold confirmed that the duration would be nine year regardless of whether option A or B is chosen.

Economic Development Manager Sullivan completed presentation of the staff report.

Dave Strubberg, Medart, introduced himself stating that the company is based in Arnold, Missouri with additional distribution facilities, one of which is in Anoka. He stated that the business is family owned and has been so since 1912, providing details on the culture of the business and its employees. He stated that Medart is currently reviewing two options as mentioned by staff. He stated that if \$1,500,000 in TIF were offered by Ramsey, the cost of the project in Ramsey would still be \$500,000 higher than the other location option. He noted that they are still refining construction costs in Wright County and will be meeting next week to decide which location they would move forward on. He was very appreciative that Ramsey is considering the request for assistance.

Chairperson Wyingner asked why the business was attracted to Ramsey.

Mr. Strubberg replied that proximity is a consideration for the staff currently working in Anoka as it would provide a similar commute for those employees. He stated that the industrial park also has quality buildings, which is important for our company and personnel.

Member Riley asked if he understood it correctly that the decision is still being considered, even if Ramsey says yes to the requested assistance.

Mr. Strubberg replied that is correct as the final decision is intended to be made next week.

Economic Development Manager Sullivan replied that from a timing perspective, if project assistance is recommended by EDA, it would move forward to City Council at the February 27th meeting. He stated that there was a recommendation in the staff report to potentially include a range of assistance. He stated that perhaps the Wright County costs come in higher than anticipated and therefore the delta between the two is not quite as large.

Member Johnson asked if there would be a comparison of previous funding requests that would be similar to the A-Election. She noted that the median value of impact of about \$2 is not large, but if that tool is used often, that could accumulate.

Economic Development Manager Sullivan replied that the City does not do this often. He commented that the A-Election has been done within the COR TIF 14. He stated that this project is unique in that it is competitive. He stated that his intention was to present all of the options that could be considered, along with all available information. He stated that he likes the project and while it is good, he would not classify it as excellent.

Member Stewart asked the number of A-Elections that have been done in the last three years.

Mr. Aarsvold commented that only the COR-TIF 14 has utilized A-Election. He stated that housing projects would not be impacted by A or B Election.

Economic Development Manager Sullivan stated that TIF was provided for Hilton Home2Suites under A-Election. He noted that all commercial properties within the TIF District 14 are subject to that, and the other TIF Districts have chosen not to Opt-in for A-Election.

Mr. Aarsvold commented that it is a decision for the district itself, not each individual deal.

Member Stewart asked the cost to homeowners on TIF 14 A-Election.

Mr. Aarsvold replied that would vary each year based on different factors.

Economic Development Manager Sullivan replied that analysis and calculation was not completed as the district was already A-Election.

Member Riley commented that decision was made in 2011 when the district was established, therefore the question is not being asked for the development. He stated that the EDA has never considered A-Election and should consider both what is good for business but also what is good for the residents. He commented that under that reasoning he would not want to bring in a business at a cost to residents.

Member Howell stated that it would have been nice to know the cost to residents for the Hilton project, even though the A-Election choice was made in the past.

Member Stewart asked and received confirmation that the \$1,100,000 in assistance would not have impact to residents and therefore would lean towards that option.

Chairperson Wiyninger thanked Mr. Strubberg for his time this morning.

Motion by Member Johnson, seconded by Member Lindahl, to recommend to City Council for \$1,100,000 (0% interest) in TIF Pay-GO Assistance and requirement for the creation of 30 jobs with a minimum wage of \$18.50/hr or higher by Medart, Inc.; subject to TIF Attorney review.

Further discussion: Member Riley commented that when TIF is considered you must consider what the City is getting versus what it is giving. He stated that this would provide development now with a good building and good jobs in return for the loss of tax revenue for nine years. He stated that this would accelerate development and therefore would find this decision appropriate from the EDA. Member Stewart agreed that it would be a benefit for the business to come to Ramsey and hoped that this location and its benefit to the employees would be considered by Medart in addition to the costs. Chairperson Wiyninger commented that the role of the EDA is to promote and attract business and stated that he would have a hard time getting to the \$1,500,000 but would support the \$1,100,000.

