

Saint Paul BOMA News

BOMA's mission is to provide leadership to the commercial real estate industry through advocacy, education, research, and professional networking.

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June Membership Meeting

Saint Paul is a historic river town through and through, and unless one lives or works here – or visits regularly – this can be easy to overlook.

Saint Paul's future as a vibrant community and economy is connected to the river. The commerce and business activity that happens on the Mississippi has been an integral component of the city's history, its economy, and its diverse character. The Saint Paul Port Authority continues to be an active advocate to protect and enhance commercial activity on the river to positively impact Saint Paul into the future.

Kathryn Sarnecki, Vice President of Redevelopment and Harbor Management for the Port along with **Hokan Miller** and **Molly Isnardi** of Upper River Services will join us to provide us an inside look at St. Paul's Working River and how it truly impacts all of our businesses. A representative from the Army Corp of Engineers will also be on hand to let us know how the flooding has impacted business and what they do to try and minimize that impact.

One Hour of CEU has been Applied for!

Sponsored by:



Date:
Monday,
June 10th

Time:
11:30am-
1:30pm

Location:
Harriet Island Regional Park,
200 Dr. Justus Ohage Blvd
St. Paul MN

Cost:
\$25 early
registration
\$30 late/walk-
in registration

[Click here](#) to learn more!



CHAIR'S REPORT

We are unique. Reflecting back on the recently concluded State of MN legislative session, one wonders how our politicians were able to find common ground and reach consensus on a budget acceptable to both parties and the Governor. As the ONLY divided legislature in the country with both parties having a majority and in charge of one of the chambers, the situation called for deadlock that would mirror the polarization in DC, where our national political leaders put the fun in dysfunction. At the end, cooler (*wiser?*) heads prevailed, and our state leaders focused and settled on a budget that provided enhanced funding for education plus healthcare coverage for over a million residents, issues of importance to both parties. What fell by the wayside were party-specific agendas which desired gas tax increases (none of the planned 20 cent per gallon increase passed) and new or revised laws on gun control, abortion, legalized marijuana, tobacco access, conversion therapy, minimum wages and paid family leave,... the list goes on. Both parties grumbled over the final budget structure which is a sure sign of acceptable compromise.

In the big picture, the session outcome should not be a surprise. Our state political parties and business leaders actually came to an agreement back in the 1940s on a pact that would allow for an expanded budget to support a healthy quality of life and educational programs that also addressed the development of our work force to make our state competitive enough to attract employers and workers to grow and fund our economy. Higher taxes were acceptable under this pact as long as the programs and policies were reasonable investments in our future and we have been considered a high-tax state since.

We have a MN Business Partnership group of over 120 corporate leaders of our largest employers. They support education spending, but advocate for good fiscal management of the budget that addresses no waste, inefficiency, abuse or single party agendas. I believe Governor Walz came into his first term with altruistic intentions, but people forget he came straight from our US Congress where no budgets need to be balanced and the "needs" list can remind one of never-ending Christmas presents, unicorns and rainbows for all. Solving all our state problems in Year 1 was a great goal for the new guy, but not realistic

CHAIR'S REPORT – CON'T.

Walz walked into a locked-in \$3 billion increase in spending in existing programs, partially funded by an inherited \$1 billion surplus, and then proceeded to propose \$12 billion of additional taxes over the next four years to fund new or expanded programs. In the end, sanity was restored and our core priorities prevailed. Which leads to....

Last November, a new book came out called "[Headquarters Economy](#)" written by **Myles Shaver**, a Professor at the University of Minnesota Carlson School of Management, where the author delves into why Minnesota is a base to 20 Fortune 500 headquarters. That number is more than are based in New York City, Los Angeles or Chicago.

Additionally, you have many large private enterprises such as Cargill and a number of large divisions of national companies located in the Twin Cities. Why? In part, the resource we mine and develop is professional management. In other cities, skillsets tend to stay within an industry... for example, in NYC, media types move between media companies or, in Detroit, a heavy concentration in the auto industry.

Here in Minnesota, professional managers move between companies, but transfer across industries as well as management skills work in all industries. It's not rare to meet someone who has worked at 3M, General Mills and Medtronic. The former CEO of NW Airlines is now the CEO of Delta Airlines, with a stop in between on the executive floor at UnitedHealth Group. As the US population growth has shifted to the south and west over the past 60 years, Minnesota has actually increased its number of corporate headquarters based here - all remarkably accomplished in a high-tax business environment.

In 2019, the U of M Carlson School of Management is celebrating its 100th anniversary. Kudos to them and many other higher education programs that advance our state workers so impressively! Locally, our college students can intern at and enter a world-class work force and contribute to projects with global impact gaining skills in management. I think back to the failed roll-out of Obamacare several years back and the local Optum division of UnitedHealth Group that was the hired gun to resolve the problems. Outsiders must look at our politics, corporate leadership, economic success, and tax structure and marvel. After all, we are a bit ... *unique* here in Minnesota.

