



Economic Development Authority

1616 HUMBOLDT AVENUE, WEST ST. PAUL, MN 55118

ECONOMIC DEVELOPMENT AUTHORITY MEETING

MUNICIPAL CENTER LOBBY CONFERENCE ROOM

APRIL 9, 2018

4:30 P.M.

1. Call To Order
2. Roll Call
3. Adopt Agenda
4. EDA Consent Agenda Items
 - 4.A. Financial Information Through March 31, 2018
Documents:
[FINANCIAL SUMMARY 3-31-18.PDF](#)
 - 4.B. Previous Meeting Minutes
Documents:
[MINUTES - EDA 3-26-18.PDF](#)
5. Commissioner Comments
6. New Business
7. Old Business
 - 7.A. Business Subsidy Request - 68 Moreland Avenue W
Documents:
[68 MORELAND.PDF](#)
8. Adjourn

*If you need an accommodation to participate in the meeting, please contact the ADA Coordinator at
651-552-4100, TDD 651-322-2323 at least 5 business days prior to the meeting
www.wspmn.gov EOE/AA*

City of West St Paul Economic Development Authority Income Statement

Through 3/31/2018

Account	Account Description	2018 Budget Amount	March Actual Amount	2018 YTD Actual Amount	Budget Less YTD Actual	% of Budget
REVENUE						
	Tax - Ad Valorem-Current	338,171.00	.00	.00	338,171.00	0
	Investment - Interest	5,000.00	.00	.00	5,000.00	0
	Other Interest Earnings	50,000.00	.00	.00	50,000.00	0
	Investment - Market Adjust	.00	.00	.00	.00	0
	Insurance - Policy Dividn	.00	.00	.00	.00	0
	Misc Revenue - All Other	10,000.00	.00	13,000.00	(3,000.00)	0
	Sale of Real Property	.00	245,000.00	245,000.00	(245,000.00)	0
	Transfers In	.00	.00	.00	.00	+++
		<u>\$403,171.00</u>	<u>\$245,000.00</u>	<u>\$258,000.00</u>	<u>145,171.00</u>	<u>0%</u>
	REVENUE TOTALS	\$403,171.00	\$245,000.00	\$258,000.00	145,171.00	0%
EXPENSE						
	Full Time Reg Wages	126,113.00	14,128.60	37,561.36	88,551.64	30%
	PERA	9,458.00	1,059.66	2,628.06	6,829.94	28%
	FICA	9,647.00	980.20	2,597.18	7,049.82	27%
	Health Insurance	15,676.00	1,306.32	3,918.95	11,757.05	25%
	Other Grp Insurance	362.00	22.73	68.19	293.81	19%
	Office Supplies	300.00	.00	.00	300.00	0%
	Motor Fuels & Lubricants	.00	.00	.00	.00	0%
	General Supplies	500.00	.00	.00	500.00	0%
	Auditing Services	2,000.00	.00	.00	2,000.00	0%
	Civil Legal Fees	9,000.00	1,244.00	3,961.50	5,038.50	44%
	Travel,Conference,Schools	3,715.00	107.36	778.64	2,936.36	21%
	Advertising	.00	.00	.00	.00	0%
	Postage	500.00	.00	2.30	497.70	0%
	Printing & Publishing	1,000.00	.00	.00	1,000.00	0%
	Insurance - Gen Liability	1,500.00	4,177.00	4,961.18	(3,461.18)	331%
	Water/Sewer Charges	.00	107.13	107.13	(107.13)	***
	Contractual Services	64,125.00	3,300.00	3,300.00	60,825.00	5%
	Subscriptions,Memberships	775.00	.00	295.00	480.00	38%
	Loss on Sale of Asset	.00	.00	.00	.00	***
	Misc Expenses	1,500.00	53.35	69.89	1,430.11	5%
	Business Subsidy	157,000.00	.00	.00	157,000.00	0%
	Land Held for Resale	.00	70.75	1,131,434.28	(1,131,434.28)	+++
		<u>\$403,171.00</u>	<u>\$26,557.10</u>	<u>\$1,191,683.66</u>	<u>(\$788,512.66)</u>	<u>282%</u>
	EXPENSE TOTALS	\$403,171.00	\$26,557.10	\$1,191,683.66	(\$788,512.66)	282%
	REVENUE TOTALS	403,171.00	245,000.00	258,000.00	145,171.00	64%
	EXPENSE TOTALS	403,171.00	26,557.10	1,191,683.66	(788,512.66)	296%
		<u>\$0.00</u>	<u>\$218,442.90</u>	<u>(\$933,683.66)</u>	<u>\$933,683.66</u>	

Cash Balance:

12/31/2017	1,444,709
1/31/2018	327,392
2/28/2018	267,842
3/31/2018	466,590

**City of West St. Paul
Economic Development Authority Minutes
March 26, 2018 at 4:00 p.m.**

1. Call to Order

President Halverson called the meeting to order at 4:30 p.m.

