

11. Economic Development Director's Report (JT)

- A. AE2S Marketing – the first meeting was held. Focus group meetings are the next task. They are being organized and expect to be convened in the next 30 days. Interviews with key business and community leaders are also being scheduled.**

- B. An EDA Workshop is proposed to be held on March 9, 2022 at 4:30 p.m. to discuss Block 52 Redevelopment Proposal Financial Models and/or Options**

- C. Update on Lease Agreement with Preferred Title for use of a Portion of the Former DMV Building (119 – 3rd Street East) for File Storage**

- D. Prospect List Update: Please see the updated Prospect List as Exhibit A.**

2W. Consideration of authorizing entering into a Lease Agreement with Preferred Title for use of a portion of the former DMV Building (119 - 3rd Street East) for file storage

Prepared by: Economic Development Manager	Meeting Date: 02/14/2022	<input type="checkbox"/> Regular Agenda Item <input checked="" type="checkbox"/> Consent Agenda Item
Reviewed by: Community Development Director, City Clerk, Finance Director	Approved by: City Administrator	

ACTION REQUESTED

Motion to authorize entering into a Lease Agreement with Preferred Title for use of a portion of the former DMV Building for file storage.

REFERENCE AND BACKGROUND

Due to the EDA’s recent purchase of the Preferred Title property as part of the land assembly steps for the Block 52 redevelopment efforts, Preferred Title will be relocating to new office located at 225 West Broadway. The new location does not have sufficient space to accommodate file storage. As required under the URAA (Uniform Relocation Assistance Act) the EDA is providing a relocation benefit payment to Preferred Title to get reestablished in its new location. The fact that the new office space does not have sufficient storage for files means that potential additional costs may be incurred and paid out by the EDA for dedicated storage at another location. Those costs may be as much as an additional \$15,600 for storage rental. A potential solution suggested by the relocation consultant is to utilize the vacant former DMV building which could possibly reduce the EDA’s benefit payment costs.

Preferred Title has endorsed this concept as it would keep the file storage close to the new office. City staff also support this as a potential win-win for Preferred Title (proximity) and the EDA (cost).

Due to time constraints and the fast-evolving nature of the discussion and brainstorming of potential suitable storage ideas, the Lease Agreement is not attached to the staff report. Instead, staff is seeking City Council authorization to move forward with the concept so it will allow “relocation notices” to be provided to Preferred Title in the required timeline. A lease would have to be drafted and presented to the City Council for approval at a future meeting. To avoid causing the DMV building to become a taxable commercial property (currently tax exempt), it is envisioned that there would be no rental charge. The agreement would spell out various responsibilities of both parties and all insurance requirements. The EDA’s relocation benefit payments extend for a one-year time period from the actual relocate date. For that

reason, it would be best if the agreement included a one-year term, with the option to extend for an additional year upon mutual agreement between the City and Preferred Title.

- I. **Budget Impact:** The budget impact from the proposed Lease Agreement with Preferred Title may save the EDA up to \$15,600 in required relocation benefit payments. The cost of legal fees related to drafting a Lease Agreement is estimated to be \$400 to \$600.
- II. **Staff Workload Impact:** The staff workload related to the proposed Lease Agreement for the former DMV building is modest. Staff involved in the discussion to date, include the Facilities Maintenance Supervisor, City Administrator, Community Development Director, Economic Development Manager, Finance Director and the relocation consultant.

STAFF RECOMMENDED ACTION

City staff recommends the City Council authorize the concept of a Lease Agreement between the City and Preferred Title for a portion of the space in the former DMV building for use as a file storage area for a one-year term, extendable upon mutual agreement, and at no cost.

