



# Saint Paul BOMA News

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

NOVEMBER 2019

VOL. 5, NO. 11

## In This Issue:

- Membership Meeting
- Chair's Report
- Oct. MM Recap
- ICYMI: Cybersecurity
- Garbage Referendum
- Brokers & Superintendents
- BOMA Corner
- New Member!

## Upcoming Events

### November

- Broker's Group – Nov. 6
- Security Committee – Nov. 6
- Board Meeting – Nov. 13
- Membership Meeting – Nov. 18
- GAC Meeting – Nov. 26
- Thanksgiving – Nov. 28
- Black Friday – Nov. 29

### December

- Membership Meeting – Dec. 9
- Super. Meeting – Dec. 18
- Winter Solstice – Dec. 21
- Christmas Day – Dec. 25

Newsletter sponsored by:



## Quality of Life in Downtown Saint Paul



How is the current downtown quality of life in St. Paul? What are the factors driving homelessness and what has the response been to the increased services? With the skyway connections how are buildings impacted and what more can be done?

The expansion of the Dorothy Day Center and The Safe Space Winter Shelter (SSWS), a temporary low-barrier shelter complimenting local area shelter services that are at capacity during the wet, rainy winter season, along with "**Outside In**", a collaboration brought together by the Saint Paul Foundation and Ramsey County to address unsheltered homelessness in downtown Saint Paul are all part of the resources and ongoing solutions to address the issue of homelessness.

Join us as **Ellen Watters**, Watters Consulting, **Chris Michels**, Senior Program Manager with Catholic Charities, **Wes Denning**, SPPD, **Travis Bistodeau**, DSI, and **Max Holdhusen**, Interim Manager of Housing Stability at Ramsey County share updates on current programs and resources available to property managers. There will also be an interactive panel discussion where your questions can be addressed!

### Date:

Monday,  
Nov. 18th 2019

### Time:

11:40 – 12:00  
Networking  
12:00 – 12:30 Lunch  
12:30 – 1:30 Program

### Location:

DoubleTree



## CHAIR'S REPORT



At our October Membership Meeting, we presented our 2019 Downtown Saint Paul Office Market Report results. While this annual report is, in and of itself, the most detailed summary of real estate activity in the downtown St. Paul office core, this year was extra special as we celebrated our 25th anniversary issue released! A **BIG** thanks to our Marketing and Leasing Committee members for pulling a vast amount of details together for this initiative.

So what did the past year of ebbs and flows in real estate activity tell us? A few highlights from the report:

- ❖ The total universe of office space - combined Competitive, Owner-Occupied, and Government - is now 15,414,463 square feet, down about 1% from the 2018 report.
- ❖ The absorption (*total increase or decrease in occupied office space out of the overall space pool*) of space over the past year totaled a negative 257K SF. Impacting this decline were the following factors...
  - the Ecolab University building (154K SF) is totally vacant as it is converting to residential only, and the building remains in the count.
  - the Empire Building (60K SF) is also vacant and converting to residential and remains in the count.
  - portions (204K SF) of the First National Bank building are being converted to residential and are currently vacant, but remain in the count.
  - St. Paul employer Ditech, formerly Green Tree, headquartered in Landmark Towers finalized shutting down their St. Paul operations in the building removing their final 60K SF of employee space.
  - offsetting these declines, the office pool grew by 244K SF with the addition of the Treasure Island Center, formerly Macy's.

## CHAIR'S REPORT – CON'T.

- ❖ Occupancy Rates - the total universe of space (Competitive, Owner-Occupied and Gov't) maintained a healthy vacancy rate of 10.15% across the pool. However, backing out the fully occupied Owner-Occupied and Government sectors (combined, 52% of universe), the remaining Competitive pool is now 21.1% vacant, an uptick from 19.1% last year. The most significant aspect of these numbers is the "Class B" buildings that are currently seeing a 26.6% vacancy rate and garnering little traction in lease-up efforts. "Class C" (lowest rated) buildings appear healthy at 9.1% vacancy, but these numbers are a bit skewed as several former - and fully occupied - Class B buildings are now in the Class C pool and several remaining Class C buildings continue the conversion trend toward residential use.