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

Mr. Strubberg thanked the EDA and appreciated the approach of its members and the concept that the group would not want to impact the taxpayers of Ramsey.

4.02: Consider Approval of Purchase Agreement Lot 2, Block 1, COR FOUR; (Portions may be closed to the public)

Economic Development Manager Sullivan presented the staff report.

Tim Eaton, Take 5, introduced himself and recognized that this is not a well-known concept in this market. He stated that the Take 5 business is the third largest oil change company in the country and identified how the business sets itself apart. He also presented a concept plan that they developed that would include this business with room for a 3,000 square foot restaurant/drive-thru concept.

Economic Development Manager Sullivan noted the location of the building on the eastern side of the lot which would leave room for another user.

Mr. Eaton stated that in conversations with staff there was discussion about the building location, whether the business should be on the east or west side of the lot. He noted that Take 5 is a skinnier concept which is why this location was chosen, but noted that they could swap those locations if desired.

Economic Development Manager Sullivan commented that it would be challenging to figure out parking if there is a building on the east side. He noted that generally those types of details are worked out more with the Planning Commission but recognized that the business is flexible. He asked the business to speak about their potential timeline.

Mr. Eaton commented that once they reach due diligence, they will attempt to gain all City approvals so they can move forward with construction within a week or two following closing. He stated that the Coon Rapids location was open 90 days after closing. He stated that if all approvals were granted, they would be open later this year in 2024.

Chairperson Winyinger asked if an oil change business in the COR would be the right location.

Mr. Eaton commented that an oil change is a convenience item, and they attempt to locate with weekly needs businesses, so that it is convenient for the customer to get an oil change while running errands. He stated that this is a premium service, and they want it to feel like a better experience than the typical oil change. He commented that they work with higher finish buildings and want the business to look nice. He stated that they did look at other sites and typically they look at more established communities, but they recognize that Ramsey is growing, and they can grow with Ramsey.

Economic Development Manager Sullivan continued his presentation with the Valvoline proposed site plan and the remainder of his staff report.

Member Stewart asked for clarification on the net purchase price between the two offers.

Economic Development Manager Sullivan replied that the information in the staff report is correct, noting that the difference in the purchase price is based off construction of the additional parking stalls. He noted that the Valvoline price to construct the parking was slightly less than the Take 5 parking construction costs. He stated that the Take 5 concept provides a connection between the developments, whereas the Valvoline plan does not provide that connection. He commented that Take 5 has been very responsive to staff while it has been more difficult to get information from Valvoline but anticipated that if Valvoline was asked to provide that same connection, that cost would increase as well.

Commissioner MacLennan referenced the remnant space that would be left and asked if there would be an agreement for the party to construct the other business within a certain length of time. He also asked what type of business would be anticipated.

Economic Development Manager Sullivan replied that the concept proposed a restaurant/drive-thru business, but it could also be a multi-tenant retail space. He stated that there would not be a requirement to build upon that part of the land, but the business would be purchasing the property at asking price and therefore there would be incentive for the business to develop that parcel.

Mr. Eaton commented that they are motivated from both a financial standpoint and increased traffic point of view. He stated that his retail broker has had initial discussions with some groups, and he has spoken with developers related to food, coffee, and dental users.

Economic Development Manager Sullivan commented that there is already a dental user in that area and therefore a dental user would not be preferred I such close proximity.

Mr. Eaton replied that would also not be their preference for users.

Member MacLennan asked if the business would be building and leasing the space.

Mr. Eaton commented that their preference would not be to sell, but there are different options to consider. He stated that they do have the capability to build for another user.

Member Riley referenced the requirement for the parking lot and asked where that would be located.

Economic Development Manager Sullivan identified the parking stalls that would be built as part of the requirement the City would have upon development of that area. He stated that the idea was to provide additional parking for the employees and/or customers of the building south of that area.

