



HEDRA Memorandum

To: HEDRA

From: John Hinzman, Community Development Director

Date: April 23, 2019

Item: Approve Preliminary Land Credit Sale and Concept Plan – Creek Rentals LLC – Lot 3, Block 2, Hastings Industrial Park No 7 – 2030 Spiral Blvd (2.58 acres)

REQUEST:

Chad Smurawa of Creek Rentals LLC is seeking to acquire Lot 3, Block 2, Hastings Industrial Park No. 7. The 2.58 acre property is located at 2030 Spiral Blvd. The following actions are requested:

- 1) **Preliminary approval of a land credit for property acquisition.** Land credits would reduce the market price of the land to \$62,868.75. Preliminary approval will reserve the property through development of the development agreement.
- 2) **Concept plan review to construct one business storage and three mini storage buildings totaling 48,000 s.f.** Conceptual Plans have been provided. Final Site Plan approval will be necessary prior to execution of the land credit agreement.

Action follows preliminary discussion held at the March 14th Meeting.

RECOMMENDATION:

Approval of the land credit and concept plan is recommended. The City Council will consider similar action at the May 6th meeting.

BACKGROUND INFORMATION:

Comprehensive Plan Classification:

The property is guided for Industrial Use per the 2030 Comprehensive Plan. The proposed use as a business and mini storage facility is consistent with the Comprehensive Plan.

Zoning Classification:

The property is zoned I-1 – Industrial Park. Business and mini storage uses are not expressly identified uses, but align most closely with warehouse and storage uses which are permitted uses within district.

Existing Condition:

The site contains approximately 1,000 cubic yards of clean fill which is used by the City. The fill would need to be relocated prior to development. The remaining site is flat and treeless. The lot was rough graded for development in 2006.

Adjacent Zoning and Land Use:

The following land uses about the property:

Direction	Existing Use	Zoning	Comp Plan
North	Spiral Blvd Vacant – Future Industrial	I-1 – Industrial Park	Industrial
East	Vacant – Future Apartments	R-3 – Medium High Density Residential	Medium Density Residential
South	Stormwater Pond Vacant – Future Industrial	I-1 – Industrial Park	Industrial
West	Vacant – Future Industrial	I-1 – Industrial Park	Industrial

BUSINESS SUBSIDY ANALYSIS:

Property Size	2.58 acres
Property Market Value	\$173,072.59 (\$1.54 per s.f.)
Estimated Building Value	\$1,102,038.42
Construction Credit	\$110,203.84 (10% of building value)
Cash Due Upon Transfer	\$62,868.75 (market value less construction credit)

Justification for Subsidy:

- Increased tax base of over \$1 million.
- Conversion of tax exempt property to a tax paying entity.
- Creation of 0.5 new living wage jobs.

Land Credit Requirements:

1. Complete construction of a 12,000 s.f. business storage building and 36,000 s.f. of mini storage buildings building with an estimated value of at least \$1,102,038.42 within one year of executed agreement.
2. Payment of \$62,868.75 upon transfer of the property.
3. Remain in business in Hastings for at least five years from the date of occupation.
4. Obtain Site Plan approval for construction of the business and mini storage buildings.

5. If the above requirements are not met, the owner must repay the City a prorated share of the subsidy.

REMOVAL OF DIRT STOCKPILE

The City placed approximately 1,000 cubic yards of fill during grading of the Industrial Park in 2006. Use of the fill for future City projects is desired. The cost of relocating the existing stockpile to another city owned site is estimated to cost \$56,000. The stockpile must be removed from the site in order for future development to occur.

At the last HEDRA Meeting, Commissioners discussed a potential discount on the price of the property in exchange for the removal of the dirt by the developer. Commissioners spoke in opposition to the concept, preferring that City funds (not HEDRA funds) be used to relocate the pile.

Options for removal of the stockpile have been discussed with the Public Works Department. Relocation using city labor and resources is not desired; labor and equipment have be allocated to more immediate issues. Funds to relocate the stockpile have not been allocated.

Staff supports using proceeds from the sale of property to relocate the stockpile. The \$62,868.75 in proceeds from the sale would offset the \$56,000 cost for relocation. Development of the property would yield approximately \$12,000 to \$15,000 in City taxes annually (\$25,000 - \$30,000 in total taxes). The cost of relocating the stockpile would be offset by tax proceeds from development of the land within four years.

