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June 3, 2015

City Council President Russ Stark  
Saint Paul City Council  
15 West Kellogg Boulevard, 310-D  
Saint Paul, MN 55102

RE: West Side Flats Master Plan and Development Guidelines  
and Zoning Ordinance 15-20 Public Hearing

Dear Council President Stark:

The goal of the Saint Paul Port Authority is to protect industrial land, support the existing industrial uses in the area, and preserve the space for industrial uses in the future.

Regarding RES PH 15-123, the Port Authority supports this proposed Resolution and the proposed amendments to it. Regarding Ord 15-20, the Port Authority supports this proposed Ordinance and the proposed amendments to it.

We appreciate Council Member Thune bringing forward this revised language that provides the much-needed balance in this Plan of both area improvements for the residential community, and the retention and welcomed growth of industrial businesses, with their substantial jobs and tax base.

The Plan language amendments are consistent with the Comprehensive Plan statements regarding strong business retention efforts and recognition of economic assets of area businesses. They are also consistent with the Saint Paul Industrial Study completed a few years ago by the Initiative for a Competitive Inner City (ICIC), and with a recent report of the American Planning Association on urban industrial development.

Regarding Ord.15-20 pertaining to the proposed re-zoning of the Red Cross campus along the east side of Robert Street, the Port Authority supports the Ordinance language and Council Member Thune's efforts to accommodate the business functions of the Red Cross on their campus.

During Plan development, the Port Authority took a close look at the land to the west of Robert Street within the Plan boundary. Because this area has been guided for other uses for approximately ten years, we agreed to give up Industrial growth in this area,

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and have been focusing on the east side of Robert Street and beyond, to the east to Hwy. 52.

We've been pleased to have been involved throughout the process, serving on and providing input to the Planning Commission's Task Force. We also worked over a year and a half ago with the City's PED Director and staff to attempt to arrive at an agreement on the necessity for giving credence to the existence and future growth of industrial businesses in the West Side Flats. Please see the three letters I sent to the PED Director, each of which followed significant discussions with both our teams.

We urge the City Council to adopt these Amendments. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Louis F. Jambois", with a long horizontal flourish extending to the right.

Louis F. Jambois  
President

Attachment

cc: Lorrie Louder, Senior Vice President,  
Business & Intergovernmental Affairs

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January 2, 2014

Ms. Cecile Bedor, Director  
Department of Planning and Economic Development  
City of St. Paul  
25 West 4<sup>th</sup> Street  
Saint Paul, MN 55102

RE: Saint Paul Port Authority Comments on Draft West Side Flats Development Strategy

Dear Cecile:

Thanks very much to you and your staff for sharing with us your proposed street grid system in the Draft Strategy elements at our joint meeting on December 6<sup>th</sup>. It was our understanding that we were the first group to talk this over with you and your team, but based on your website it looks like this has been in the public domain since October. To our recollection, there were no specific discussions at the Task Force meetings regarding a new street grid for the industrial areas of the plan, or its impact on existing industrial buildings, businesses, jobs, and tax base. The Port Authority has significant concerns about this component and the negative impact these streets will have on the commercial-industrial marketplace, the retention of existing businesses, future development and City tax base growth, and public infrastructure expenditures.

The study area is part of the Port Authority's two oldest Business Centers -- Riverview and Riverview West -- which together provide a key part of the industrial base in Saint Paul; there are over 44 businesses and over 2,480 jobs here (and in the overall Riverview and Riverview West Industrial Districts, there are over total 224 businesses and over 7,080 jobs). These businesses are key assets in maintaining and growing the City's tax base and providing quality jobs.

#### **Excessive Infrastructure:**

While we understand the value of street grids in a residential setting, we do not see the same value of street grids in the West Side Flats proposal for industrial areas. There are more streets than necessary in this proposal, in our opinion. This will cause significant up-front capital expenditures for streets, sewers, water, electrical, etc., and these systems will need financing to be maintained over time. Funds needed to be extracted for these costs will come from fewer taxpaying properties.

- The proposal would create uniform blocks of approximately 5.7 acres. In the Port Authority's entire industrial inventory, there are no 5.7 acre lots - some are larger, some are smaller. Industrial spaces are generally larger and, at sale, we are often able to modify lot lines to provide just the right amount of land for each user. The proposed grid system will reduce that flexibility.
- We believe the grid system will create spaces that are too small for many users and too large for others. We foresee this plan resulting in small, useless remnant parcels.
- For the rare user who will fit nicely on 5.7 acres, the parcel will be completely surrounded by infrastructure that must be supported through right-of-way maintenance assessments. Most properties in the City have infrastructure on one or two sides. These properties will have infrastructure on 4 sides to support. For industrial property there is cost associated with this infrastructure, but not value.
- Values will depress the in the marketplace, as excessive right-of-way costs are added to business expenses.

