ECONOMIC DEVELOPMENT AUTHORITY MEETING

MUNICIPAL CENTER COUNCIL CHAMBERS

1616 HUMBOLDT AVENUE, WEST ST. PAUL, MN 55118

MONDAY, JANUARY 27, 2020

IMMEDIATELY FOLLOWING THE REGULAR COUNCIL MEETING

1. Call To Order

2. Roll Call

3. Adopt Agenda

4. EDA Consent Agenda Items

4.A. Minutes Of December 9, 2019 - EDA Work Session

Documents:

12-09-19 EDA WORK SESSION MINUTES.PDF

5. Commissioner Comments

6. Public Hearing

7. New Business

7.A. 2020 Insurance Options For EDA

Documents:

EDA REPORT - 2020 LIABILITY COVERAGE WAIVER.PDF
RESOLUTION - APPROVING NON-WAIVER OF STATUTORY TORT LIABILITY LIMITS (002).PDF

7.B. Annual Meeting And Election Of Officers

Documents:

EDA REPORT - ANNUAL MEETING AND ELECTION OF OFFICERS.PDF
COMM DEV. ANNUAL REPORT 2019.PDF
RESOLUTION - ELECTING OFFICERS.PDF
2020 BUDGET.PDF
EDA BYLAWS - 1-15-14.PDF

7.C. Open To Business Program Review

7.D. JAVA Properties - Cancellation Of Purchase Agreement

Documents:

EDA REPORT - TERMINATION OF DEVELOPMENT AGREEMENT WITH JAVA COMPANIES, LLC.PDF
RESOLUTION - TERMINATING CONTRACT FOR PRIVATE DEVELOPMENT WITH JAVA COMPANIES, LLC.PDF
EXECUTED-1589 ROBERT-JAVA COMPANIES-CANCELATION AGREEMENT.PDF

8. Old Business

9. Adjourn

If you need an accommodation to participate in the meeting, please contact the ADA Coordinator at 651-552-4108 or email ADA@wspmn.gov at least 5 business days prior to the meeting
www.wspmn.gov EOE/AA

City of West St. Paul
Economic Development Authority Work Session Minutes
December 9, 2019

1. Open Work Session

President Napier called the meeting to order at 5:47 p.m.

2. Roll Call

Present: President Dave Napier
Commissioners Wendy Berry, Lisa Eng-Sarne,
Anthony Fernandez, John Justen, Bob Pace and Dick Vitelli

Absent: None

Also Present: City Manager Ryan Schroeder
City Attorney Kori Land
EDA Executive Director Jim Hartshorn
EDA Assistant Treasurer Char Stark
City Clerk/EDA Secretary Shirley Buecksler

Keith Dahl, Financial Specialist – Ehlers
Stacie Kvilvang, Senior Municipal Advisor – Ehlers
Nick Andersen, Vice President & Project Manager – Dominium
Eric Omdahl, Senior Development Associate - Dominium
Matt Hodges, Development Analyst – Dominium

3. Agenda Items

A. Dominium Project Discussion

Executive Director Hartshorn presented. On August 26, 2019, Representatives from Dominium Development Company attended the EDA work session to receive feedback from the Board on a multi-family housing project proposed on the former KMART site at Signal Hills.

Their proposal includes purchasing 12 acres located on the northern side of the Signal Hills mall. The project includes two buildings one of which is four stories with 137 units. The rents would be consistent with workforce housing. The second building would be five stories with 232 units for independent senior living. Both buildings are currently proposed with flat roofs.

Dominium has requested tax increment financing (TIF) toward the cost of site cleanup, building demolition and related site work. Ehlers has reviewed the TIF request and

determined that a public subsidy is necessary in order for the project to proceed. See attached memo from Keith Dahl, Financial Specialist with Ehlers.

The proposed development cost of this project per the pro forma is $98.8M. Land and construction costs are at $75.9M of that number (remainder includes working capital, developer fee, financing cost, and professional services). The County Assessor has determined the taxable market value of the land and building at $46,125,000 ($125,000/door). In 2023, the projected first full year of taxable value, the projected tax bill would be at $498.9K with available TIF (at 90%) of $365.1K. This project meets the EDA's criteria for a business subsidy.

The project would involve rezoning the parcel to an R-4 Multi-Family Residential district. This zoning designation is consistent with the Comprehensive Plan, which calls for mixed-use at Signal Hills mall and is consistent the housing plan. Dominium would also apply for tax-exempt bonds and 4% affordable housing tax credits through Dakota County. The existing TIF District would need to be retired, a new District created, and a development agreement entered.

This project, in order to proceed, needs to access a County tax credit allocation for which there could be multiple applicants (one potential is known at this time). If the Board is inclined to wish the project to move forward, it needs to do so in a timely fashion.

Mr. Andersen said that he wants to be sure the Board's questions are addressed. As a recap of the project, he said they are proposing two separate buildings. In terms of traffic study, the conclusion was that the traffic generated by this land use would be far less than the traffic generated by the former Kmart. Looking at the numbers, the amount of traffic was a fraction of that. On the market study, there's really robust demand for this type of housing right now. Occupancy rates are high for these types of projects. The market study report included data from affordable and market rate projects, and the affordable properties were 1% vacant. Mr. Andersen said they worked with Ehlers on TIF and that they can speak to that. Those are the three takeaways form the last meeting, he said.

President Napier said Kmart had about 5 to 12 cars there, on average. It wasn't a big draw there. The community was concerned about the traffic related to Butler, which is currently a mess during rush hour. That's where some of the residents will come forward to talk about.

Looking at the map, Commissioner Justen said the whole bottom line shows no access into the Signal Hills area from the south end of the property. Once concern about the traffic study is cars used to come through the Signal Hills lot to get in and out of the

Kmart lot, so they will need to take Butler, which will modify the traffic study. Concern is the traffic study cannot take that into account so the comparable is not quite there.

Commissioner Vitelli said if the project were to move forward, his estimation is the majority of traffic going south will take Livingston to Orme and then to Robert.

President Napier said when it comes to traffic, anything on this site will generate more vehicles. His one concern is TIF and said he is one that has been saying our city is getting "over-TIF'd" and we won't see those benefits until sometime down the road. He wants to be careful on that part of this project. Commissioner Vitelli reiterated that and said he wouldn't go past 12 years, based on the advice of our financial advisors.

Ms. Kvilvang said there are two primary things to know about TIF and tax credit housing. With TIF, that property has an existing property value on it. That face value stays frozen through the term of the district. The taxes that are generated will still go to the County, the City and the School District. It should be noted that that share may go down when the tax classification changes from commercial and it may be a little less but you'll be getting the base taxes that you've always been getting today. What the development has the ability to do is get the increased taxes from the development. If they're paying $100,000 today in taxes and in the future after the development is done, they're paying $500,000 in taxes, that $400,000 is what is available to assist with qualified costs. When you build tax credit housing/affordable housing, 100% of what they do is qualified costs for that development so you can give assistance to them. When you look at tax credit projects, the way that they get paid is not the way they typically get paid for a market rate deal. For a market rate deal, a developer will have a developer fee that is usually 3-5% of their total development costs, paid a little over time. The second way they get paid is from cash flow off that project, over time. In a tax credit property, the only way they get paid is through a developer fee. They are allowed to have a higher percentage of a developer fee. In order to make these deals work, they have to defer the developer fee, and Dominium is deferring 100% of their developer fee. Their partners are willing to have that fee capped for a longer period of time, so their ability to get paid is at risk. When we did our analysis and came up with the 12 year term, we looked at how long it takes for them to get that developer fee. What we're showing is that in 11 years, they should be able to have that deferred developer fee paid over time. After that, there will be cash flow. The reason we look at the deferred developer fee and when it is actually paid is because Dominium doesn't put in traditional equity. Their equity comes from tax credit investors. We don't look at it from a traditional cash on cash or cash on cost return that's out there. When we worked the numbers with Dominium, that's where we came up with 12 years. We view this as something that is still financially feasible for them to do at that term.

Mr. Andersen said at 12 years of TIF, we're deferring 100% of our developer fee. Instead of our fee being paid at closing or at construction completion, we're deferring

it and not paying it until the project is operating. That's very a-typical. The investor would view that as being too risky. We started out with a 20 year TIF request, which we thought would get the project financed. After going through everything, we thought we could get comfortable with 15 years of TIF. A difference between the 15 and 12 year TIF is about a $700,000 swing. We may not be able to get a tax investor for this deal. We think there needs to be a fee on the front end, so we have concerns about the 12 year increment. He said he is not confident we can move forward on 12 years of TIF, and that's our hang-up right now.

Commissioner Vitelli also noted that the land acquisition costs appear to be a bit higher than normal and suggested they go back to the land owner. Mr. Andersen said they had that conversation with them but that didn't get them anywhere.

Commissioner Vitelli said he is reluctant to put more money in. If that's the problem, he said he is reluctant to put more money in Signal Hills' pocket. He said he likes the project and that we have talked for years about a grand scheme for that property, if we could get Signal Hills to sell everything and have some nice buildings in there, nice projects like around the Hy-Vee in Eagan. He said they need to go back and squeeze Signal Hills some more, if they want more than 12 years.

Executive Director Hartshorn asked Ms. Kvilvang about a look back provision. If the project performs better, then we could cut if off early. But if it performs worse, then we don't. Ms. Kvilvang said the difficulty here is they plan to sell that note and monetize it up front. Mr. Andersen said they wouldn't be able to market the sale of the note with that contingency out there.

