

Moermond, Marcia (CI-StPaul)

From: Moermond, Marcia (CI-StPaul)
Sent: Wednesday, April 15, 2020 11:20 AM
To: 'Randal Studer'; Privratsky, Matt (CI-StPaul); #CI-StPaul_Ward4; *CI-StPaul_CityClerk
Cc: Kellin Sybrant; Matt Braccia; Scheila Wright; Brandon Blaskowski; Tierney, Rachel (CI-StPaul); Kristine Campbell; Engelbrekt, Bruce (CI-StPaul)
Subject: RE: St. Paul's Special Assessment of U-Haul Facility at 2520 Como Ave.
Attachments: Re: St. Paul's Special Assessment of U-Haul Facility at 2520 Como Ave.

Good Morning Mr. Studer,

As you likely know, your emails and attachment in the attached email and the one below have been added to the Council record on this matter. I also asked our Real Estate staff to review these and provide commentary and explanation on City process. Bruce Engelbrekt, the manager of this division provided the following to me, which I share with you now.

Sincerely, Marcia Moermond
Legislative Hearing Officer
Saint Paul City Council
651-266-8570

Regarding each of Mr. Studer's three statements:

1) The City of Saint Paul assesses for streets for which it has "ownership" via easement rights. Our Public Works staff could say for certain if Hunting Valley Road abutting the U-Haul property had at one time been part of the state highway right-of-way and if it was conveyed to the City via a roadway turnback. But this is a city street within the city limits that is being reconstructed by the City, and the City has the authority to assess.

2) Prior to establishing the per-foot assessment rates for the Como project, the City contracted with an independent appraisal firm to analyze the special benefit impact of the street reconstruction project to abutting properties. The conclusion was that the street project would increase the value of the U-Haul property, which is classified by Ramsey County as industrial, by up to 2.0%. Using the county-assessed valuation of the U-Haul property (\$10,496,000) as a proxy for the market value, 2.0% of that value would be \$209,930. The City's proposed assessment, applying a rate of \$140.40/ft to the frontage along Hunting Valley Road (929 feet) and the frontage along Como Avenue (310), is \$173,955.60, within the range of special benefit for the property.

3) The City has historically used street frontage as a basis for determining the assessment by frontage. This is the basis described in Sec. V, Page 3 of the St. Paul Streets Program Policies. The reference to the exception for irregularly shaped lots does not apply to the U-Haul property because it is essentially rectangular. Any adjustment to the assessable frontage might only apply along Como Avenue where the street curves along the northerly boundary. But if any adjustment were made, it would result in only a few feet of reduced frontage. The Assessments Office can review the frontage along Como, and adjust if necessary, before the assessment would be levied following completion of the project. As to assessing on a square footage basis, comparisons between the U-Haul property and other properties are not relevant because that is not the assessment basis used by the City. As to the per-foot rates applied to the Como project, the appraisal firm categorized properties in the project into four classifications: Industrial, Office, Railroad Corridor, and Vacant

Land - Commercial. The proposed rate for Industrial and Vacant Land is \$140.40/ft; the rate for Office is \$152.80/ft; and the rate for Railroad Corridor is \$0.00 because the railroad property that crosses Como Avenue is elevated and the only frontage along Como is a bridge abutment, thus there is no special benefit to the property.

Thanks,

Bruce

Bruce Engelbrekt
Real Estate Manager
Office of Financial Services - Real Estate Section
City of Saint Paul
25 W. 4th St., 10th flr.
Saint Paul, MN 55102
651-266-8854 (voice direct)
bruce.engelbrekt@ci.stpaul.mn.us

From: Randal Studer <Randal_Studer@uhaul.com>

Sent: Tuesday, April 14, 2020 12:25 PM

To: Privratsky, Matt (CI-StPaul) <Matt.Privratsky@ci.stpaul.mn.us>; #CI-StPaul_Ward4 <Ward4@ci.stpaul.mn.us>; *CI-StPaul_CityClerk <CityClerk@ci.stpaul.mn.us>

Cc: Kellin Sybrant <Kellin_Sybrant@uhaul.com>; Matt Braccia <matt_braccia@uhaul.com>; Scheila Wright <scheila_wright@uhaul.com>; Brandon Blaskowski <brandon_blaskowski@uhaul.com>; Tierney, Rachel (CI-StPaul) <rachel.tierney@ci.stpaul.mn.us>; Moermond, Marcia (CI-StPaul) <marcia.moermond@ci.stpaul.mn.us>; Kristine Campbell <kristine_campbell@uhaul.com>

Subject: Re: St. Paul's Special Assessment of U-Haul Facility at 2520 Como Ave.

Think Before You Click: This email originated outside our organization.