- For many businesses (i.e. food processing, data centers) security is important. Those businesses will not be interested in these sites.
- This will cause a major impediment to future sales of industrial property.

**Market Value:**

Real estate brokers will not recommend buildings be purchased or monies be invested in an area clearly designated to be redesigned in the future. They will use the "principle of substitution" and will steer prospective buyers to areas that provide more future clarity and certainty. In truth, the market will avoid this area into the foreseeable future. Job and tax base growth will stall, and indeed decrease, with this strategy in place.

**A. Current Owners:**

- Property owners will feel the stigma of having non-conforming uses, which places uncertainty and risk on property owners. Uncertainty will discourage property owners from making necessary improvements or expanding their buildings.
- The reluctance of current owners to act will result in deterioration and blight of existing valuable assets.
- Lenders will likely be reluctant to finance buildings that businesses intend to improve or replace, due to the uncertainty of a long-term holding period.
- Land values will be reduced, given the need for property owners to disclose these new restrictions to prospective buyers and given the abundance of available industrial property in the Metro Area.

**B. Prospective Buyers:**

- If approved, this plan will affect buyers in the current to near-term marketplace. Site plan approval, variances, conditional use permits could all be limited by the broad scope of this plan's approach to carving up now private land and buildings for public right-of-way.
- This proposal implies the threat of eminent domain and potential litigation; the current Draft cites public acquisition of privately-owned land for Rights-of-Way and public open spaces - a clear public purpose function of government.
- This proposal will very likely drive up uncertainty in businesses, developers, lenders, and tenants for investing in this part of the West Side Flats.
- Brokers will hesitate to recommend a site that has uncertainties involved, as well as the potential for future litigation.

**Business Growth Challenges:**

There are significant business growth challenges with this proposed strategy, including conformance with existing City policies and implementation strategies (West Side Community Plan and Saint Paul Comprehensive Plan) regarding: Balancing industrial land uses with other uses; Encouragement of job and economic growth; and Encouragement of business expansion on the West Side; and Connecting West Side Residents with West Side jobs. We are concerned that this proposed strategy is not consistent with established City economic development policies. Additionally, proposed development restrictions, mismatch between existing industrial sites and the proposed strategy, increased financial burdens on businesses, and likely nonconformance with Metropolitan Council growth guidelines, concern us.

- If the strategy moves forward as currently proposed, the West Side Flats area will be ruled out for any purchaser needing a site larger than 5.7 acres, regardless of the area's attraction for that owner.
- From a city planning and growth perspective, if the City adopts this draft plan, West Side Flats will not help Saint Paul achieve the growth projections in Metropolitan Council's 2040 plan. Growth in this planning area will not happen until the current existing uses end, new property boundaries are created, new infrastructure is installed, lots are sold, and business development is completed.
- Simply put, we do not believe that this plan can be incrementally implemented. If the proposed street grid strategy is implemented, the entire area will likely be vacated --- over a protracted period of time --- as the City purchases and banks properties.

**Summary:**

We appreciate the City's desire to encourage development and to ensure that its neighborhoods continue to be vibrant and thriving -- for both business and residents. It is important to revitalize the West Side in a market-driven, industry-friendly way that retains current operating businesses and does not slow down business expansion and job growth in the interim. As the City's industrial development agency, we are grateful to participate in the planned revitalization of this area. Please accept these comments in that spirit of ensuring that an orderly redevelopment maximizes job and tax-based potential on the West Side. We look forward to meeting with you to discuss these concerns---and potential alternate scenarios--- further.

Sincerely,

A handwritten signature in black ink, appearing to read "Louis F. Jambois", with a long horizontal flourish extending to the right.

Louis F. Jambois  
President



February 6, 2014

Ms. Cecile Bedor, Director  
Department of Planning and Economic Development  
City of Saint Paul  
25 West 4<sup>th</sup> Street  
Saint Paul, MN 55102

Dear Cecile —

Thanks much to you and your staff for our recent meeting to discuss our concerns about the proposed street grid system in the Draft West Side Flats (WSF) Development Strategy. We appreciate your request for the Port Authority's industrial vision and strategy in the study area; together we have a valuable effort underway to reach agreement on a development strategy that achieves both of our objectives for industrial development and other revitalization of this area.

Riverview and Riverview West are a couple of our oldest business centers and certainly show their age and outdated design and functionality. We believe that our strategy for the industrial component of the WSF strategy is quite complementary to the good work PED and the Task Force have developed on the other components of the Draft strategy.

The ICIC consultants provided some excellent recommendations; we recognize that PED has taken some of them into the Task Force Draft, and we appreciate this effort.