2. Roll Call

Present: President Jenny Halverson, Vice President Anthony Fernandez and Commissioners John Bellows, Ed Iago, Dave Napier, Bob Pace and Dick Vitelli

Absent: None

Also Present: Executive Director Hartshorn
City Manager Ryan Schroeder
City Attorney Kori Land
City Clerk/Secretary Shirley Buecksler

3. Adopt the Agenda

Motion was made by Commissioner Vitelli and seconded by Commissioner Napier to adopt the agenda, as presented.

All members present voted aye. Motion carried.

4. EDA Consent Agenda Items

A. Previous Meeting Minutes

- February 26, 2018 EDA Regular Meeting Minutes
- February 26, 2018 EDA Work Session Minutes

Motion was made by Commissioner Vitelli and seconded by Commissioner Napier to approve the Consent Agenda, as presented.

All members present voted aye. Motion carried.

5. Commissioner Comments

None.

6. New Business

A. DARTS Senior Housing Project Discussion

Hartshorn mentioned that Staff was approached by representatives from DARTS and Real Estate Equities to discuss a proposed 174 unit affordable senior apartment complex. The proposed project includes three acres located at 1645 Marthaler Lane, owned by DARTS.

The project would offer another option for independent senior housing and develop an underutilized property. Based on the financial analysis from Ehlers, the developer is requesting 15 years of (pay-as-you-go) TIF totaling \$1,622,000 to fill a financial gap. The remaining six years could be used to create an affordable housing program, such as rehabilitation loans/grants and acquisition of blighted properties.

The project would also require rezoning from an I-1 District to B-6 Town Center. The proposal includes 278 parking stalls, including surface and underground parking but may still require a parking variance. The parking code requires two stalls per two-bedroom unit.

The total estimated annual property tax is \$215,000. It is estimated that the City would collect approximately \$24,000 annually in administrative fees from the TIF District. The City would also collect plan review and building permit fees that would total about \$270,000. Park dedication fees would generate approximately \$60,000.

The following representatives from DARTS, Real Estate Equities, and Ehlers also attended the meeting:

Ann Bailey, President, DARTS
Bill Bisanz, Chief Executive Officer, Real Estate Equities
Patrick Ostrom, Development Partner, Real Estate Equities
Jason Aarsvold, Senior Municipal Advisor/Vice President, Ehlers

Ann Bailey said that, in 2014, the contracts they had with Met Council for metro mobility were awarded elsewhere. DARTS mission includes support for older adults. Ms. Bailey said there is a need to provide senior housing. She said DARTS is currently providing on-site services as a pilot in the EDA buildings in West St. Paul and South St. Paul.

Bill Bisanz stated that their mission is to provide housing, building communities and enhancing lives. He said this is an opportunity to partner with DARTS and that, the more they learned about the senior population in West St. Paul, the more Real Estate Equities felt called to try and make this work. Mr. Bisanz said he feels this is a project that will benefit and serve the senior community.

Patrick Ostrom said this will be new construction that is very comparable to other market rate project amenities, such as solid surface counters, appliances, washer/dryer, large community spaces, fitness centers, theater rooms, and a high-end quality project. He said that Dakota County has over 2,600 seniors on a waiting list and that a lot of people are in need of this type of product. He said they are proposing rent of \$950 to \$1,100 per month. Mr. Ostrom said a partnership with DARTS provides a unique opportunity to provide independent living and services that are not provided by other facilities.

Comments:

- Is there an age requirement for the senior building? Yes, 62 years of age.
- The gap will be made up by TIF. Can the City choose either a 15 or 19 year period? Yes. From a development perspective, it would be okay either way. Money could be used sooner for other housing projects.
- After TIF, do taxes come directly to the City? The City would have the choice to close it down after it's paid or keep it open for other housing assistance.