Commissioner Pace agreed with Commissioner Vitelli but if they're unwilling to move on their price, he has a hard time with three years killing the deal. That's why we're asking Ehlers for their opinion. Other than that, he is not concerned about the traffic.

Mr. Andersen said it's not like they want to throw out the project on a $700,000 difference but we need to be comfortable that we can put the financing together in order to move forward. We're going to make a decision on whether or not we want to go spend a million dollars on architectural plans to bring this project to a closing and I can't start spending that money without the confidence that I can get it financed.

City Manager Schroeder said he is having the same struggle as everyone on both sides here. From his perspective, he looks at it as essentially a $100M project and the TIF is $3.3 to $4M of that. $700,000 out of $100M, there's got to be some ability to find that within the project. He said he hadn't heard about the note sale before and didn't know it existed. From an investors perspective and Dominium's perspective, you're trying to eliminate risk. Part of what Mr. Andersen is saying, with $4M of TIF, I feel better about my level of risk than I feel at $3.3M. My struggle is if there's a construction cost

savings or operation cost savings, excess revenue or decreased expenses, currently there's not a handshake on how to address that. My hope has been during our discussions is to try to find something that satisfies both sides of that. So far, we haven't been able to accomplish that. I want to emphasize what Mr. Andersen said that, in order to continue down the path, it becomes real money fairly quickly. Part of what they're looking for, whether it's formal or informal, is they want to be reasonably comfortable that they understand what level you're very comfortable. Because if you say you're pretty comfortable and they go spend a bunch of money but you come back and say you're not comfortable, that's a bit of a problem. We need to figure out how to give them an appropriate message, where is the line and where isn't it.

Commissioner Pace said, on the same lines, they could also incur extra costs and could also incur less cash flow. Schroeder said that has been part of the discussion.

Commissioner Pace said, in his personal opinion, that he'd be comfortable with them moving forward. If it turns out to be 15 years, they need to apply for other subsidy monies.

Mr. Andersen said that cost isn't as big a concern as the design process and that they've already incurred a lot of costs on the project.

Commissioner Fernandez asked if they have exhausted all of their resources to bring it to 12. Mr. Andersen said he thinks they have and that they went back to the seller, shared their conceptual plans with the contractor, and that's the biggest assumption is the construction pricing. Going back to their owners, he said they had started out with a 20 year request. After vetting that, they were comfortable going to 15. But the 12 year TIF assumes we defer our entire fee on the project and our owners just couldn't get comfortable with that. Part of what they look at is what other things we're working on and where we want to spend our time, as well. The ability to get the project financed and, compared to other projects we're working on, they settled on 15 as being what they're comfortable with.

Commissioner Justen said Ms. Kvilvang, if the 12 year was predicated on the full deferment, if it would change her estimation if it was not a full deferment. She replied that their analysis was on the full deferment of the fee. If it's something less, it means more cash flow to them earlier on. The issue is, even if we look at given the benefit of 5% vacancy, it still gets you to the same point in time that the deferred developer fee is paid back. She said they are happy to go back and look for any flexibility but doesn't know if it's up to 15 years. Commissioner Justen questioned if that would change her analysis on 15 years but Ms. Kvilvang said no.

Commissioner Vitelli asked if they do prevailing wage. Mr. Andersen said he doesn't think there would be a requirement, not at the price point they have in their financial model now. The construction cost would increase from what was in Ehlers' analysis.

Commissioner Eng-Sarne said, for three members of Council, this is our first conversation like this. She said she takes seriously the recommendations from Staff and can sense their discomfort. $700K in what we do is still a significant amount of money, and we have constituents asking us to be frugal.

Commissioner Justen said, in fairness, that what you're looking for is the temperature of everyone in the room. He said that he is in a spot where he really likes the project but have had more pushback from residents on this that it isn't what they envision for that area. He said he is also concerned about getting affordable housing in town. In honesty, he said it will be hard for him to go back to residents who are not excited about it and why we green lit a higher term than our consultant recommended. Commissioner Justen said he could feel comfortable with the 12 and protected the taxpayers.

Commissioner Fernandez said he wants the project because it hits a lot of important elements. He said we did have movement from 20 to 15 and wouldn't want to lose this project, which could inevitably be a catalyst to the rest of the area. He said he is in favor at 15 and moving forward. Commissioner Pace agreed.

President Napier said, the fact that Signal Hills purchased the links that we are missing in this project and we have had several studies done on this area, this fits in exactly as they said. He is a firm believer that if this investment goes in and the money is available to make it look beautiful without skimping so much that lighting or the façade gets cheapened, he would support the 15 if Ehlers agrees that this could work. It will create some activity there, he said.

President Napier said he is really excited that someone is looking at this site. He said he would hate to see it go away but understands our fiscal responsibility.

Commissioner Vitelli said, if what President Napier and Commissioner Fernandez are saying that it will enhance the remainder of the Signal Hills property, then Signal Hills should reduce their price by $700K.

President Napier said he would hope that Ms. Kvilvang has looked at the real estate portion of that. Ms. Kvilvang said it is high for your market.

President Napier said if he had a retail space, he would want it here, and wants to fight for this project.

Commissioner Vitelli reiterated that he doesn't want it to go away but is not going to negotiate.

Commissioner Eng-Sarne said she is also in support of affordable housing with walkability, which is great for the community.

President Napier directed Schroeder, Hartshorn and Ms. Kvilvang to meet and work this out.

Commissioner Pace asked if this is time sensitive. Mr. Andersen said it is, in the sense that the Dakota County Community Development Agency will be issuing the bonds to finance the project. After they get their allocation of bonds for 2020, they will have enough bonds to fund both buildings. There is a project moving forward in Eagan and, if that is ready to close and start construction before us, they could get a portion of those bonds which would put us in a situation to finance only one of the two buildings next year. We would have to wait until 2021 to finance the second building. It's a matter of when the entire project can move forward, he said.

Schroeder said we will work with Ehlers and Dominium between now and the January 13, 2020 meeting with the intent to bring back something the Board can approve as a development agreement, if we can get it there and something they can rely upon.

Commissioner Justen asked if it would be fair to ask how many are at 12 and how many at 15.

Responses:
President Napier: 15.
Commissioner Fernandez: 15
Commissioner Pace: 15
Commissioner Justen: 12
Commissioner Berry: 12
Commissioner Vitelli: 12 and not negotiating
Commissioner Eng-Sarne: not a hard 12 or 15; willing to look at the whole

Schroeder said part of what they said is that they will take another look.

President Napier thanked everyone for coming.

4. Adjourn

Motion was made by Commissioner Eng-Sarne and seconded by Commissioner Justen to adjourn the meeting at 6:27 p.m.

All members present voted aye. Motion carried.

David J. Napier
President
City of West St. Paul

CITY OF WEST ST. PAUL

EDA Report

To: **EDA President and Board**

Through: **Executive Director Jim Hartshorn**

From: **Finance Director Charlene Stark**

Date: **January 27, 2020**

2020 Liability Coverage Waiver

BACKGROUND INFORMATION:

Each year, the EDA has a renewal process for the EDA's property and liability insurance coverage. The EDA is insured through the League of Minnesota Cities Insurance Trust. The EDA Board each year must decide on how much liability coverage the EDA wishes to purchase. In the past, the EDA has relied on the statutory tort limits established by Minnesota Statute Section 466.04. By not waiving the limit, an individual claimant would be able to recover no more than $500,000 on any claim to which the statutory tort limits apply. The total, which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply, would be limited to $1,500,000. The other options allow for more potentially recovery for the claimants. If the EDA chose to waive the monetary limits on municipal tort liability established by Minnesota Statute Section 466.04, then claimants could potentially recover up to $2,000,000 on a single occurrence or more if the EDA were to purchase excess insurance at a great level then $2,000,000 on a single occurrence.

FISCAL IMPACT:

There is no immediate fiscal impact to the EDA. The 2020 budget is budgeted at the tort limits established by the State of Minnesota.

STAFF RECOMMENDATION:

Staff recommends that the EDA Board continue to rely upon the statutory limits established by Minnesota Statute Section 466.04 to limit loss exposure and that the EDA Board approve of the attached resolution.

CITY OF WEST ST. PAUL
DAKOTA COUNTY, MINNESOTA

ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO.

RESOLUTION APPROVING NON-WAIVER OF STATUTORY TORT LIABILITY LIMITS

WHEREAS, the West St. Paul Economic Development Authority (the "EDA") is renewing its Property and Liability Insurance coverage with the League of Minnesota Cities Insurance Trust (LMCIT); and

WHEREAS, the EDA's Municipal Tort Liability is covered under Minnesota Statute Section 466.04 which limits the amount that the EDA would be obligated to pay out, in the event of a claim under which the limit would apply; and

WHEREAS, the EDA must decide whether or not to waive the statutory tort liability limits to the extent of the coverage purchased.

NOW, THEREFORE, BE IT RESOLVED, that the EDA does not waive the monetary limits on Municipal Tort Liability established by Minnesota Statute Section 466.04.

PASSED AND DULY ADOPTED by the Economic Development Authority of the City of West St. Paul, Minnesota, this 27th day of January 2020.