CONCEPTUAL SITE PLAN REVIEW

Creek Rentals has submitted a conceptual site plan and architectural information for review. The following comments serve to guide future site plan development and are based on the information received and property characteristics.

Site Plan Approval:

Site Plan approval through the Planning Commission and City Council will be necessary prior to executing of the Land Credit Agreement.

Use:

The business storage and mini storage units are considered a permitted use within the I-1 Industrial Park District.

Zoning Setbacks:

Setbacks in the I-1 District are not specified. It appears the lot provides adequate room for construction of the proposed building and associated parking consistent with adjacent setbacks.

Access and Circulation:

Access and circulation appear acceptable. All access would be provided through a singular entrance to Spiral Blvd.

Parking:

Parking for business and mini storage units is not expressly identified within the Zoning Code. Users typically park in front of the units. The concept plan will need to be further reviewed to ensure adequate parking is provided.

Architectural Building Elevations:

Architectural Elevations will need further review to ensure that they are consistent with the Zoning Code. The applicant has submitted pictures of potential buildings that have brick and metal exteriors.

Landscape Plan:

A Landscape Plan will need to be submitted.

Grading, Drainage & Utility Plans:

Grading, Drainage and Utility Plans will be reviewed by the Public Works Department.

ATTACHMENTS:

- Location Map
- Letter from Applicant
- Concept Plan

LOCATION MAP



March 4, 2018

Dear President and Members of the Hastings Economic Development and Redevelopment Authority:

I am writing to express my interest in purchasing Block 2, Lot 3 in the Hastings Industrial Park Number 7 for the purpose of constructing a business and general storage facility.

When complete, the complex will consist of approximately (21) - 14' x 40' business storage units and approximately (180) - 10' x 20' consumer storage units, secured by an attractive security fence with a landscaped front entrance.

Market research shows that there is a significant shortage of quality storage options for both businesses and residents. Small businesses, such as plumbers, contractors, home remodelers, landscapers, snow removal services, field sales representatives, realtors and home stagers, electricians, roofers, caterers, small manufacturers, bike shops, route salespeople, internet sellers, building maintenance services, and many, many more rely on the availability, flexibility, security, and convenience of rental storage to operate their businesses efficiently. In fact, nationally, more than three out of every ten storage units are rented by businesses. Self-storage supports and facilitates the growth of small businesses, which are responsible for 64% of net new private sector jobs, according to the US Small Business Administration.

Within 18 months of purchase, I plan to invest approximately \$1.5 million to build this complex, which will increase the taxable value of this land by a commensurate amount. I understand that this property may be available through the City of Hastings Land Credit Program, which is designed to maximize investment in the city. I respectfully request your consideration of this proposal.

In closing, the addition of a quality, business-oriented storage complex in the Hastings Industrial Park would support economic vitality in the City of Hastings by increasing the tax base and facilitating the growth of small businesses.

Thank you for your consideration,



Chad Smurawa

Mini-Storage Facilities of the Past



- No Landscaping
- No Entrance Signing
- Gravel Driveways
- Poorly Maintained Grounds



- Low Slung 'Commercial' Building
- No Building Overhangs
- Steel Building Design - Lack Quality Exterior Finishes



- Unattractive Grey Steel Fence
- No Electronic Access Entrance Gate
- No Security System
- Poorly Lit

Our Neighborhood Self-Storage Development



Community Investment

- Financial Investment (exclusive of land) anticipated at \$1,500,000
- Local Ownership

SPIRAL BOULEVARD

R=630.00

L=299.1

46'

9.92

398.64

299.90

POND

Business Storage

- 40' x 300' Building
- 12,000 Sq Ft
- 21 Storage Units
- 14' x 40' Units
- 12' x 14' Doors

General Storage

- 40' x 300' Building
- 12,000 Sq Ft
- 60 Storage Units
- Various Size Units
- Various Size Doors

General Storage

- 40' x 300' Building
- 12,000 Sq Ft
- 60 Storage Units
- Various Size Units
- Various Size Doors

General Storage

- 40' x 300' Building
- 12,000 Sq Ft
- 60 Storage Units
- Various Size Units
- Various Size Doors

Secure Entrance Gate

Street Sign

$\Delta = 27 \times 12$

51'

26'

26'

26'

60'