- Is TIF based off of a level income that the project would produce? It is based on the assessed valuation of the property and what it actually pays in property taxes. A portion would be diverted to the City.
- What percentage of ownership would DARTS have in the building? 20 percent.
- How does the non-profit factor into it? It won't. This will be taxed similar to how any other apartment project would be taxed. The land which the administration building sits on would still be non-profit and not included in it.
- What are the plans, if any, for vouchers or income-rated rent? 100% rent restricted and would have to accept vouchers. Holders of vouchers would still have to pay the asking rate. Under the low income program, the City would have to accept vouchers.
- The units are for ages 62+ but would children be permitted? Councilmember Fernandez said it changes the dynamics of the project if children are allowed. Mr. Ostrom will check into whether children would be permitted. Ms. Bailey added that, because there are no three-bedroom apartments, interest may be limited for those with children.
- Councilmember Bellows asked if there is any preference for residents who currently live in the general vicinity. Under the financing restrictions, can preference be given to people who live in this area? No; cannot discriminate.
- Councilmember Bellows said EMT services are significantly higher for seniors. Increasing by 230-240 seniors would be a factor to consider. DARTS would like to have access to the amount of traffic currently serving the EDA buildings. This is public information available from South Metro Fire Department.
- How much are other TIFs effecting the City? The only factor is how you're going to serve the residents with those services. There is a policy discussion to be had about what service burden this is going to have.
- If we do this, would we be limited in the future? No, there is no limit.
- The City does not have a statutory tax ceiling for TIF and wouldn't be issuing bonds. As revenue comes in, the revenue gets allocated out. The taxable value of the parcel is currently \$20 million. It's a subsidized tax rate. The tax class rate is .75.
- If the Council likes the project, Staff would start with a zoning change, site plan process, and bring back a TIF and development agreement to a future Council and EDA meetings.
- Is this set up for disabled seniors? It would be fully ADA compliant.
- Councilmember Napier asked if a fully disabled person would qualify. Mr. Ostrom said no.
- Councilmember Napier said he is not against it but one issue is that it is behind Wal-Mart with no green space or courtyard.
- They currently have more parking stalls than necessary and will also have underground parking. Some parking space could be used for green space in the middle.
- Councilmember Vitelli said \$60,000 will go to the park dedication fund.

Mr. Ostrom said there are a lot of limited resources and that Real Estate Equities is looking to move as quickly as possible.

Mayor Halverson thanked everyone for coming to the meeting.

7. **Old Business**

None.

8. **Adjourn**

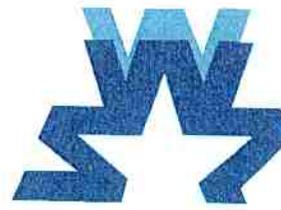
Motion was made by Commissioner Napier and seconded by Commissioner Fernandez to adjourn the meeting at 5:05 p.m.

All members present voted aye. Motion carried.

Jenny Halverson
President
City of West St. Paul

TO:
FROM:
DATE:

**EDA PRESIDENT AND BOARD
EXECUTIVE DIRECTOR
APRIL 09, 2018**



City of West Saint Paul

SUBJECT:

Business Subsidy Request - 68 Moreland Avenue Redevelopment.

BACKGROUND INFORMATION:

Last fall, the Board supported a concept plan for a climate controlled storage business located at 68 Moreland Avenue. At that meeting, staff mentioned that there would be considerable site cleanup and demolition costs. The developer (if they received all necessary approvals,) will request a business subsidy for \$25,000 to help with the site improvement costs. The redevelopment grant is actually a forgivable loan, which is pro-rated for five years. In other words, if the applicant sells the business before five years, then they will be required to pay a portion of the forgivable loan back. If the grant is approved, staff will have EDA Attorney proceed with a Business Subsidy Agreement.

The developer received two demolition bids including:

1. Kamish Excavating - \$62,000
2. Frattalone - \$63,900

Project components include:

- Purchase of the 68 Moreland Avenue property.
- Site cleanup and building demolition.
- Construction of a three-level, 51,900 sq. ft., climate-controlled storage facility.
- The current market value is \$149,000 and generates \$4,308 in annual taxes.
- The new market value will generate \$3.5 million and generate approximately \$49,000 in annual tax revenue.
- The site was recently rezoned to I-1 Light Industrial, with a Planned Development component.

The project meets the Business Subsidy Policy requirements with the following components:

- Eliminates blight and represents a significant investment in the area.
- Increases the City's tax base.
- Provides a business or service that is underserved in the City.
- Enhances the value of surrounding properties and possibly stimulate additional capital investment in the area.