Council member Jalili & St. Paul City Clerk,

As I mentioned on April 8th, the City Council hearing to discuss the proposed \$174,000 assessment against U-Haul's property is tomorrow. We have not been given the opportunity to discuss this issue with you and attendance at the hearing is not possible due to COVID-19. We therefore would like to formally lodge the following objections:

1. **St. Paul does have the authority to assess for improvements along Hunting Valley Road.** U-Haul's 922 feet of frontage along Hunting Valley Road lies within state right of way, not city right of way (see attached 2020 ROW Map). The state is responsible for roadway maintenance or reconstruction, and only the state can assess for such projects. See Minnesota ROW Mapping and Monitoring map: <http://mndot.maps.arcgis.com/apps/webappviewer/index.html?id=63a40ebfbede4f2296c359ed67d3e63c>
2. **The assessment exceeds the benefit to the U-Haul property.** While we acknowledge that roadway projects are a benefit to society, U-Haul will not receive anywhere near \$174,000 worth of benefit from this project. The assessment is unjust.

3. **The Assessment disproportionately impacts U-Haul.** The city's method for determining the assessment by frontage rather than square footage disproportionately impacts U-Haul due to its irregular shaped lot (see attached 2520 Como Ave. map). The city has guidelines for assessing irregularly shaped lots (see attached St. Paul Streets Program Policies) and failed to apply them when assessing U-Haul's property. By contrast, the neighboring properties are being assessed at a rate significantly less, per square foot, than U-Haul, and the railroad property is being assessed \$0.00.

We would happy to discuss each objection with you in more detail and believe a compromise can be reached. If not, we are prepared to fight what we believe to be an objectively unjust and invalid assessment.

Randal W. Studer, Jr.
Assistant General Counsel
U-Haul International, Inc.
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(480) 887-9819
randal_studer@uhaul.com

From: Privratsky, Matt (CI-StPaul) <Matt.Privratsky@ci.stpaul.mn.us>
Sent: Friday, April 10, 2020 8:23 AM
To: Randal Studer <Randal_Studer@uhaul.com>; #CI-StPaul_Ward4 <Ward4@ci.stpaul.mn.us>
Cc: Kellin Sybrant <Kellin_Sybrant@uhaul.com>; Matt Braccia <matt_braccia@uhaul.com>; Scheila Wright <scheila_wright@uhaul.com>; Brandon Blaskowski <brandon_blaskowski@uhaul.com>; Tierney, Rachel (CI-StPaul) <rachel.tierney@ci.stpaul.mn.us>; Moermond, Marcia (CI-StPaul) <marcia.moermond@ci.stpaul.mn.us>
Subject: Re: St. Paul's Special Assessment of U-Haul Facility at 2520 Como Ave.

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Hello Randal,

Thank you for the email. I know the calculation of these assessments can be fairly technical and staff seeks to have a consistent process.

I've copied our city attorneys office and our hearing officer here to weigh in on how any process to adjust the amount may work. If there is truly an irregularity we would consider adjusting it if there is a fair process to do so.

Matt Privratsky (he/him/his)
Legislative Aide to Mitra Jalali
Ward 4 - City Council

From: Randal Studer <Randal_Studer@uhaul.com>
Sent: Wednesday, April 8, 2020 2:11 PM
To: #CI-StPaul_Ward4
Cc: Kellin Sybrant; Matt Braccia; Scheila Wright; Brandon Blaskowski
Subject: St. Paul's Special Assessment of U-Haul Facility at 2520 Como Ave.

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Hello Councilmember Jalali,

My name is Randal Studer and I am an attorney with U-Haul. We own the facility located at 2520 Como Ave in Ward 4.

We recently received from St. Paul a sobering notice (see attached). It states that we will soon be hit with a \$174,000 special assessment as part of the City's Como Avenue Reconstruction project.

Upon reviewing the calculations and discussing with City staff, we determined that U-Haul's assessment is exponentially higher than any other owner's assessment because it is calculated based upon the property's frontage rather than its total square footage.

If you are familiar with our property you will understand that it is uniquely shaped. It is a long, sprawling, 1 story business made up almost entirely of frontage (as opposed to having a 20 story building on a narrow lot with minimal frontage). As a result of our property's shape, the special assessment is disproportionate to our size.

U-Haul has been a fixture in the community for generations. We have always been glad to pay our fair share for city improvement projects. However, in this situation, a \$174,000 special assessment places an unbearable and improper financial burden upon us.

At your earliest convenience, I would like to discuss with you the possibility of adjusting the calculation method to reduce our special assessment to a proportionate amount.

Do you have any availability on Friday, April 10th, for a call? There is a public hearing to discuss the project on April 15th, and another to discuss the special assessment in May, so we would like to discuss before hand.

Randal W. Studer, Jr.

Assistant General Counsel

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