

TO:
FROM:
DATE:

EDA PRESIDENT AND BOARD
EXECUTIVE DIRECTOR
MARCH 14, 2016



City of West Saint Paul

SUBJECT:

Town Center I Redevelopment.

BACKGROUND INFORMATION:

As you know, the EDA has a preliminary development agreement with Venture Pass Partners to redevelop the Town Center I area. Staff was recently informed by Dave Carland from Venture Pass Partners that the rising project costs are becoming too high and the project is no longer viable. *See attached letter.* He would prefer to be let out of the preliminary development agreement with the EDA before the termination date of April 30, 2016. He is willing to assign his purchase contract with Maaco to the EDA or another developer. He is also willing to stay involved and purchase Maaco and Aamco to help the EDA keep relocation costs down if the Board chooses to move forward on their own.

A breakdown in development costs include:

Property	Original Assembly Costs (includes demo, relocation and soft costs)	Revised Costs	Cost Variance	Total Costs
Granny's	\$ 528,579	N/A		\$528,579
Batteries Plus (two lots)	\$ 886,432	N/A		\$886,432
Aamco	\$ 700,000 \$ 200,000 (Lease)	\$	\$200,000	\$900,000 \$200,000
Car X	\$ 1,069,925 (EDA Purchased)			\$1,069,925
Maaco (two lots)	\$ 920,000 \$ 380,000 (EDA grant)	\$ 970,000	\$ 50,000	\$970,000 \$380,000
Blockbuster (two lots)	\$ 1,176,568 (EDA Purchased)	N/a		\$1,176,568
TOTAL	\$ 5,861,504		\$250,000	\$6,111,504

Total Project Costs = \$6,111,504

*CDA Grants - \$ 500,000
\$5,611,504

Options:

1. The EDA purchase Maaco and Aamco properties. With this option, the EDA would control three parcels including Car X (1.4 acres) on the corner of Wentworth and Robert Street. The EDA could send out Requests for Proposals (RFP's) to solicit development projects. The Board may want to delay sending the RFP's until the Cunningham study is approved. The study can then be included with the RFP's. The RFP's can be requested for just the 1.4 acre site or the entire 4.2 acre site.
2. Pay the owner of Maaco \$15,000 per our agreement with him and then do nothing else. With this option the site would remain as is.

		Amount
Fund:	TBD	TBD
Department:		
Account:		

STAFF RECOMMENDATION:

Review options and direct staff.

ATTACHMENTS:

- Letter from Dave Carland, Venture Pass Partners
- Map showing 1.4 acre site
- Map showing 4.2 acre site

Jim Hartshorn

From: Dave Carland <DCarland@VENTUREPASS.NET>
Sent: Tuesday, March 08, 2016 7:15 PM
To: Jim Hartshorn
Subject: Town Center Redevelopment

Jim, unfortunately we have had two additional setbacks in our efforts to facilitate redevelopment of the property at the northwest quadrant of Wentworth Avenue and Robert Street.

Maaco Property. Chuck Liesenfeld finally executed a purchase contract with Venture Pass Partners but is now at an apparent impasse with the land seller for the relocation. In his last e-mail Chuck indicated that “the deal is not going to work” and that he has spent money in excess of the relocation assistance allotted to him by the City. Our agreement with him is contingent upon his successful relocation so we can’t acquire his property if he does not pursue the relocation.

Aamco Property. The landowner Walt Whitney has been more reasonable to work with but his price has gone up \$200,000 from our initial discussions in 2014. In addition he now has a tenant that wants significant compensation to give up his lease rights.

Even if we are able to turn these two transaction around, we still need to negotiate purchases with Batteries Plus and Granny Doughnuts.

When I appeared before the EDA last September I expressed my concerns regarding the economic viability of the redevelopment given the escalating property owner expectations. Things have gotten worse to the point where I don’t believe this project is a good use of City resources or likely to be profitable for Venture Pass.

We are willing to assign our purchase contract with Chuck Liesenfeld to the City or even another developer but I’m not sure it has any value without a commitment from the seller to move forward with its relocation. It should also be noted that if a continuous center median is installed on Wentworth between Robert Street and Livingston this season then the Aamco and Maaco properties are have limited utility without a connection to Livingston.

We are also willing to meet with any City Staff or elected officials to further discuss options for the redevelopment.