Sincerely,

Jerry Hersman

GSP BOMA Chair

Legislative Recap

With Sonnie Elliott



The legislature began the 2019 Legislative Session with high hopes of getting done on time. But they were unable to pass a biennial budget by the constitutional deadline of adjournment on May 20th. **Governor Walz, Speaker Hortman, and Majority Leader Gazelka** negotiated the final budget bills and agreed to a one-day special session on May 24th. The final budget is roughly \$48.3 billion which is a 6.2% increase over the previous two year budget.

In 2017, BOMA successfully stopped an automatic annual increase of the statewide general levy amount; freezing the levy amount at its 2018 level. This resulted in a reduction in the amount levied against individual properties. This year, Governor Walz and the House DFL proposed increases in the statewide general levy. In the Senate, the GOP resisted and included a reduction to the statewide general levy of \$50M; this was supported by St. Paul BOMA and other organizations in the business community. St. Paul BOMA was ultimately successful and the tax bill did not include the House or Governor's tax increase but it did include the \$50M reduction a year.

Governor Walz and the House DFL both proposed a 20-cent gas tax and sales tax increase in the metro area to fund transportation and transit. These tax increases did not survive negotiations and were not included in the final tax bill. The budget agreement also included a \$500 million bonding bill, but ultimately this was not taken up during the special session.

The legislature will reconvene February 11th, 2020. Typically, even number years concentrate on bonding proposals and policy changes. Both the House and Senate will be up for re-election in November 2020.

HOT TOPICS



BOMA Members have indicated interest in learning more about what issues the Government Affairs Committee (GAC) is discussing during its meetings. In an effort to respond to this interest, the GAC created “Hot Topics”. This is a brief overview of an issue or subject which the GAC has discussed and continues to monitor.

The first Hot Topic is the St. Paul SSD Feasibility study. An SSD (Special Services District) is the general name for a Business Improvement District or Downtown Improvement District. The Downtown Alliance is current researching the feasibility of setting one up in downtown St. Paul. Julio Fesser and Jim Stolpestad lead a committee focused on this task.

This summer a demonstration project will take place to show the impact an SSD could have on downtown Saint Paul. Two areas – the Central Station/Alliance Bank blocks between 5th and 6th streets and Minnesota and Cedar streets, and Rice Park, Landmark Plaza and Hamm Plaza – will be the focus of the project. [Streets of Summer](#) will kick off Monday, June 3 and run through August 31. The demonstration will include friendly staff, music, activities, art and more. Watch for these activities to start rolling out next week.

To learn more information about what an SSD is and how it’s configured, [click here](#).

Superintendents

Variable frequency drives (VFDs), adjustable frequency drives, adjustable speed drives, freq. drives, or whatever your name of choice, VFDs can provide some great benefits including energy savings, enhanced system performance and protections from numerous sources of equipment failure. But for many VFDs are a bit of an enigma. **Bob Lium** will cover basic VFD principals of operation and recommended maintenance.

Bob Lium has over 20 years of experience working with variable frequency drives (VFDs) in water systems and has spent the last 5 years with Ideal Service, Inc. performing sales and service of VFDs in HVAC/Building Automation, water/wastewater, and industrial automation applications.

DATE: Wednesday, June 19th
TIME: 11:30am – 12:45pm
LOCATION: 85 East 7th Place, Conference Room 295
COST: \$18 pre-registered, \$20 walk-in
EDUCATION: SMA/SMT/RPA/FMA CPD's

[Click here](#) to register!

32nd Annual Greater Saint Paul BOMA Golf Tournament

Join us on Monday, July 15th, 2019 for the 32nd Annual Golf Tournament at Prestwick Golf Club in Woodbury.

The following sponsorships are available:

- Corporate Tent Sponsorship - \$400



If you are interested in sponsorship or banquet tickets, please contact [Denise](#) at the BOMA office.

Turning Our Eyes to Midway and Allianz Field Impact



On a warm Monday morning, more than a hundred BOMA members and some guest registrants filed into the MidPointe Event Center located in the slowly gentrifying neighborhood of St Paul's Midway to witness a discussion on the finer points of commercial redevelopment within the area.

After a wonderful lunch catered by BOMA's own **Rhonda Pape** – owner of catering company [TST](#), Board Chair **Jerry Hersman** stood to call the meeting to order and gave a few opening statements, also thanking the Education Committee for all their hard work in making this meeting a success.

Julio Fesser stepped up to receive the BOMA Volunteer Award and also presented a segment called “Hot Topics” - designed to let BOMA members know what the Government Affairs Committee is tackling these days. We look forward to hearing about the next “Hot Topic” at an upcoming meeting.

Fred Melo of the Pioneer Press joined us to introduce the meeting's panelists and moderate the discussion. **Justin Borrell, Chad Kulas, Tiffany Brace, and Mike Koch** were invited to speak on the developments happening in Midway and what effect the Allianz Field soccer stadium has had on the area. They touched on concerns over parking, how nearby businesses will be affected on game days, and perceptions on overall personal safety in the neighborhood.