		Amount
Fund:	EDA Fund	209-41121-40495
Department:	Community Development	
Account:	EDA Fund	\$25,000 (site cleanup/demolition costs)

STAFF RECOMMENDATION:

Staff recommends approval of a \$25,000 redevelopment grant for partial site cleanup and demolition costs.

ATTACHMENTS:

- Business Subsidy Application
- Current site and after pictures.
- Estimated demolition costs from Kamish Excavating.

**CITY OF WEST ST. PAUL
BUSINESS SUBSIDY APPLICATION**

Name of Applicant (individual or corporation): MORE SPACE, LLC

Business Address: 68 MORELAND AVE City: WEST ST. PAUL Rent or Own? OWN

Phone: Business (651) 338-8785 Home: () Fax: ()

Owner of Project Site (if different): AUGUST VENTURES, LLC

Business Organization: Sole Proprietor _____ Partnership X Corp. _____ LLC _____

Names of Partners or Shareholders:
LAWRENCE KOLAND, STACY KOLAND

Product or Service:
CLIMATE CONTROLLED SELF STORAGE

No. of Employees (incl. Owners) 5 No. of Employees Projected 6-7

Wage rates \$11-16/hr. Projected Wage Rate for new employees \$11-12.50/hr.

Description of Proposed Project
SELF STORAGE FACILITY TO BE CONSTRUCTED AT THE LOCATION OF THE CURRENT SIGNAL HILLS CAR WASH. THE NEW FACILITY IS TO BE A MODERN CLIMATE CONTROLLED FACILITY.

Participating Lender: DRAKE BANK Loan Officer: WILLIAM LESHER Phone: 651-767-9808
60 E PLATO BLVD, SUITE 100
ST. PAUL, MN 55107

Uses of Funds:

Types of Expenditure	Cost
<u>DEMOLITION SIGNAL HILLS CAR WASH</u>	\$ _____
<u>FRATTALONE</u>	<u>63,900</u>
<u>KAMISH EXCAVATING</u>	<u>62,000</u>
_____	_____
_____	_____
Total Uses <u>1</u>	\$ _____

City of West St. Paul
 Business Subsidy Application
 Page Two

Scheduled Project Start Date: SPRING '18 Project Completion Date: SUMMER '18

Sources of Funds:

	Source Amt.	Pct. Rate	Term	Collateral	Payment
Personal Equity	\$		N/A	N/A	N/A
Business Equity					
Bank: <u>DRUCE</u>		<u>50%</u>			
Bank:					
Other:					
West St. Paul EDA		<u>50%</u>			
Total Sources	\$	100%			

All grants require at least equal to the amount of the grant.

Please include the following with your application:

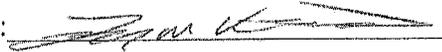
_____ A map showing the location of the project.

_____ A statement indicating why the funds are necessary to undertake this project, how proposal meets business subsidy criteria, and if the project will proceed without assistance.

Additional information may be requested as needed. The City of West St. Paul reserves the right to approve or deny applications for the Business Subsidies Program.

I certify that the above information, and any additional information enclosed herein, is true and correct to the best of my knowledge.

Signature of Applicant:

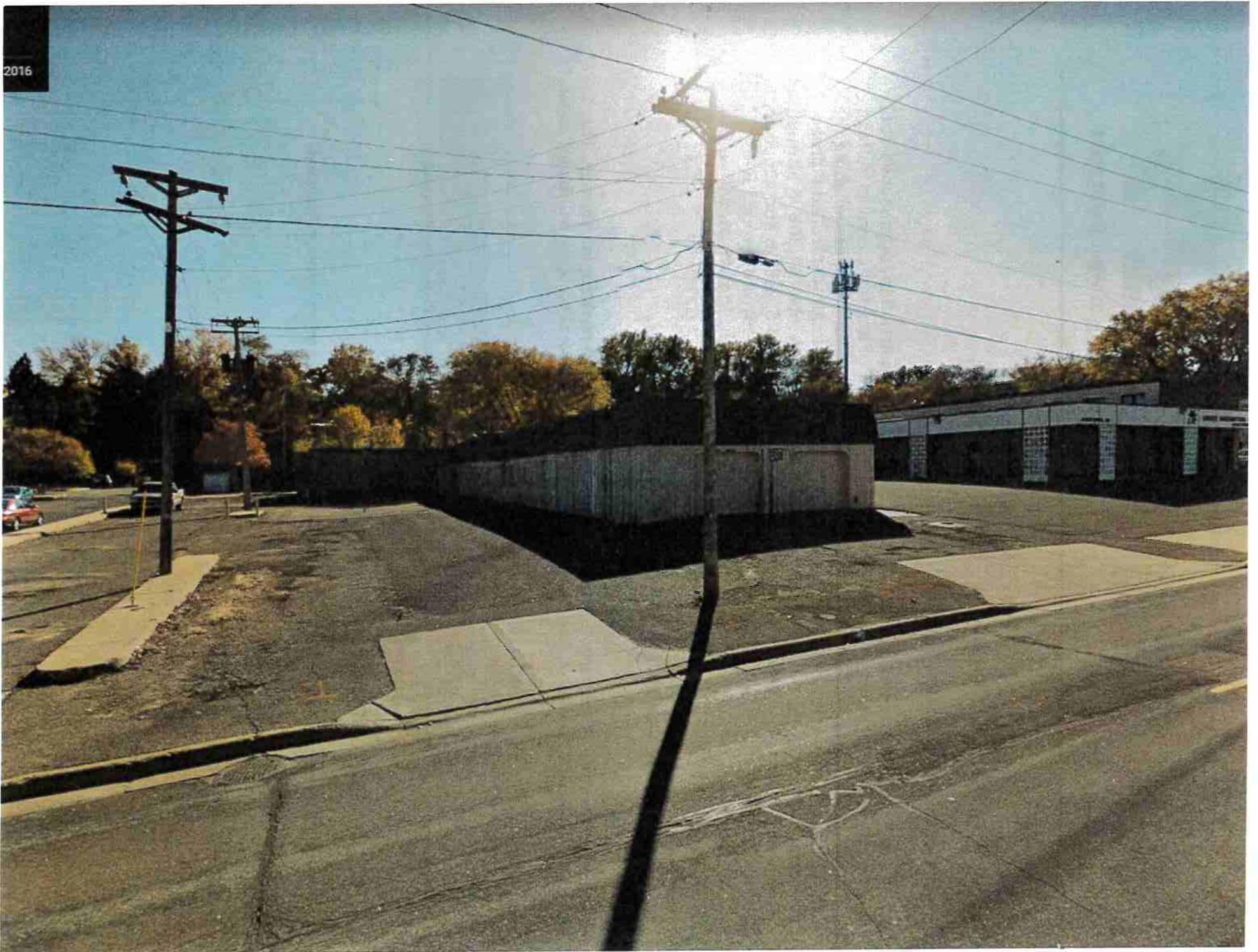


Date: 12/1/2017

Submit to: Jim Hartshorn, Community Development Director
City of West St. Paul
1616 Humboldt Avenue
West St. Paul, MN 55118
Or email to jhartshorn@wspmn.gov

For further information or clarification, call (651) 552-4140

2016





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CS01

View from Northeast



1301 South Concord Street
South St. Paul, MN 55075
Direct: 651.457.3600
Fax: 651.731.7794
www.kamishexcavating.com

ESTIMATE

To: Langer Construction
c/o Russ

Job: 68 Moreland Ave
West St Paul, MN

From: Brad Ensruide

Date: 11/03/17

INCLUDES:	Demolition and removal of the existing building (Includes pavement, trees, walls, & utility disconnects)	\$62,000.00
	Erosion control (Silt fence, inlet protection & one rock entrance)	\$ 4,800.00
	Excavation, Backfilling, & Grading (Includes perimeter footings, pad footings, & elevator pit) (Includes grading for the floor, curbs, walks, & pavement)	\$48,300.00
	Water & Sewer connections from the blvd to the building	\$ 6,500.00

*WBE Certified

Addendums: n/a

***Final pricing may vary depending upon the actual grading plan and cut & fill quantities.**

NOT INCLUDED: No layout or staking, no surveying, no testing, no soil correction, no dewatering, no permits or bonds, no class 5 base for under the asphalt pavement, no auger foundations, no foundation insulation, and no winter conditions.

Submitted by: Brad Ensruide
Brad Ensruide - 651.775.0848 cell

Table 1
Landmark
Environmental Assistance
68 Moreland Avenue, West St. Paul

Not sure yet if MPCA will
 require an updated
 Phase I ESA

Don't think Phase
 II Investigation is
 needed.