So with the gains and offsets, are there some positives in place? I believe the core strength of the market is the great health we see in the residential market and the strong demand for people to move to the downtown core. The City of St. Paul is now over 160 years old and, just since the last census in 2010, we have witnessed a 102% growth in downtown residency, going from 4,900 to 9,845 citizens living in the central core. And a shout out to our partner Maxfield Research for the efforts to track and report this important data!

In summary, we are seeing continued rotation in the pools of office space supply, the demand for space by employers and the continued increasing interest for people to live in downtown St. Paul. These trends are all healthy for our market and we see a number of new building initiatives in the planning process including the new Riversedge AECOM project at the site of the former County Jail and West Publishing along the riverfront to support and address growth needs. These are exciting opportunities for our future and GSP BOMA will continue to lead and assist on city efforts to support these initiatives. For those interested in a deeper dive on the report details, all of the information is available at the link [spdatasource.org](http://spdatasource.org).

Sincerely;

*Jerry Hersman*  
GSP BOMA Chair

# Riversedge: A bold development project for downtown



On October 21, Josh Olson, with Ramsey County, and Brian Dusek, from AECOM, provided a detailed update on the Riversedge project. This multi-use development, on the former Ramsey County West Building and jail parcels, is an aggressive vision that will create a high density site and establish a connection to the river. With its sweeping views of the river valley, when completed, this \$800 million investment will be a unique and iconic development not only for St. Paul, but the entire metro region.

AECOM's proposal includes four towers that will be built in three phases.

*Phase 1:* Two buildings, the first with condos and a hotel, and the second with apartments. When combined, these two buildings will provide over 400 residential units, 163 hotel rooms and over 10k sf of retail.

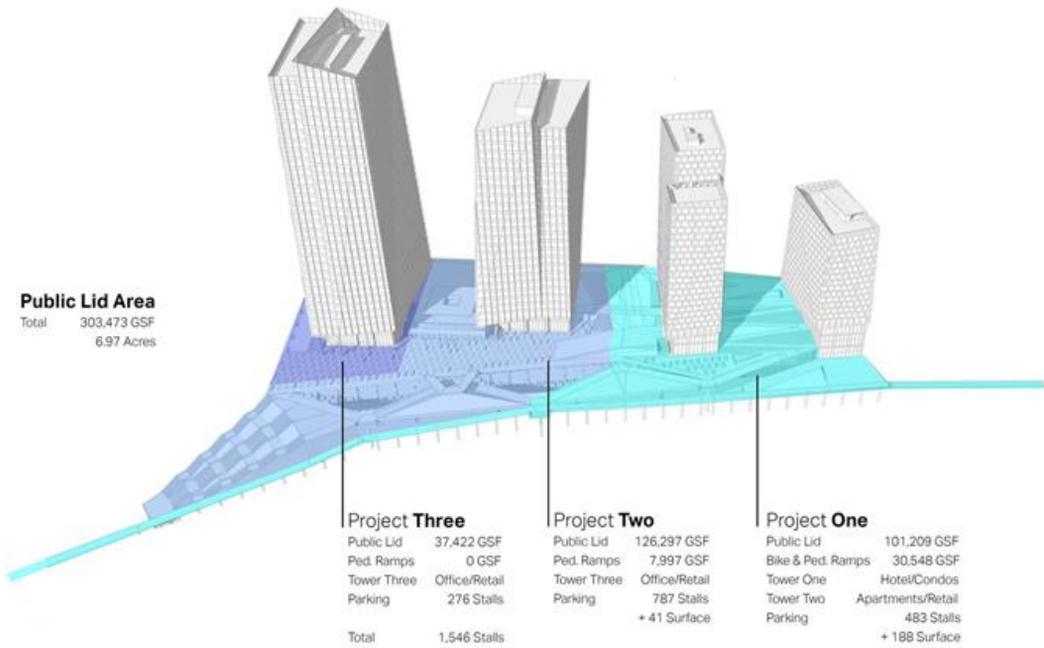
*Phase 2:* A Class A office tower with 450k sf.