Turning Our Eyes to Midway and Allianz Field Impact

While concerns were made about panhandlers and the discomfort at having a visible homeless population, not much was said on how the changes to Midway will impact lower-income residents of the neighborhood and small business owners. But Allianz Field General Manager **Justin Borrell** reported that all parties were working closely with the Saint Paul Police Department to ensure a smooth and safe transition for new and old visitors to the area.

Once the panel discussion wrapped up, meeting attendees were split into two groups for an exclusive tour of the impressive stadium and lead through normally off-limits areas such as the locker rooms and VIP lounges. The tour concluded with a Q&A session and a coupon for 20% off merchandise from the gift shop.

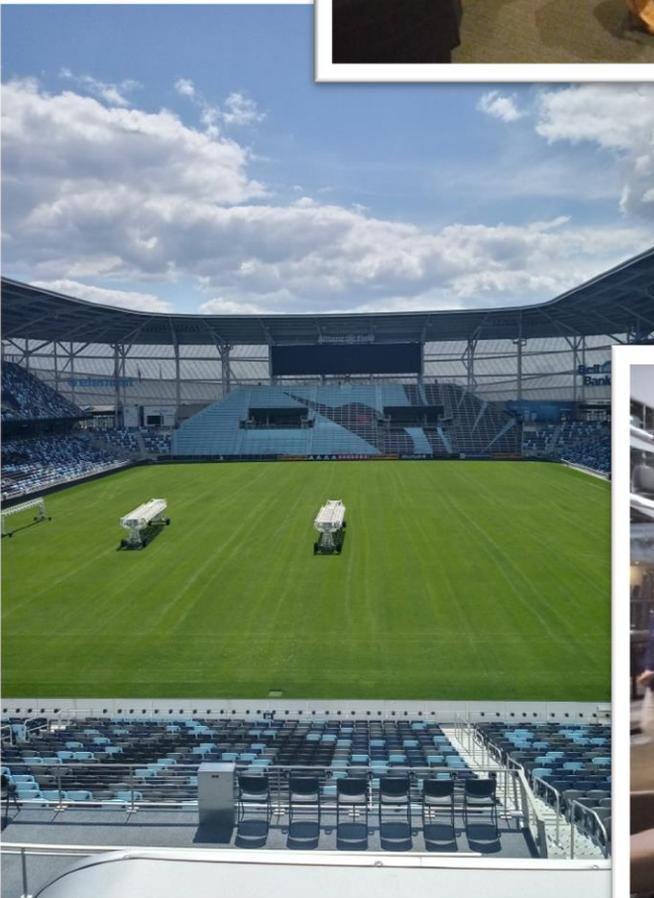


Above: Joe Spartz, Julio Fesser, Jerry Hersman

Below: Justin Borrell, Chad Kulas, Tiffany Brace, Mike Koch

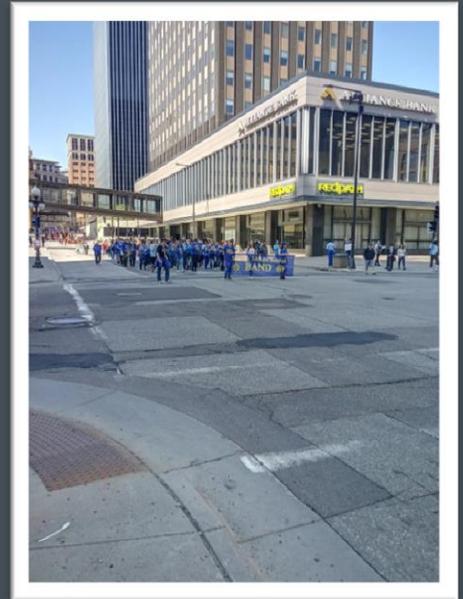


Turning Our Eyes to Midway and Allianz Field Impact



St. Paul School Patrol Parade 2019

The [St. Paul School Patrol Parade](#) took place on May 13th this year.



World's Largest Game of Catch

In case you missed it, the [World's Largest Game of Catch](#) happened Wednesday, May 15th.

World's Largest Game of Catch



BOMA Corner

Updates and Member Changes for Greater Saint Paul BOMA

A huge congratulations to BOMA Member **Pat Wolf** for winning the MSPBJ [Women in Business Award 2019!](#)



Earlier this year, the commercial real estate mastermind oversaw the eco-friendly redevelopment of the old Woolworth building and prior to that 81 on Seventh.

RECENT CHANGES

- Congrats to **Jerry Jordan** with Yale Mechanical. Jerry retired June 1st! We wish you the very best and will miss you!
- Saint Paul BOMA would like to extend its deepest sympathies to the family of **Dan Riehle**. Dan was a building member. He passed away on April 27th

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