Tasks	Sherry Van Duyn, PE, Project Manager	Calista Timmerman, Environmental Engineer	Field Scientist	Environmental Scientist	Subtotal Labor	Expenses	Total Cost
	\$160	\$110	\$100	\$100			
Project Management	6	5			\$1,510	\$50	\$1,560
Phase I ESA	1	17		8	\$2,830	\$270	\$3,100
Phase II Investigation	1	5	8		\$1,510	\$2,280	\$3,790
Voluntary Response Action Plan	4	22			\$3,060	\$0	\$3,060
Environmental Contingency Plan		4			\$440	\$0	\$440
Design (vapor barrier/venting drawings)	2	16			\$2,080	\$0	\$2,080
TOTAL	14	69	8	8	\$ 11,430	\$ 2,600	\$ 14,030

PreDemo Asbestos Hazmat Survey			13		\$1,300	\$ 900	\$ 2,200
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Notes:

1. Project management is 12% – includes MPCA Application, coordination with client, MPCA and others
2. Does not include construction oversight or diagnostic testing if active fan is required and installed. If an upgrade from a passive venting system to an active fan, increase in engineering and construction of \$5,000 for venting office only.
3. Phase II Investigation includes hand augering to collect 6 samples in top 4 feet around frost footing and near possible petroleum contamination.
4. Design includes vapor barrier/venting system drawings and specs, no bidding documents (need to include in VRAP)
5. Asbestos survey assumes 3 PCB samples for caulk, 60 asbestos samples, shipping, mileage. (We need more information about the buildings and what's in them for a more accurate cost.)

Updated TOTAL:
\$7,140 - \$10,240

Table
Response Action
Ministorage Building
68 Moreland, West St. Paul

Venting System - Active Fan in Office Only
Soil

Item	Estimated Quantity	Unit	Unit Cost [1]	Extension	Subtotals	Source of Unit Cost	Comment/Assumptions
Site Work							
Mobilization/Demob	0	LS	\$2,000	\$0		Landmark	
Contractor's Health and Safety Plan	1	LS	\$500	\$500		Landmark	
Subtotal Site Work					\$500		
Contaminated Soil Removal							
Excavation of Contaminated Soil	0	CY	\$15.00	\$0		Landmark	None planned - all reuse
Load, T&D Nonhazardous	0	TON	\$40.00	\$0		Landmark	None planned - all reuse
Subtotal Contaminated Soil Removal					\$0		
Venting System							
Sand/Rock Layer	11	CY	\$10	\$111			6" sand layer under office - assumes 400 sq ft office
Perforated Piping	40	LF	\$10	\$400		Landmark	4" Dia. Perforated PVC Pipe
Riser Piping & Appurtenances	1	LS	\$1,000	\$1,000		Landmark	riser pipe to roof of building 3 stories
Fan	1	EA	\$2,000	\$2,000		Landmark	fan plus electrical estimate
Subtotal Venting System					\$3,511		
Total Contractor Costs					\$4,011		
Engineering & Analytical Costs							
Project Management/Meetings	1	LS	\$3,010	\$3,010		Landmark	PM assumes 15%
RA Implementation							
Engineering Services	2	WK	\$1,420	\$2,840		Landmark	1 senior engineer/scientist for 8 hrs per week
Field Oversight during Soil Excavation	1	WK	\$2,200	\$2,200		Landmark	1 field scientist 16 hrs per week, field equipment
Field Oversight Venting Installation	1	WK	\$900	\$900		Landmark	8 hrs/week plus field equip
Premitigation Testing Venting System	1	DAY	\$2,600	\$2,600		Landmark	Test for venting radius of influence and fan capacity
Post Mitigation Sampling and Verification Sampling	2	EA	\$1,500	\$3,000		Landmark	2 Site Visits to Monitor System and Prepare Report
Implementation Report	1	LS	\$3,000	\$3,000		Landmark	Final RA Impl. Report documenting cleanup
Environmental Covenant	1	LS	\$3,000	\$3,000		Landmark	Property deed restriction may require additional attorney costs
Analytical	1	LS	\$2,500	\$2,500		Landmark	Soil and soil vapor
MPCA Oversight	1	LS	\$4,000	\$4,000		Landmark	Estimate
Subtotal Engineering, Analytical & MPCA					\$27,050		Design assistance, construction observation and engineering, analytical and RA Implementation report
Total Construction, Engineering, Analytical, MPCA					\$31,061		

[1] Unit cost includes labor, materials, equipment, overhead, and profit.

Assumptions:

1. Estimate does not include costs associated with development.
2. Estimate does not include any dewatering or stormwater permitting
3. Assumes 1 week of soil excavation, 16 hours field time and 1 week of vapor barrier/venting system installation, 8 hours of field time.