ECONOMIC DEVELOPMENT AUTHORITY
CITY OF WEST ST. PAUL

_____
President David J. Napier

ATTEST: _____
Shirley R Buecksler
Secretary/City Clerk

CITY OF WEST ST. PAUL

EDA Report

To: **EDA President and Board**

From: **Executive Director Jim Hartshorn**

Date: **January 27, 2020**

Annual Meeting and Election of Officers

BACKGROUND INFORMATION:

According to the EDA Bylaws, Section 3.1, the Board shall hold an Annual Meeting in January of each year. The purpose is to elect officers including President and Vice President. The Treasurer (according to Section 2.5 shall be the Mayor), Assistant Treasurer (City Finance Director) and Secretary (City Clerk) are sitting positions.

President:	
Vice President:	
Treasurer	Mayor Dave Napier
Assistant Treasurer	Finance Director Char Stark
Secretary	City Clerk Shirley Buecksler

STAFF RECOMMENDATION:

Review annual report and elect Officers.

ATTACHMENTS:

- Annual Report
- Resolution Electing Officers
- EDA 2020 Budget
- EDA Bylaws

West St. Paul

Community Development Annual Report - 2019

1,654
Total Permits Issued

$36 Million
In Total Project Valuation

185
New Apartment Units Approved

Commercial Remodel Projects –

- Target (1750 Robert St)
- Walmart (1644 Robert St)
- McDonalds (1273 Robert St)
- Taco Bell (1630 Robert St)
- Arby's (1657 Robert St)
- TapeMark (1685 Marthaler Ln)

Significant Projects

- 2040 Comprehensive Plan Approval
- Oppidan Development Project
  - 153 Market Rate Apartments
- Suite Living Senior Living
  - 32 units of assisted/memory care
- Construction of 8 new single family homes
- B2 Smith/Dodd Zoning Overlay District
- Moreland Elementary and St. Croix Lutheran expansions
- Relocation and expansion of Children's Clinic

Permits

635	Building
405	Electrical
287	Mechanical
215	Plumbing
110	Zoning

Planning Commission

Applications	Site Plans	IUP & CUP's
26	6	11

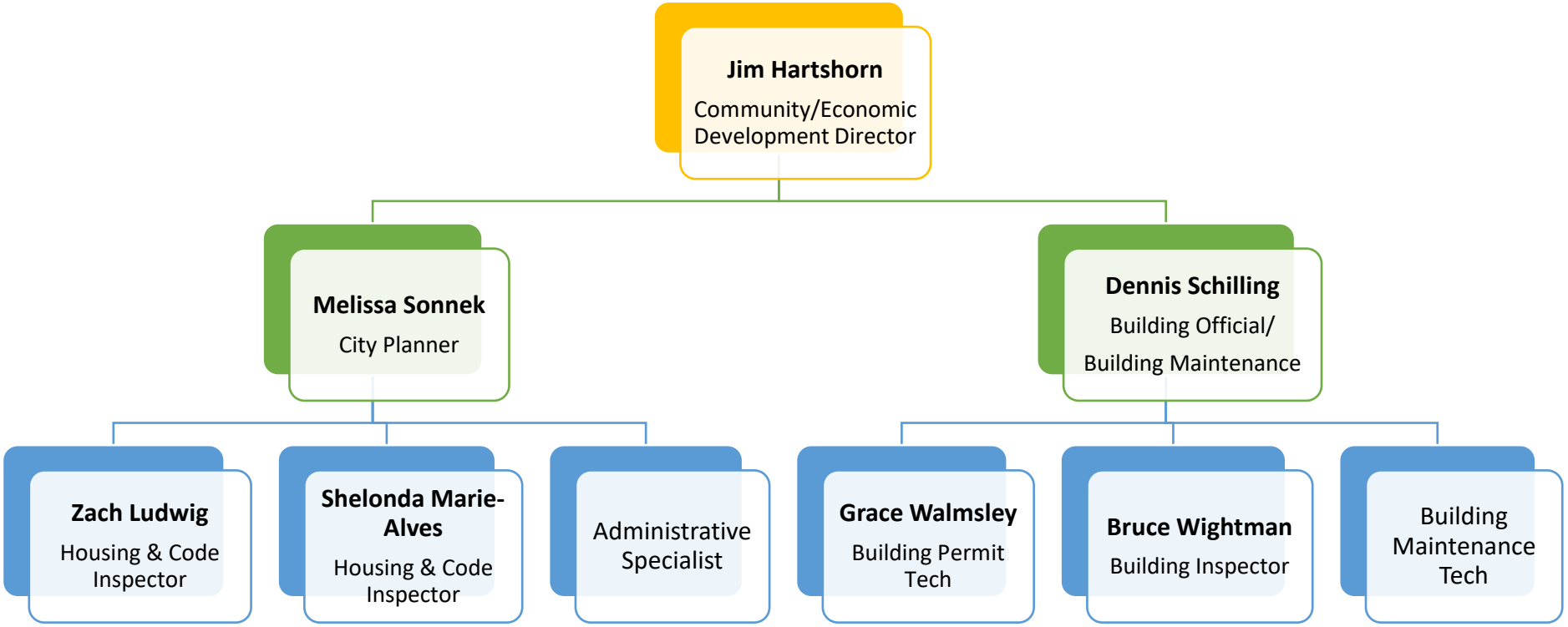
$100,000
Awarded for Commercial Redevelopment Grants