Member Riley commented that he is supportive of this use and would like to see the lots connected as proposed.

Member MacLennan commented that he was in that southern building, and it can be tough to get in and out. He wanted to ensure that the parking is available to all users and that there is a good flow for traffic. He commented that this is an odd shape lot, and it is great to see a proposed use.

Motion by Member Stewart, seconded by Member Johnson, to recommend to City Council to approve Purchase Agreement and Right of Re-Entry Agreement with Garage RE LLC (Take 5); subject to City Attorney review.

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

4.03: Consider Refund of Earnest Money and Project Costs to COR Trust Bank N.A.

Economic Development Manager Sullivan presented the staff report.

Dean Suchy, COR Trust Bank, commented that he worked with City staff throughout the process noting that the purchase agreement was completed in August of 2022 and with the recommendations from staff the business redesigned their plans to match that input. He stated that the Planning Commission provided a recommendation of support, but the City Council ultimately did not approve the project. He explained that they redesigned their plans based on the input of City staff which had an additional cost, and yet the project was still denied.

Member Johnson commented that she does have empathy for the business and would favor the refund as the business went through all the steps and attempted to make things work only to have the rug pulled out at the end. She stated that this could be a cautionary tale for others in spending this level of money only to not move forward.

Economic Development Manager Sullivan stated that one of the missteps with the earnest money standpoint is that the business could have waited for the Council approval to issue the notice to proceed, as that is what triggered the earnest money to be nonrefundable but recognized the timing constraints. He stated that there were a lot of issues with timing, with a lot of time put in for both City staff and the bank. He noted that the Planning Commission is only a recommending body and therefore the notice to proceed should have been delayed until after the Council decision. He stated that he does support the refunding of that earnest money for that reason, and this will be a learning experience for Cor Trust. He stated that there are project costs, and some projects move forward while others do not. He believed that refunding project costs would set a negative precedent moving forward. He commented on changes that have been made to the City process moving forward when presenting a purchase agreement to the City Council.

Mr. Suchy stated that it was frustrating that it felt that there was not communication between the City Council and staff. He stated that their design was based on the recommendation of staff and some of those elements then seemed to be penalized by the Council.

Chairperson Wyingner stated that he is empathetic to the business and is fully supportive of returning the earnest money but could not support reimbursement of development costs.

Member Riley commented that he also supports the return of the earnest money as that was unfortunate with the issue of timing. He stated that he does not support reimbursement of other costs and there are projects that are regularly reviewed that do not move forward. He stated that the City Council stated that they did like the project, but not in this location. He stated that if the business chose a different location, they could take into consideration the development costs when considering the cost of land in that alternate location.

Member Howell agreed with the comments of Member Riley.

Member Wyingner recognized that there are costs a business spends without knowing whether a project would be approved. He stated that he likes the comments of Member Riley related to potentially finding another location in Ramsey.

Mr. Suchy stated that this time the business is not interested in Ramsey based on their experience and the review of other sites that they completed prior to submitting the application.

Chairperson Wyingner appreciated the pain of site selection and welcomed the opportunity to potentially work together in the future, should the business be interested.

Motion by Member Johnson, seconded by Member MacLennan, to recommend to City Council to return \$10,000 in Earnest Money to COR Trust Bank, N.A.

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

4.04: Receive 2023 Business Retention and Expansion Presentation

Economic Development Manager Sullivan presented the staff report.

Member Riley asked if a brewery should be called out.

Economic Development Manager Sullivan commented that is a known priority and once the water treatment facility is completed, we will be able to market that to a brewery.

Member Johnson commended the economic development staff and the work that they put in to attract and support businesses.

Motion by Member Johnson, seconded by Member Lindahl, to accept the 2023 Business Retention Report and adopt the plan for 2024 as presented.

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

5. MEMBER / STAFF UPDATE

Economic Development Manager Sullivan provided a brief development update.

6. ADJOURNMENT

Motion by Member Johnson, seconded by Member Stewart, to adjourn the meeting.

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

The regular meeting of the Economic Development Authority adjourned at 9:20 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