Our industrial strategy includes implementing as many ICIC recommendations as possible, along with using our proven approaches to generating business retention and growth; job growth at good wages; and tax base growth. The following outlines our strategy and the underlying concepts:

**I. Implement the ICIC/Initiative for a Competitive Inner City Report's Recommendations:**

Overall:

- Recognize that modern industrial development represents a range of activities involving Production, Repair, and Distribution of goods and materials (many cities now use the "PDR", rather than "Industrial" to more accurately describe this sector). Examples of uses include laboratories, flex space, distribution centers, and purpose-built manufacturing. Logistics/freight transportation is also important to the Saint Paul's economy, hence "P, D, R, & L".
- Provide zoning certainty and environmental remediation as part of generating additional land availability.
- Retain and promote industrial uses and growth.
- Ensure that industrial zoning is retained, encroachment by other uses is minimized, and infrastructure around industrial land is maintained and/or improved.
- Provide industrial land availability and improvement of existing roads infrastructure, which constitute the best path to continued growth.
- Create an inviting feeling by promoting landscaping, signage, streetscapes, sidewalk upgrades, and other improvements that can encourage new and infill development in the employment centers.
- Use buffers --- such as storm water management systems, dense landscaping, street design, and setbacks --- to separate industrial and other uses.

In Older Industrial Areas:

- Incorporate modern amenities, features, and aesthetics to retain businesses and avoid negative perceptions; both functional and cosmetic.
- Promote landscaping, signage, streetscapes, and other improvements to encourage new and infill development.
- Develop a strategy to help coordinate site assembly, improve gateways, upgrade local infrastructure, and promote new investment.
- Provide a clear property management presence for both exterior spaces ("clean and safe improvements") and interior common areas of multi-tenant Business Center facilities, perhaps through an Industrial Business Improvement District (I-BID).
- Consider alternate uses for the acres of underutilized existing surface parking, to free up land for further industrial business growth, undertaken in partnership with all parties.
- Create more open space in Riverview (landscaping, signage, public art, etc.) while strengthening its industrial presence (Seattle as an example).
- Convert appropriate older multi-story industrial buildings into complementary productive uses ("creative enterprises", incubator, etc., uses); this is a very small niche market that may be worth investigating.

Other Big Picture Findings:

- Older industrial districts lack a cohesive feel and identity; they were generally not well-designed or attractive or environmentally sustainable.
- A heightened focus on industrial activity and growth holds the key to preserving livable-wage jobs that are accessible to residents across the educational attainment spectrum, reversing recent diminishment of economic growth, and reducing income inequality.
- Saint Paul has an opportunity to leverage its industrial assets into a sustainable vision that promotes growth and reverses recent economic struggles; it's important to maximize the City's economic potential.
- The development of clean, modern, centrally located and well-managed Business Centers benefit businesses and create a sense of place.
- Saint Paul can emerge as the urban hub of the region's modern P, D, R, & L economy.

**II. Port Authority Additional Redevelopment Strategies: Business Retention and Expansion & Job Growth at Good Wages**

- A. Retain existing businesses, jobs, and tax base through addressing customers' site/building needs, and undertaking land redevelopment and financing.
- B. Acquire obsolete properties from willing sellers, complete contamination clean-up and site preparation, and sell land to expanding businesses (we have identified a potential opportunity or two in this area, to date). Please see the attached plat maps of a couple of modern Business Centers and photos of buildings developed in additional Port Authority modern Business Centers. These are examples of the type of buildings we foresee enhancing the revitalized Riverview and Riverview West industrial areas. Please note that the variety of lot sizes and configurations were created with the needs of P, D, R, & L businesses in mind.
- C. Use the Port's Development Criteria with business customers regarding jobs, wages, construction value, design, energy efficiency, and sustainability.
- D. Undertake activities based on market-driven demand and industrial site development principles (refer to my letter of January 2, 2014), which include the avoidance of unnecessary street grid system development.
- E. Assist multi-tenant property owners as appropriate in backfilling vacant lease space by referring potential tenants to them.
- F. Provide financing and appropriate economic development incentives to existing businesses intending to expand and businesses that move into this area, as appropriate and feasible.

**III. City of Saint Paul and Port Authority Joint Responsibilities to Ensure Marketable Commercial Land**

- A. Saint Paul and the Port Authority will collaborate over time to maintain certainty that current and future investments and financing of industrial property in the area will not be jeopardized by future planned infrastructure which may not materialize for many years and may not be of the suggested configuration that is supportive of business growth and development needs.
- B. Where site assembly and/or replatting is being considered, the City, with technical assistance from the Port Authority and existing P, D, R, & L businesses, will ensure that the physical characteristics of the resulting lots and associated land controls lend themselves to building types/products that currently exist and serve P, D, R, & L in the commercial real estate marketplace. This includes appropriate lot dimensions, adequate truck turning radii on city streets and within lots, and appropriate infrastructure for P, D, R, & L uses.