$29,517
Awarded for Exterior Renovation Grants

New Businesses

- Sola Salon
- Tokyo Sushi
- MNPro Systems
- FoodSmith

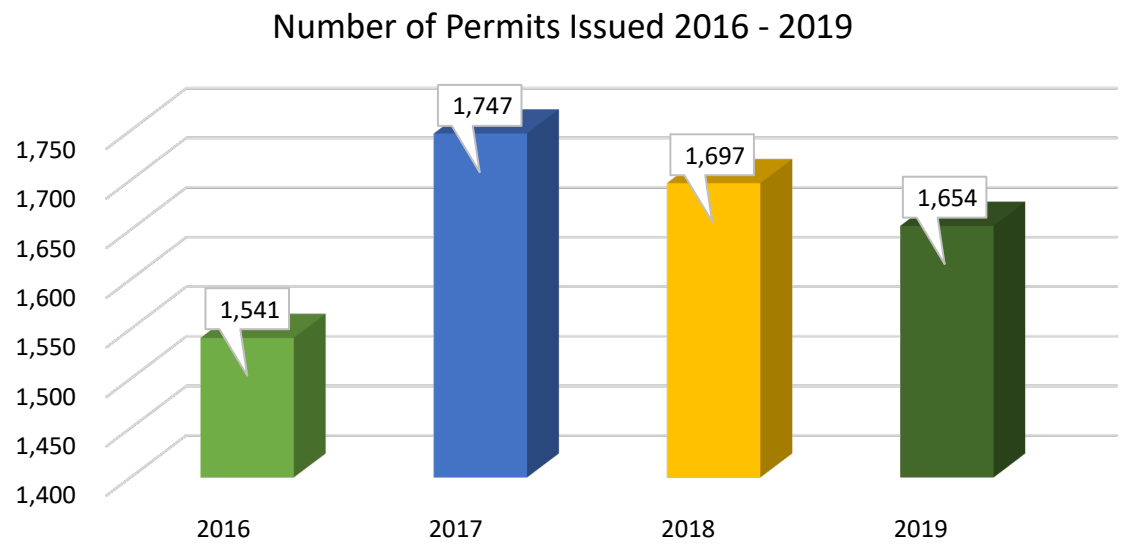
Community Development Department

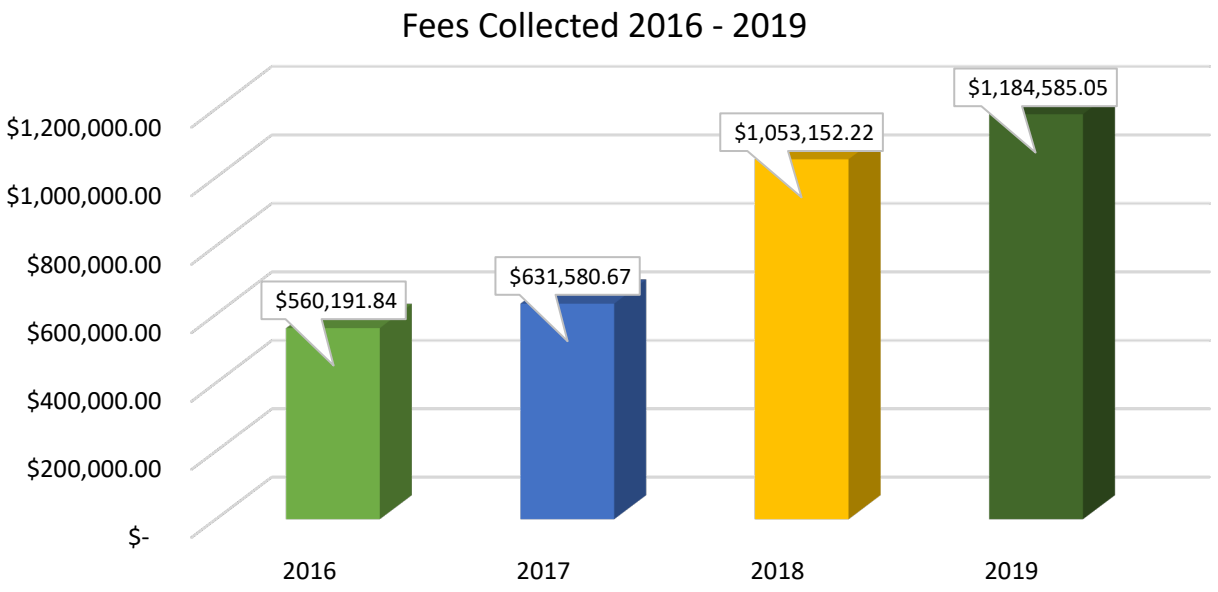


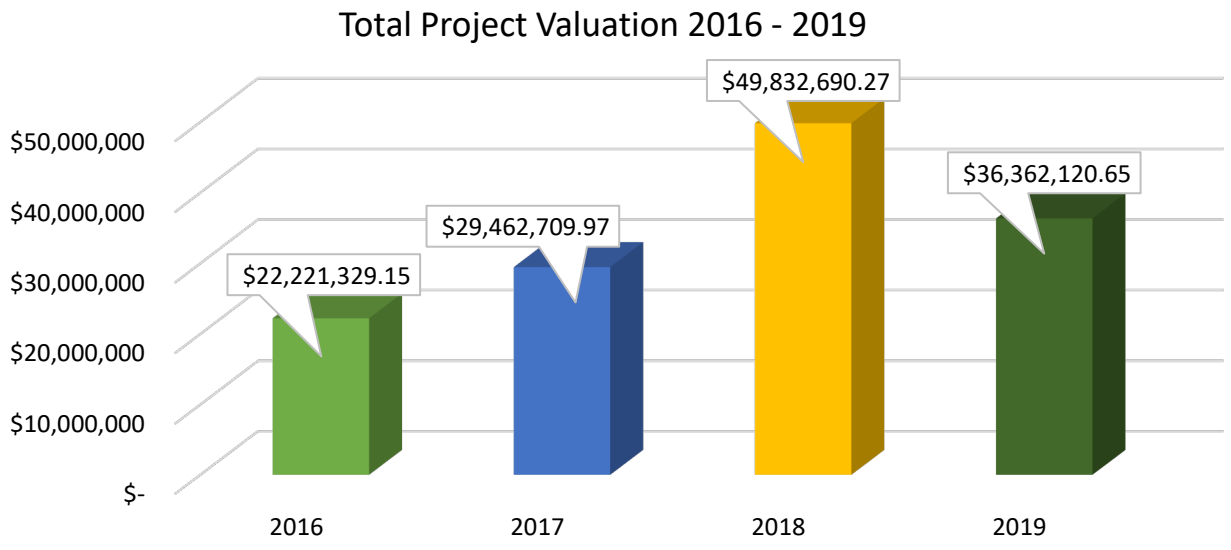
Building and Permitting

	2016	2017	2018	2019
Permits Issued	1541	1747	1697	1654
Fees Collected	$ 560,191.84	$ 631,580.67	$ 1,053,152.22	$ 1,184,585.05
Total Project Valuation	$ 22,221,329.15	$ 29,462,709.97	$ 49,832,690.27	$ 36,362,120.65

City Building Official obtained delegation to inspect state projects, which generated an additional $82,960 of revenue.


Number of Permits Issued 2016 - 2019
1,750
1,700
1,650
1,600
1,550
1,500
1,450
1,400
1,541
1,747
1,697
1,654
2016
2017
2018
2019

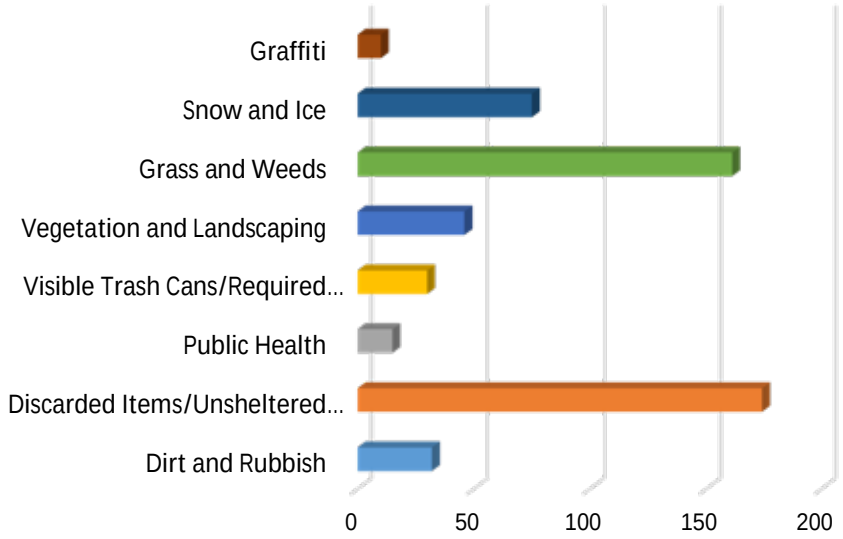

Fees Collected 2016 - 2019
$1,200,000.00
$1,000,000.00
$800,000.00
$600,000.00
$400,000.00
$200,000.00
$-
$560,191.84
$631,580.67
$1,053,152.22
$1,184,585.05
2016
2017
2018
2019


Total Project Valuation 2016 - 2019
$50,000,000
$40,000,000
$30,000,000
$20,000,000
$10,000,000
$-
$22,221,329.15
$29,462,709.97
$49,832,690.27
$36,362,120.65
2016
2017
2018
2019

CODE ENFORCEMENT

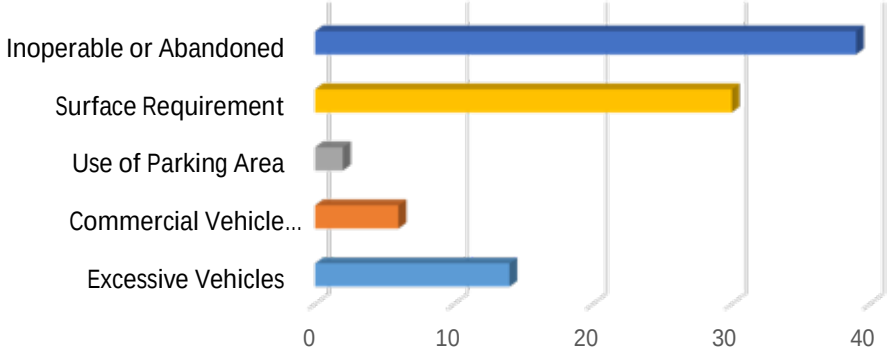
Nuisance

Graffiti	10
Snow and Ice	75
Grass and Weeds	161
Vegetation and Landscaping	46
Visible Trash Cans/Required Collection	30
Public Health	15
Discarded Items/Unsheltered Storage	174
Dirt and Rubbish	32
Total	543



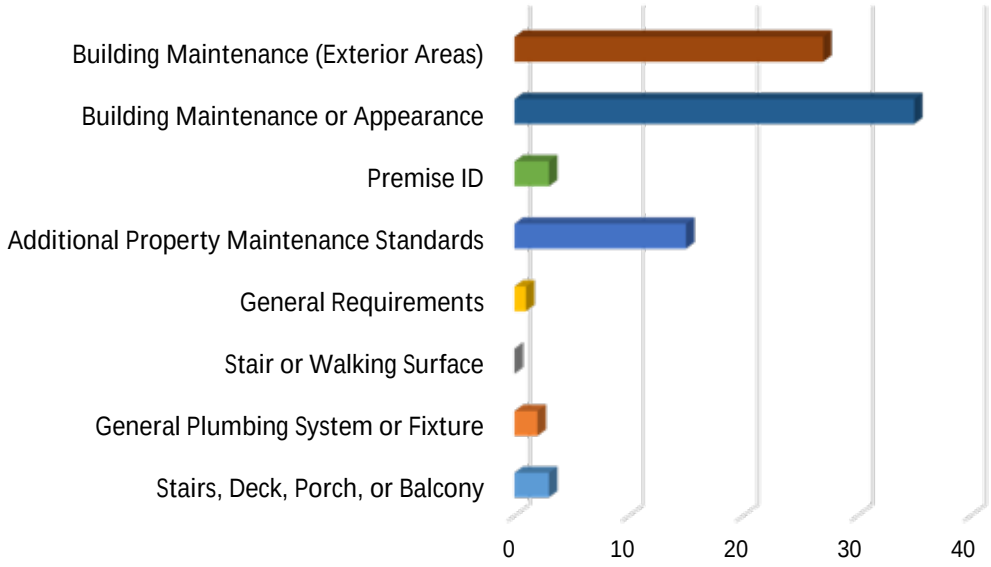
Vehicle

Inoperable or Abandoned	39
Surface Requirements	30
Use of Parking Area	2
Commercial Vehicle Parking	6
Excess Vehicles	14
Total	**91**