*Phase 3:* A second Class A office tower, with floor plates of 27k sf and at least 500k sf of total space. With this being the last of the four buildings in Riversedge, depending on market conditions, AECOM believes this office tower could be supersized and end up as the tallest building in the Twin Cities.

These buildings will be constructed over a large parking ramp that will be expanded as the project continues. By the end of the third phase, the ramp will accommodate 1,546 vehicles.

One element of this project that makes it unique is the large public realm space. At almost 7 acres, this feature will more than double the initial size of the site. The public realm space is made available by building a "lid" over the railroad tracks and Shepard Road that runs on the north side of the river. The space will provide great views and pedestrian and bike access to the river level.

# Riversedge: A bold development project for downtown



St Paul **RiversEdge**: Public Lid Phasing  
October 2019

**AECOM**



# ICYMI: Cybersecurity - Protecting Your Building's Assets



On October 2<sup>nd</sup>, BOMA hosted a breakfast seminar on cybersecurity best practices to keep your devices (and data) safe from cyber criminals. **Mike Johnson**, Director of Graduate Studies in Security Technologies at the University of MN, reappeared for this event, focusing on practical advice and strategic action versus putting the fear of phishing in everyone's heads. Joining him were **Don Garvey**, Chief Information Security Officer at Travelers, **Ryan Manship**, President of RedTeam Security, and **Stephanie Cassioppi** of the FBI. The focus was on what the public and private sector can do to best support their IT departments and what to be aware of in their personal lives when using technology.

## Some of the key takeaways included:

- Changing passwords to passphrases – longer is better. Once you reach 16 characters, it will take current software a century to crack your password. Instead of words and letters like “password123” use a phrase you will recall. A better option would be “My dog needs a bath!” (Keep in mind, some platforms will allow spaces in passwords and others won't.)
- Always use a multifactor authentication. Best practice is to not answer all those security questions honestly, make sure the answers you give aren't something that could easily be verified through other means, like the first street you lived on or your mother's maiden name.
- Report anything that seems out of the ordinary and verify log in times and locations of employees. Someone could be accessing your network from halfway across the globe at 3 am and you want to know about it!
- Back up your data regularly, in multiple places, and run a test restore to make sure it works and you've worked out the kinks in the event you lose critical information.
- A VPN keeps the WIFI connection secure and encrypts any data being sent if you have employees that work from home or other remote locations.

## ICYMI: Cybersecurity - Protecting Your Building's Assets

Don't assume you won't be a target – it's a matter of when and not if. The first place to start when putting together a framework for your response to a cyber-attack is to know your risk. There are many free tools or affordable services that test your system for weaknesses and recommend changes that would lower your risk of being infiltrated.

While it is critical that organization leaders be part of the process when it comes to cybersecurity, all members of an organization need to follow compliance protocols and adhere to safe cyber practices – at work or at home. Cybersecurity needs to be a regular topic of training and discussion on the job and in our personal space. Practicing prevention is easier and less costly than paying for recovery.

[Click Here](#) for Mike Johnson's cybersecurity slides from Nov. 2018 and links to helpful resources and best practices.



# St. Paul Garbage Referendum



On November 5<sup>th</sup>, voters in St. Paul will be heading to the polls. On the ballot is a referendum question relating to residential coordinated trash collection. While the current trash collection ordinance doesn't affect commercial real estate, or residential buildings of 5+ units, if the referendum fails, the consequences will be significant for all property tax payers in the city. If a no vote on the referendum succeeds, the result will be a 17% increase in property taxes. This increase will result from the city picking up the cost of the trash contract rather than individual homeowners.

This referendum scenario is occurring due to dissatisfaction by some residents with the current trash collection ordinance. Without recounting all the details, which are readily available online, this potential tax increase is inherently unfair for commercial and most multi-family buildings. Commercial and multi-family will continue to pay for their own trash service, while being taxed to cover the trash collection contract the city is obligated to fulfill.