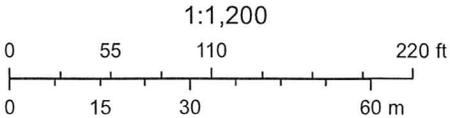
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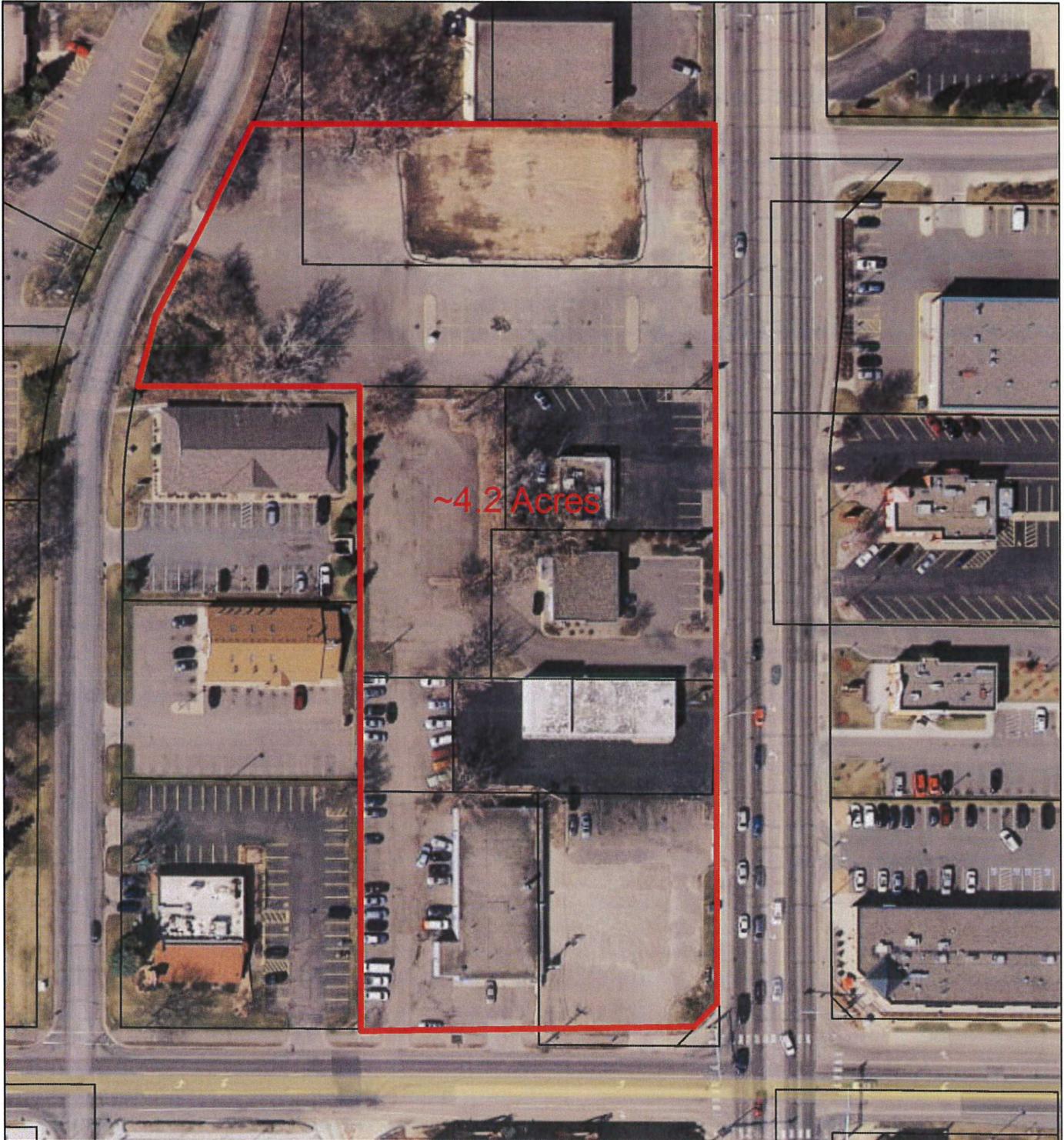
Dakota County, MN



March 8, 2016



Dakota County, MN



March 8, 2016

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