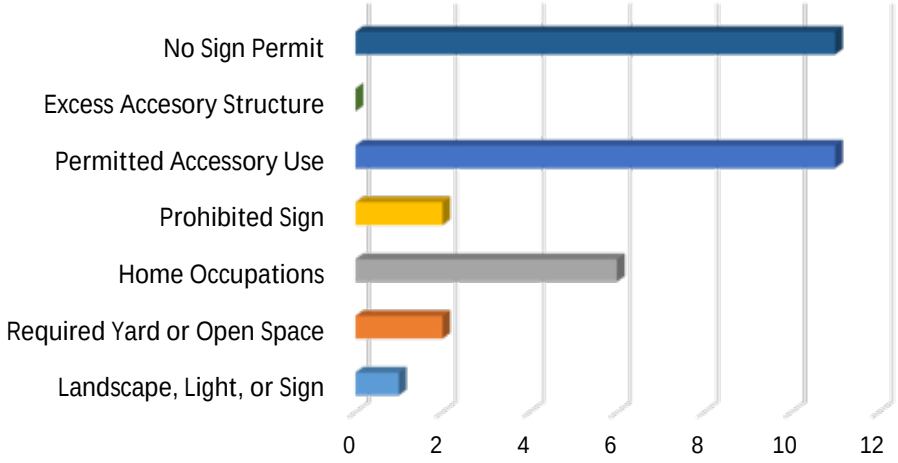
Property Maintenance

Building Maintenance (Exterior)	27
Building Maintenance or Appearance	32
Premise ID	3
Additional Property Maintenance Standards	15
General Requirements	1
Stairs or Walking Surface	0
General Plumbing or Fixture	2
Stairs, Deck, Porch, or Balcony	3
Total	**86**



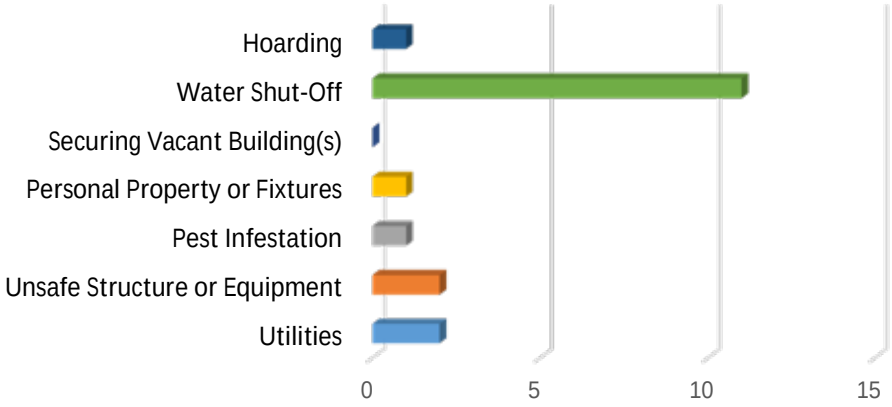
Zoning

No Sign Permit	11
Excess Accessory Structures	0
Permitted Accessory Use	11
Prohibited Signs	2
Home Occupations	6
Required Yard or Open Space	2
Landscape, Light, or Sign	1
Total	**33**



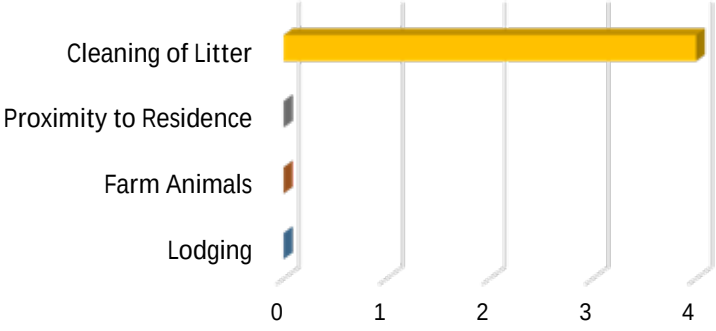
Hazardous/Vacant Buildings

Hoarding	1
Water Shutoffs	11
Securing Vacant Buildings	0
Personal Property or Fixtures	1
Pest Infestation	1
Unsafe Structure or Equipment	2
Utilities	2
Total	



Animals

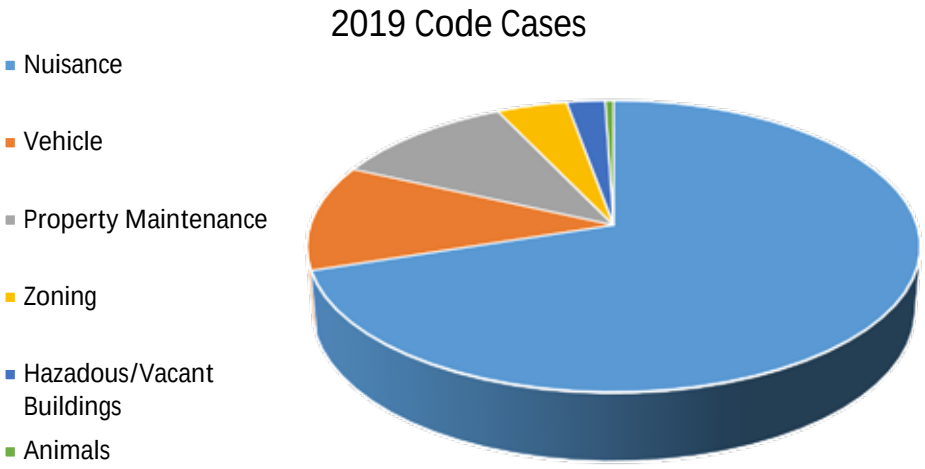
Cleaning up of Litter	4
Proximity to Residence	0
Farm Animals	0
Lodging	0
Total	**4**



Total Number of Code Violations - 775

Totals

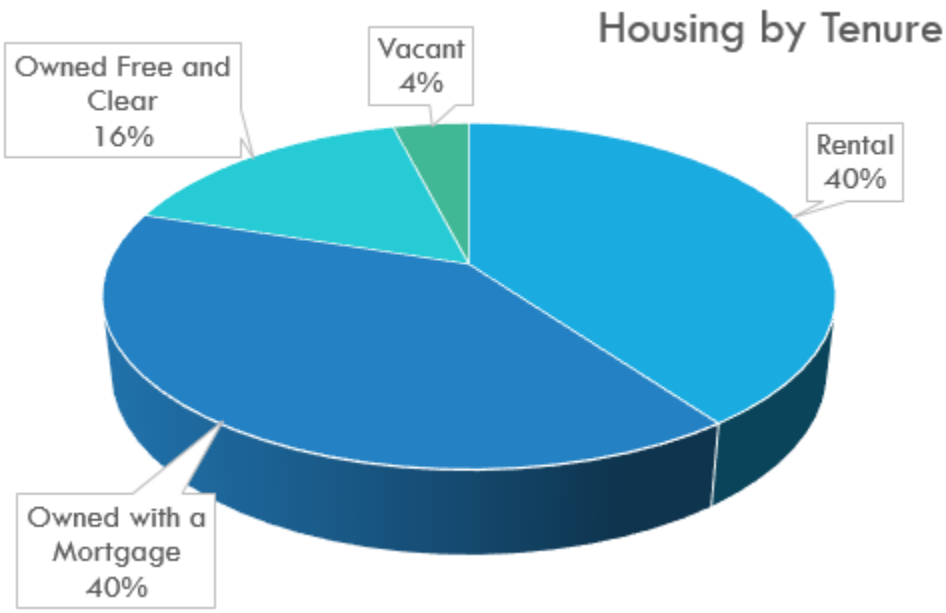
Nuisance	543	70%
Vehicle	91	12%
Property Maintenance	86	11%
Zoning	33	4%
Hazardous/Vacant Buildings	18	2%
Animals	4	1%
Total	**775**	



Housing and Rental Licensing

Housing in West St. Paul

40 percent of West St Paul's housing units are renter occupied.



Housing Improvement Funding

Community Development Block Grant

Year	Money Awarded
2010	$90,500
2011	$90, 200
2012	$75,000
2013	$82,804
2014	$81,906
2015	$81, 906
2016	$81,906
2017	$110,808
2018	$99,694
2019	$112,228

History of Rental Licensing

The City of West St. Paul began accepting Rental Licensing applications on July 1st, 2007. The following strategies were designed to meet the goals and objectives of the Rental Licensing Ordinance:

- Design, implement, and market a rental licensing program
- Enforce the provisions of the ordinance
- Design and implement program evaluation measures