The St. Paul BOMA Board has decided to support "Yes" on the referendum. While there is plenty of blame to go around for why the city has reached this conundrum, BOMA remains opposed to additional property tax increases, especially when there is no benefit being provided to buildings. We felt it was important for impacted members to be fully aware of the consequences of the referendum. If you are in a position to support BOMA and our members in creating a successful outcome on November 5<sup>th</sup>, we strongly encourage your action.

[Click here](#) for additional information on the referendum.

## BROKERS GROUP

Come join **Ann Stahley** and **Aaron Barnard** at UBS Plaza to connect. See the amenity package and hear about coming changes. Lunch provided. We will meet in the Ninth floor conference room, Suite 930 of UBS Plaza. Bring your cards for a drawing or two. Parking is available at the Town Square Ramp.

Date: Wednesday, November 6<sup>th</sup>

Time: 11:45am – 1:00pm

Location: UBS Plaza, 444 Cedar Street, Suite 930

## SUPERINTENDENTS GROUP

Several individuals will be joining us this month to discuss product, product lines and new state of the art products coming into the market for plumbing and HVAC . They also offer Backflow Recalibration and have a Commercial Water Heater Delivery Program.

The Goodin Company, is a Plumbing and HVAC Wholesaler headquartered in Minneapolis/ St. Paul. **Joe Plank** has 30 years' experience Plumbing / Industrial Wholesale Sales and has been with Goodin Company for 12 years. **Melissa Simon** has 40 years' Customer Service experience, formally with 3M Company she has been with Goodin for one year. **Nate Blomquist** specializes in advances in plumbing technology. He has been with Goodin Company for 2 years.

DATE: Wednesday, November 20<sup>th</sup>

TIME: 11:30am to 12:45pm

LOCATION: 85 East 7<sup>th</sup> Place Room 295

COST: \$18 pre-registered, \$20 walk-ins

EDUCATION: SMT/SMA/RPA/FMA CPD's

# BOMA Corner

*Updates and Member Changes for Greater Saint Paul BOMA*

## Sponsorships are available!

If you would like to help sponsor the First Responders Appreciation Luncheon in December, please contact Denise at the BOMA office. There are multiple sponsorships (Gold, Silver & Bronze) available.



# Your Logo Here

Advertise with  
Greater Saint Paul BOMA!



Visit our site for more information:  
[https://bomasaintpaul.org/Advertising\\_Opportunities](https://bomasaintpaul.org/Advertising_Opportunities)

**OFFICERS:**

Jerry Hersman, Chair

David Ketcham, Vice Chair

Greg Sharpe, Treasurer

**DIRECTORS:**

Clint Blaiser

Julio Fesser

Heide Kempf-Schwarze

Jean Krueger

Mike Soukup

**STAFF:**

Joe Spartz, President

Michaela Osiecki, Editor

Denise Jenkins, Co-Editor

Rhonda Pape, Co-Editor

**Greater Saint Paul BOMA**

First National Bank Building  
 332 Minnesota Street, W2950  
 St. Paul, MN 55101  
 Phone: 651-842-4023  
 Fax: 651-291-1031  
[www.bomastpaul.org](http://www.bomastpaul.org)

**Welcome, New Member!***Duncan Holmstrom*

RWK Services, Inc.

7831 East Bush Lake Road, Suite 203

Bloomington, MN 55439

T – 612-283-9676

Email:

[duncan.holmstrom@rwkservices.com](mailto:duncan.holmstrom@rwkservices.com)

Greater Saint Paul BOMA Newsletter published monthly by Greater Saint Paul BOMA

Statements and opinions in editorials or articles written by the publisher and staff do not necessarily represent the opinion of BOMA or its membership. Articles November be reproduced only by written authority of the editor.

DISCLAIMER: All advertisements are accepted and published upon the representation that the Agency or Advertiser is authorized to publish the entire contents and subject matter thereof. The Agency and/or Advertiser will identify and hold harmless to the publishers, the employees and agents of the publisher from any advertisement including claims or suits for defamation, libel, violation of rights of privacy, plagiarism, and copyright infringement.