SUPPORTING DATA

None

PROSPECT LIST

02/04/2022

Date of Contact	Company Name	Business Category	Project Description	Building-Facility	Retained Jobs	New Jobs	Total Investment	Project Status
11/12/2016	MN DEED Prospect	Metal Mfg.	Exist Facility + Equip	65,000 sq. ft.	0	55 - 100	\$2,500,000	Active Search
11/17/2016	Project Armstrong - UMC	Precision Machining	New Facility Constr. + Equip	58,000 sq. ft.	205	60	\$10,831,000	Almost Done
6/22/2017	Project #6580	Metal Mfg.	New Facility Constr.	70,000 sq. ft.	0	49	\$5,480,000	On Hold
10/17/2017	Project Ted	Equipment Mfg.	New Equipment	N/A	45	?	\$650,000	Concept Stage
5/22/2018	Karlsburger Foods	Food Products Mfg.	Facility Expansion	20,000 sq. ft. +/-	42	10 to 20	\$4,500,000	Act-Plan-Fin
7/30/2018	Project Saturn	Plastic Products Mfg.	New Construction	5,000 +/- sq. ft.		4 +/-	\$830,000	Active Search
8/10/2018	Project Jupiter	Metal Mfg.	New Construction	5,000 sq. ft. +/-		3	\$800,000	Active Search
11/29/2018	Project Blitzen	Precision Machining	Exist Bldg or New Const.	12,000 sq. ft.		10	\$1,200,000	Concept Stage
12/14/2018	Project Comet	Commercial Bus	New Const.	1,700 sq. ft. +/-		7	\$700,000	Active Search
3/28/2019	Project Nutt	Co-Working Space	Existing Building	?	?	?	?	Concept Stage
5/9/2019	Project FSJP	Light Mfg-Res. Lab	New Construction	20,000 sq. ft.	0	20 +/-	\$1,400,000	Active Search
8/16/2019	Project Jaguar	Office	New Construction	22,000 sq. ft.	22	4	\$2,700,000	Active Search
9/19/2019	Project Kata	Service	New Construction	22,000 to 35,000 sq. ft.	0	25	\$7,900,000	Concept Stage
1/20/2020	Project Panda v3	Service-Child Care	New Construction	10,500 sq. ft.	0	21	\$4,100,000	Active Search

3/31/2020	Project GiaSaurus	Medical Prod. Mfg.	New Construction	175,000 sq. ft.	0	75	\$50,000,000	Active Search
8/27/2020	Project Nuss	Combo Service-sale	New Construction	30,000 sq. ft.	0	20 to 30	\$3,500,000	Almost Done
12/23/2020	Project TD	Industrial	Existing or New Construction	10,000 to 15,000 sq. ft.	0	5 to 7	\$800,000	Concept Stage
11/5/2020	Project Flower	Office	Existing	7,000-8,000 sq. ft.	0	12	\$750,000	Concept Stage
2/16/2021	Project Cold	Industrial-Warehouse-Distri	New Construction	80,000 sq. ft.	0	21	\$12,000,000	Concept Stage
2/18/2021	Project Shay	Lounge-Restaurant	Existing Bldg.	2,200	0	4	\$150,000	Concept Stage
2/18/2021	Project Counsel	Office-Service	New Construction	5,600 sq. ft.	24	3	\$1,120,000	Building Completed
3/19/2021	Project Orion	Warehouse-Distribution	New Construction	832,500 sq. ft.	0	500	\$125,000,000	Active Search
4/23/2021	Project Emma	Light Ind-Assembly	New Construction	20,000 sq. ff.	0	4	\$1,350,000	Active Search
6/3/2021	Project FCW	Service	New Construction w Redev	4,000 sq. ft.	0	9	\$4,619,000	Concept Sta
6/16/2021	Project LJBA	Child Care Services	New Construction or Exist	5,000 sq. ft.	0	14 to 19	\$2,000,000	Act Search
6/30/2021	Project Ecosphere	Industrial Tech Mfg.	New Construction	1,000,000 sq. ft.	0	1122	\$85,000,000	Act Search
7/29/2021	Project BA710	Lt Assem-Distribute	New Construction	6,500 to 7,000 sq. ft	0	10	\$650,000	Active Search
8/12/2021	Project Integrity	Precision Mfg.	New Construction	100,000 sq. ft.	0	60	\$14,800,000	Cancelled
10/28/2021	Project Stallion	Technology Service	New Construction	42,000 sq. ft.		40	\$3,600,000	Active Search

Contacts: M =01 YTD = 03

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