Components of Rental Licensing

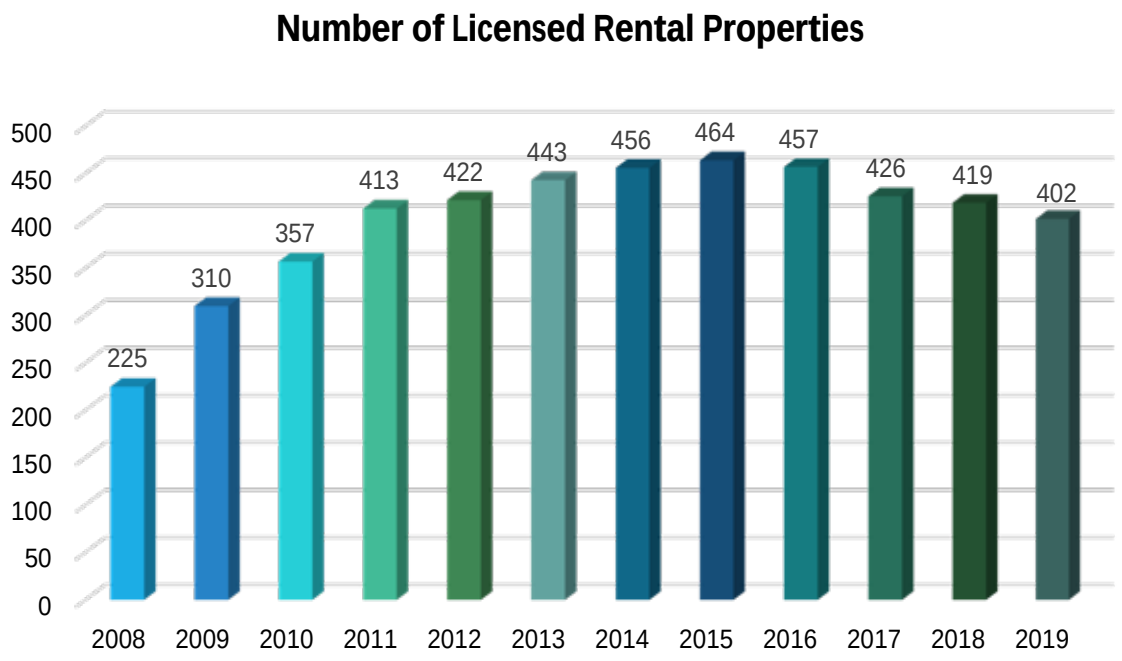
- Marketing
    - Market the program for renewals as well as new applicants/properties
- Accessibility
    - Make the program easy to understand and follow required procedures
- Application and Licensing
    - Accept, review, process, and recommend City Council approval/denial for all applications
- Enforcement
    - Track renewal progress and properties without a license
- Education
    - Verify that all property managers and/or owners have taken the required Minnesota Crime Free Association's Phase One: Management Training course
- Correspondence and Communication
    - Regularly update all property managers and owners of any and all changes to the rental licensing program and other relevant information
- Compliance
    - Monitor the progress of the Inflow and Infiltration inspections to ensure all properties are completed prior to the required compliance date
    - Ensure that all properties are being inspected as outlined in the rental inspection schedule

Number of total blocks subject to single-family rental density (located in the R-1 zoning district)

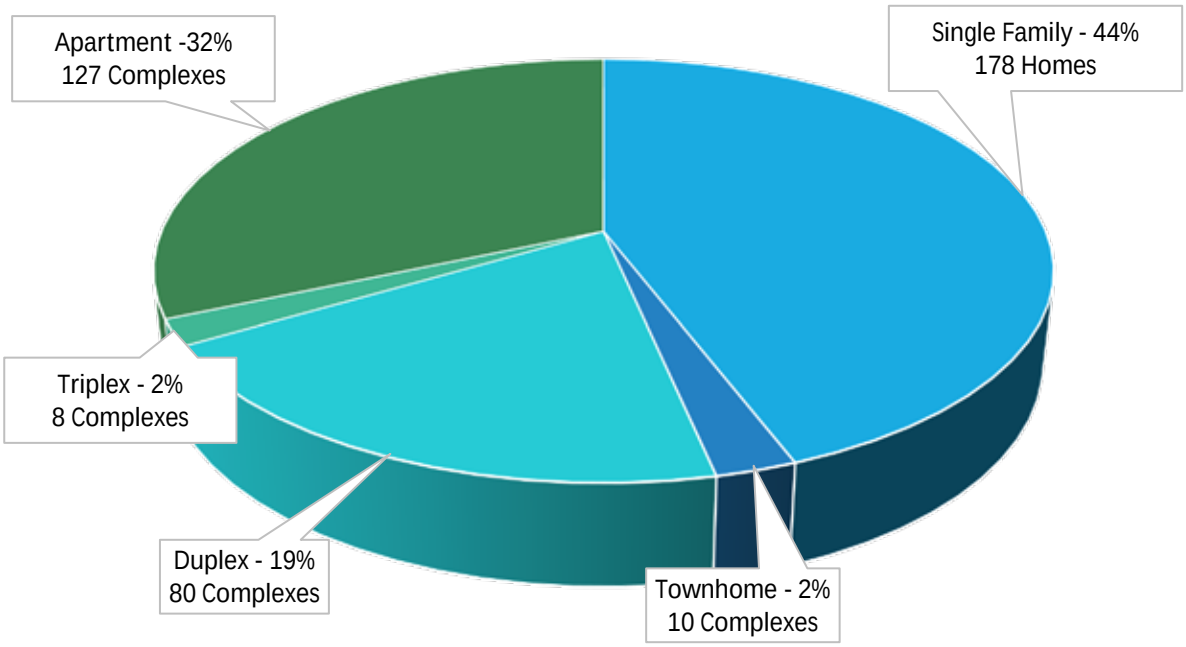
- 218

Number of blocks with no rental licenses available

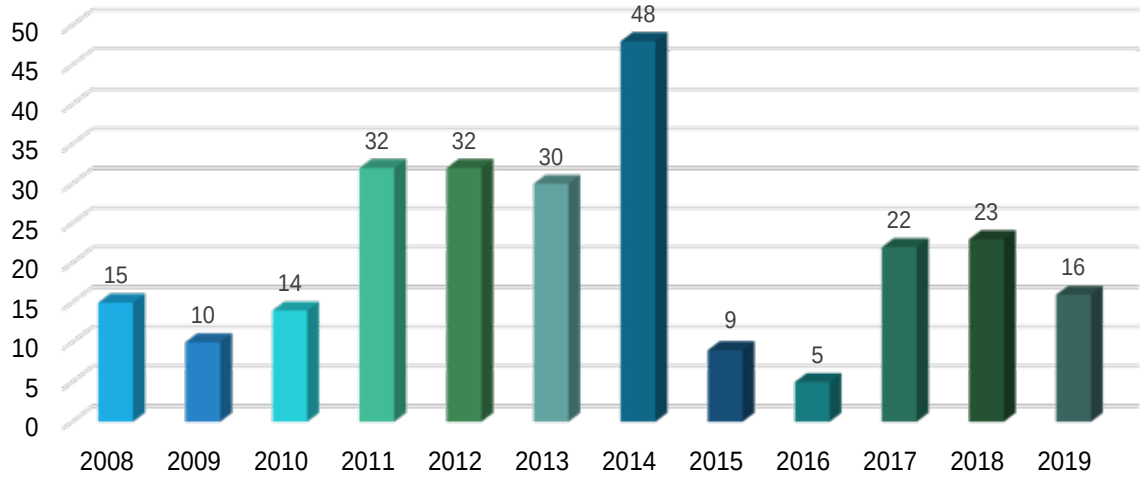
- 2012 – 49
- 2013 – 55
- 2014 – 70
- 2015 – 62
- 2016 – 54
- 2017 – 48
- 2018 – 50
- 2019 – 40



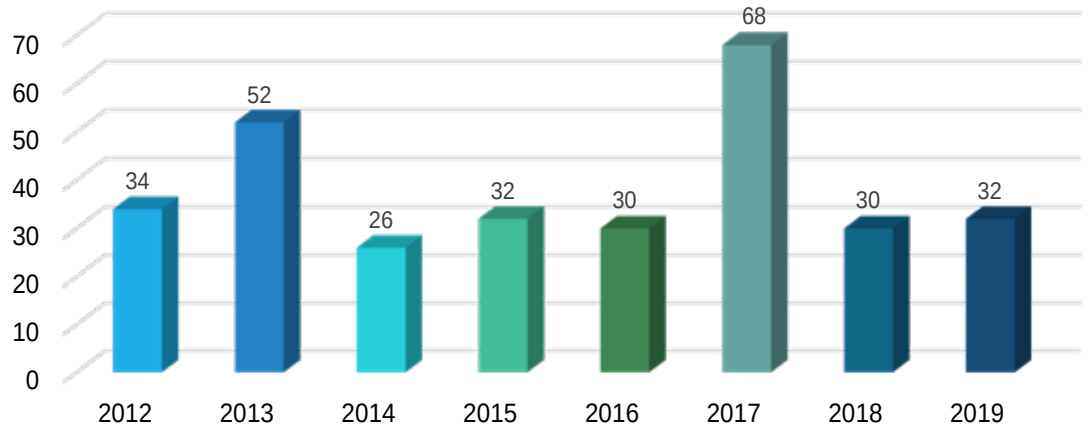
Rentals by Unit Type



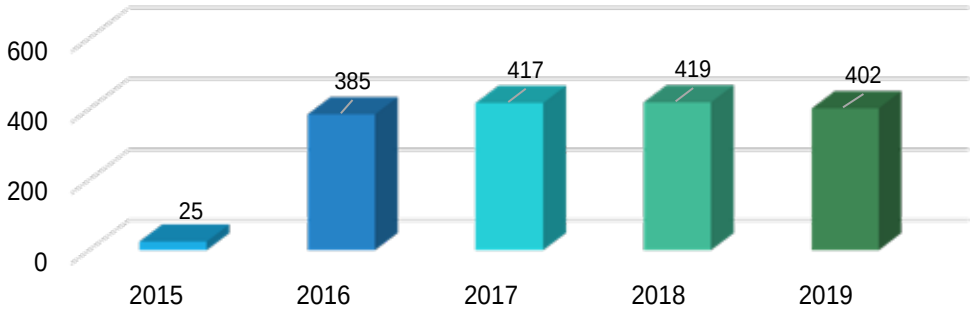
Number of Rental Converted back to Owner Occupied



New Applicants/Owners



Rental Applications Received



Application Fee Totals[1]