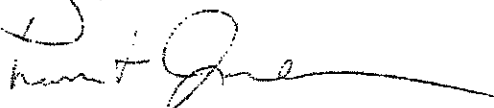
**IV. Summary of Port Authority's Industrial Strategy Vision**

- A. A robust inventory of industrially-zoned land, which is supported and protected by public policy via the City's Comp Plan and the West Side Community Plan.
- B. Based upon private sector business and growth needs, public sector redevelopment guidance that encourages business expansion.
- C. The provision of ready-to-develop cleaned up P, D, R, & L sites and related amenities, and business expansion incentives as appropriate that result in jobs at livable wages, enhanced supplier networks, and tax base growth.

Cecile, we look forward to our next meeting to discuss reaching common ground on the industrial part of the WSF strategy. We also would appreciate some further information then on your concept of utilizing an Official Map as part of the WSF strategy, since we remain concerned about the implications of it on financing potential and property values of industrial property there.

We will initiate another meeting soon with you and your team, and we look forward to seeing you then.

Sincerely,

A handwritten signature in black ink, appearing to read "Louis F. Jambois", with a long horizontal flourish extending to the right.

Louis F. Jambois  
President

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March 17, 2014

Ms. Cecile Bedor  
Director  
City of Saint Paul  
Planning and Economic Development  
1300 City Hall Annex  
25 West Fourth Street  
St. Paul, MN 55102

Re: West Side Flats Master Plan

Dear Cecile:

Thank you for your letter of March 11, in which you respond to previous correspondence from me, regarding the West Side Flats Master Plan. It is clear that you were not persuaded by our objections to the draft plan. I'm afraid that we are equally unpersuaded by your response.

The Port Authority's goal is to protect industrial land; our professional experience tells us this plan will reduce it. I believe, therefore, we are at an impasse.

Our conclusions are based on our track record. The Saint Paul Port Authority has been in the industrial redevelopment business for over 50 years; and by all tangible measures (nearly 2 square miles of recycled property, nearly 600 businesses and nearly 24,000 jobs), we're pretty good at it. Truly, our accomplishments and commitment to Saint Paul should speak for themselves. Even during the economic slowdown of the previous five years, there have been several successful Port-sponsored industrial developments in the City. One of the primary reasons for the Port's success is that we make good judgments about which distressed properties to purchase for redevelopment, and which properties to ignore. Simply put, the Port buys properties that - post building demolition, contamination cleanup, platting and infrastructure installation - will be attractive to private businesses for their next big investment.

We stay away from properties that don't meet that test. Again, our history of success suggests that we are right about these judgments much more often than we are wrong. In the past, the Port Authority has been granted significant flexibility by the City in planning and platting our business parks, and the businesses have responded positively.

Ms. Cecile Bedor

March 17, 2014

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The West Side Flats Master Plan sets a new course by effectively creating the plat first, with the expectation that industrial development will follow. For the foreseeable future, we don't believe that industrial businesses and development companies will support the plan. We certainly don't support it. We believe that the current draft West Side Flats Master Plan places insurmountable impediments to near-term industrial redevelopment prospects. Indeed, it appears the City's ultimate goal is to transition the West Side Flats area out of industrial development and into office/commercial space - uses for which there is currently a very limited near-term market in Saint Paul's core. We recognize that the City has ultimate planning and zoning authority over all properties within Saint Paul. So, while we will continue to object to this plan, we know that it may actually come to fruition. Should that be the case, the following are likely outcomes:

- Upon seeing their property divided by future streets and other infrastructure, current property owners will stop investing in their property. (Seriously, how many of us would continue to invest in our homes if we knew the City planned to build a road through them?)
- The value of the current properties will drop as a result of the impediments and uncertainty created by the plan. (If a road was planned to run through our homes, who would we sell them to?)
- The Port likely will not be the buyer of property that couldn't be repurposed in the near term.
- The area will deteriorate with an attendant loss of jobs and tax base until such time, if ever, that the private business community finds uses for the properties that are consistent with the plan.

A plan of this nature requires extensive public investment and intervention. Absent that, we expect this deterioration to happen over the course of several years. We sincerely hope we're wrong.

As you know, Port staff has recently hosted several of your economic development team members at local commercial real estate events. We would be happy to host a meeting between your West Side Flats Master Plan planners, industrial real estate brokers, and industrial business owners. Your planning team could present the draft plan and solicit feedback. It might be worth the time.

Thank you, Cecile.

Sincerely,



Louis F. Jambois  
President

LFJ:amk