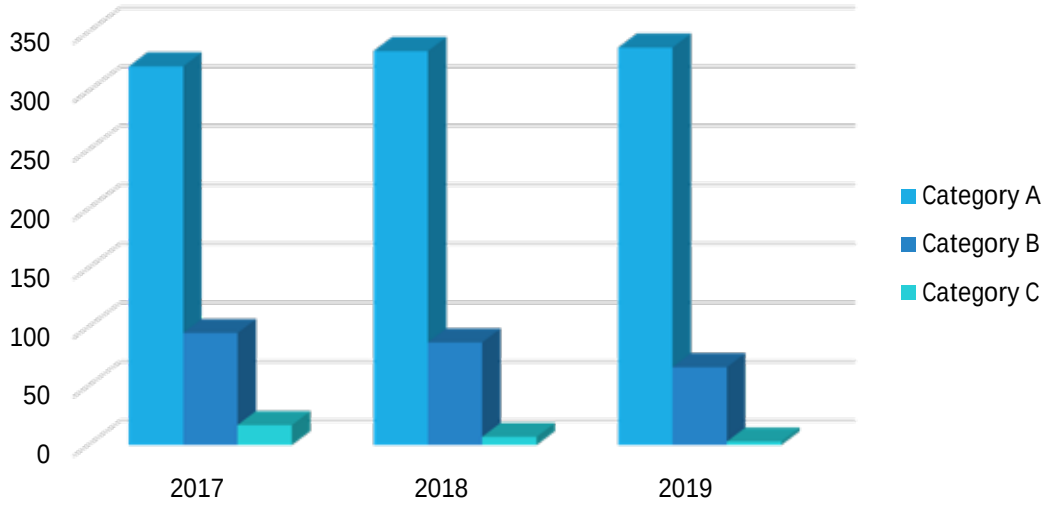
Excluding Late Fees

- 2015 - $3,320
- 2016 - $42,470
- 2017 - $48,470
- 2018 - $47,573
- 2019 - $42,443

1 – Application fees include cost for license renewal and processing

Rental Property Categories

**Based on the number of calls for service*



Properties with 1-3 Units[2]

	2017	2018	2019
Category A	214	221	224
Category B	82	75	55
Category C	11	7	1

Properties with 4+ Units[3]

	2017	2018	2019
Category A	107	113	113
Category B	13	12	10
Category C	6	0	2

2 – Categories for 1-3 Units

A = No city service calls, B = 1-3 city service calls, C = 4+ calls for service

3 – Categories for 4+ Units

A = Less than .25 calls per unit, B = Between .25 and .50 calls per unit, C = More than .5 calls per unit

Total Number of Housing Inspections

- 2016 – 1,010
  - Initial Inspections - 761
  - Re-Inspections – 249

- 2017 – 1,279
  - Initial Inspections – 1,001
  - Re-Inspections – 248

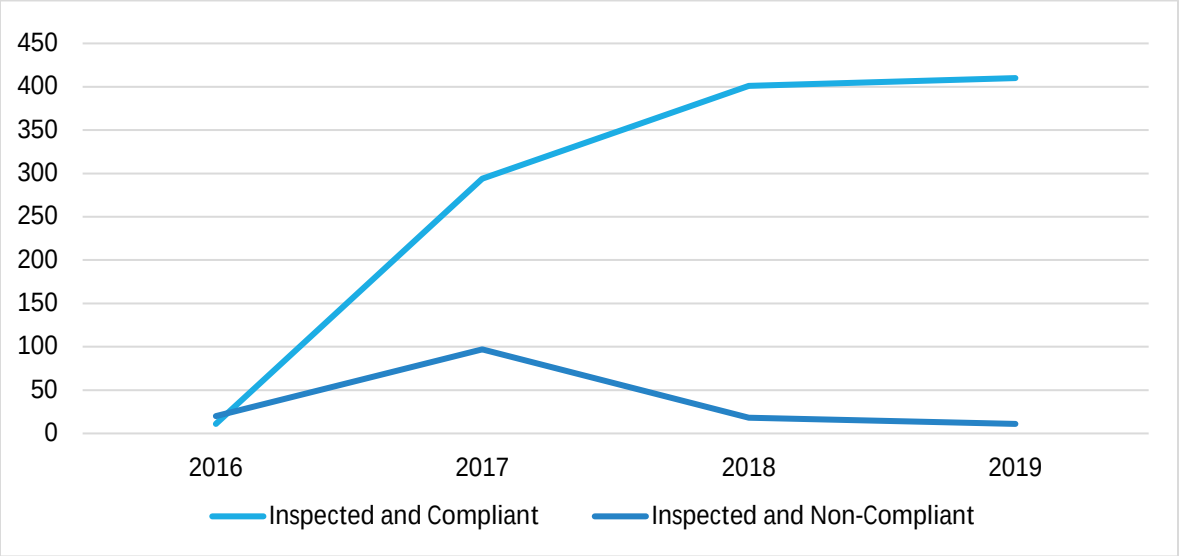
- 2018 – 1,140
  - Initial Inspections – 904
  - Re-Inspections – 236

- 2019 – 1,154
  - Initial Inspections – 920
  - Re-Inspections - 223

Housing Inspection Fees

- 2016 - $62,200
- 2017 - $65,520
- 2018 – $57,880
- 2019 - $62,420

Rental Inflow and Infiltration Inspections



2016 – 48

- Inspected and Compliant – 11
- Inspected and Non-Compliant – 20

2017 – 391

- Inspected and Compliant – 294
- Inspected and Non-Compliant – 97

2018 – 420

- Inspected and Compliant – 401
- Inspected and Non-Compliant – 18

2019 – 421

- Inspected and Compliant – 410
- Inspected and Non-Compliant - 11

At 2019 year end, 97% of rental properties were compliant with the I/I requirement.

Enforcement of Rental Licensing

2016

- 32 Compliance letters sent
- 20 Citations Issued
    - 3 - $1,000
    - 15 - $500
- Dismissals
    - 3 Dismissed due to foreclosure
    - 4 Unfounded
    - 2 Renting to family

2017

- 112 Compliance letters sent
- 85 Citations Issued
    - 10 - $2,000
    - 15 - $1,000
    - 60 - $500

2018

- 111 Compliance letters sent
- 73 Citations Issued
    - 18 - $2,000
    - 19 - $1,000
    - 36 - $500

2019

- 70 Compliance letters sent
- 75 Citations Issued, 14 were waived
    - 40 - $500
    - 12 - $1,000
    - 23 - $2,000

Administrative Citation Hearings

Rental licensing did not participate in any administrative hearings during the years of 2016, 2017, 2018, or 2019.

Minnesota Crime Prevention Association's Phase One Crime Free Training

Number of Participants

2016	2017
September Day Class – 56	Class 1 – April Day Class - 36
October Night Class – 36	Class 2 – May Night Class - 26

As a new requirement for all rental properties, Community Development held a Crime Free Multi-Housing Class to help teach all property owners and managers how to best detect and prevent crime on rental properties. This included topics such as the importance of background checks, rental agreements, and dealing with illegal substances. The Police Department agreed to host future classes.

Photo Below – West St. Paul's Code Enforcement Officer, Terrie Sauer, informing the class on the importance of property upkeep and maintenance.

Photo Below – The students even got a demonstration from Crystal, the Dakota County Drug Task Force K-9

Photo – Below we can see several students gathered around a display of a variety of different types of illegal substances.

Planning Commission/Committee of Adjustments

Planning Commission

Applications

	2016	2017	2018	2019
Site Plan	6	4	6	6
Conditional Use Permit	12	13	21	6
Plat	4	4	5	2
Rezoning	2	3	3	6
Zoning Amendment	5	6	4	4
Interim Use Permit	2	1	3	5
Comp Plan Amendment	1	0	1	1

Committee of Adjustments

Applications

	2016	2017	2018	2019
Variance	6	4	6	3

Significant Projects

- B2 – Smith/Dodd Overlay District
- Children's Clinic Relocation and Expansion
- Comprehensive Plan Submittal and Approval
- Moreland Elementary Expansion
- Oppidan Golf Course Apartments
- Sola Salon
- St. Croix Lutheran Academy Expansion
- Suite Living Retirement Home
- Redevelopment and reinvestments helped the city maintain a AA bond rating

New Businesses

- Southview Animal Hospital
- Thai Pepper
- Hamburgesas El Gordo
- Sola Salon
- Just Paws Pet Salon
- Tokyo Sushi
- Foodsmith
- Lominchen Chea Ice Cream Shop
- MNPRO Systems – 250 Lothenbach Ave

Commercial Remodels

- Target – 1750 Robert ST
- Walmart – 1644 Robert ST
- McDonalds – 1273 Robert St
- Taco Bell – 1630 Robert ST
- Arby's – 1657 Robert St
- Beirut Restaurant – 1373 Robert St

School Remodels

- Garlough Elementary
- St. Croix Lutheran Academy

Commercial and Redevelopment Grants

- Redevelopment Improvement Grant (RIG)
    - Dakota County Awarded the City of West St. Paul $250,000
- MN Investment Fund
    - MNPRO Systems was awarded $185,000
- Commercial Redevelopment Grant
    - MNPRO systems was awarded $49,999 for an interior remodel and building expansion
    - More Space Self Storage was awarded $25,000 for demolition and site improvements
    - Beirut Restaurant was awarded $25,000 for an interior remodel
- Exterior Renovations Grant

    - Tappers Pub was awarded $9,517
    - Beissel Window and Siding was awarded $10,000
    - Denny's Restaurant was awarded $10,000

New Housing Projects/Approvals

- Oppidan Market Rate Apartments
- Suite Living Retirement Homes
- Rooftop 252
- The Winslow

Continued Projects in 2020

- Construction of HyVee Grocery Store
- Redevelopment of Town Center One
- Robert Street Market Place
- Sola Salon Grand Opening/Ribbon Cutting
- Dominium Senior and Workforce Apartments
- Construction of Oppidan Market Rate Apartments
- Final Construction of The Winslow
- Construction of Suite Living Retirement Living Facility
- Dakota County CDA Work Force Apartments
- Review of Crawford Drive Development
- Net Ministries Expansion
- Dakota County River to River Trail and Water Reclamation Projects
- Autozone Relocation
- Leafline Labs Expansion
- Middas Site Redevelopment
- Thompson/Oakdale Trail Feasibility Study
- Begin implementing 2040 Comprehensive Plan
    - Review the Approved plan here - https://www.wspmn.gov/228/2040-Comprehensive-Plan
- Housing Plan – Work in Progress
    - See attached summary

Executive Summary

West St. Paul can be characterized as an older, first-ring suburb, and a working class community with modestly priced housing options for both renters and owners alike. West St. Paul has been considered a "developed community" since 2005 (Dakota County), this means there is very little vacant land available for new construction. With over 9,000 residential properties within the five square miles of West St. Paul, City Officials, Staff, and residents all must be conscious of these items when considering reinvestment and redevelopment as the community continues to grow. The Metropolitan Council's growth numbers for West St. Paul project an expected population increase to over 23,000 residents by the year 2040.

This plan outlines several successful initiatives presently being utilized by the City and its residents. As a supplement to the existing programs offered through West St. Paul and Dakota County, this Housing Plan is to be used as a strategic, planning, and educational document with recommendations, goals, and available funding sources to be used to inform and guide both current and future decisions. Throughout this document, there are assessments of the physical and monetary characteristics of the West St. Paul housing stock, along with demographic information of the community; these features and demonstrated trends set a tone and establish a landscape of what some of the more critical areas of housing are, along with the presently thriving areas.

Identified throughout multiple areas of the plan are goals and recommendations supplemented by funding and partnership opportunities to work toward achieving those goals. The plan identifies several different goal areas, such as: housing growth, the future of affordable housing, Quality Housing Program initiatives to help preserve the existing housing stock such as rental licensing and code enforcement, redevelopment and re-investment with the community, life-cycle housing, and establishing a welcoming community for both new and existing residents.

West St. Paul's housing community is largely considered to be naturally affordable, partially due to the aging housing stock, with more than half of the housing units being built prior to 1970. While the housing structures are presently in good condition and are relatively affordable, still a large percentage of homeowners are cost-burdened by their existing housing situation by paying more than 30 percent of their income, this limits the funding available for reinvestment or rehabilitation. Despite these distressing financial numbers, the residents of West St. Paul have established a clear interest and intent in reinvesting and renovating their homes, with more than 5,000 residential alteration permits issued between 2010 and 2018. As these trends continue, this plan is intended to be a source of information, a tool to help educate, and a guiding resource to City Officials, Staff, and residents alike.

CITY OF WEST ST. PAUL
DAKOTA COUNTY, MINNESOTA

ECONOMIC DEVELOPMENT AUTHORITY
RESOLUTION NO. 20-

RESOLUTION ELECTING OFFICERS

BE IT RESOLVED by the Board of Commissioners (The "Board") of the West St. Paul Economic Development Authority (the "EDA"), as follows:

1. Recitals. All actions required by the applicable provisions of Minnesota Statutes, Sections 469.090 to 469.108 inclusive, have been duly taken in order to create, constitute and active the EDA.

2. Appointment of Officers. In accordance with Minnesota Statutes, Section 469.096, the Board hereby elects to the following Officers of the EDA the following persons, respectively:

   President: _____

   Vice President: _____

   Treasurer: Mayor David J. Napier

   Assistant Treasurer: Finance Director Char Stark

   Secretary: City Clerk Shirley R Buecksler

3. Terms. The term of the offices of the President, Vice President, Secretary and Treasurer shall expire on the date of the annual meeting of the Board in 2020.

PASSED AND DULY ADOPTED by the Economic Development Authority of the City of West St. Paul, Minnesota, this 27th day of January 2020.

ECONOMIC DEVELOPMENT AUTHORITY
CITY OF WEST ST. PAUL

_____
President David J. Napier

ATTEST: _____
Shirley R Buecksler
Secretary/City Clerk

2020 Budget Worksheet Report

Account	Account Description	2020 Level 6	
Fund	**209 - Economic Development Auth**		
REVENUE			
Department	**30000 - Revenues**		
Taxes			
31010	Tax - Ad Valorem-Current	383,879.00	
ls		383,879.00	
Miscellaneous			
36210	Investment - Interest	5,000.00	
36211	Other Interest Earnings	50,000.00	
36299	Misc Revenue - All Other	10,000.00	
ls		$65,000.00	
ıls		448,879.00	
S		448,879.00	
EXPENSE			
Department	**41121 - Economic Development**		
Personal Services			
40101	Full Time Reg Wages	141,309.00	Director (100%) and Administrative Specialist (50%)
40121	PERA	10,598.00	
40122	FICA	10,810.00	
40131	Health Insurance	22,632.00	
40132	Other Grp Insurance	441.00	
ls		$185,790.00	
Supplies			
40200	Office Supplies	200.00	
ls		$200.00	
Other Charges and Services			
40301	Auditing Services	2,000.00	
40304	Civil Legal Fees	12,500.00	
40310	Travel,Conference,Schools	4,715.00	
40343	Advertising	2,000.00	
40345	Postage	75.00	
40350	Printing & Publishing	500.00	
40361	Insurance - Gen Liability	2,300.00	
40383	Water/Sewer Charges	554.00	
40399	Contractual Services	86,470.00	
40433	Subscriptions,Memberships	775.00	
40490	Misc Expenses	1,000.00	
40495	Business/Housing Rehab	150,000.00	
ls		$262,889.00	
ıls		$448,879.00	
S		$448,879.00	

BYLAWS OF THE
WEST ST. PAUL ECONOMIC DEVELOPMENT AUTHORITY
(Revised 7/15/99, 8/26/99, 01/02/02, 1/07/08, 2/1/10, 4/2/12, 2/11/13, 3/5/13, 1/15/14)

1. The Authority

Section 1.1. Name of Authority. The name of the Authority shall be the West St. Paul Economic Development Authority (hereinafter, the "Authority"), and its governing body shall be called the Board of Commissioners (hereinafter, the "Board").

Section 1.2. Office. The Principal office of the Authority shall be at Municipal Center, 1616 Humboldt Avenue, West St. Paul, Minnesota 55118.

Section 1.3. Seal. The Authority shall have an official seal. The seal can be the City seal.

2. Organization

Section 2.1. Officers. The officers of the Authority shall consist of a President, a Vice President, a Secretary, and a Treasurer, and Assistant Treasurer. All officers shall be elected annually, at the annual meeting. No Commissioner may serve as President and Vice President at the same time. The offices of Secretary and Assistant Treasurer need not be held by a Commissioner.

Section 2.2. President. The President shall preside at all meetings of the Board.

Section 2.3. Vice President. The Vice President shall preside at any meeting of the Board in the absence or due to the inability of the President.

Section 2.4. Repealed.

Section 2.5. Treasurer. The Treasurer shall receive and be responsible for Authority money, shall disburse authority money by check only (in accordance with Section 4.3 herein), keep an account of all Authority receipts and disbursements and the nature and purpose relating thereto, shall file the Authority's financial statement with its Secretary at least once a year as set by the Authority, and be responsible for the acts of the Assistant Treasurer. The Treasurer shall not have the authority to order goods or services except by written approval of the Executive Director. The Treasurer shall be the Mayor.

Section 2.6 Assistant Treasurer. The Assistant Treasurer has the powers and duties of the Treasurer if the Treasurer is absent or disabled. The Assistant Treasurer shall not have the authority to order goods or services except by written

approval of the Executive Director. The Assistant Treasurer may be the City Finance Director.

Section 2.7. Secretary. The Secretary shall keep or cause to be kept minutes of all meetings of the Board and shall maintain or cause to be maintained all records of the Authority. The Secretary shall also have such additional duties and responsibilities as the Board may from time to time and by resolution prescribe.

Section 2.8. Executive Director. The Executive Director shall be designated from time to time by the Authority and shall be the chief appointed executive officer of the Authority. The Executive Director shall have the authority to carry out and execute the purposes of economic development within the powers given the EDA in Minn. Stat. §§469.090 to 469.108 for projects that have been approved by the Board, including, but not limited to directing or ordering the services of legal counsel, staff, consultants, vendors, appraisers, contractors, auditors, developers, or others as needed, and shall have such additional responsibilities and the authority as the Board may from time to time by resolution prescribe. The Executive Director shall serve at the pleasure of the Board.

Section 2.9. Advisory Committees. The Authority may by resolution establish one or more advisory committee to the Authority.

3. Procedures of Board of Commissioners

Section 3.1. Annual Meeting. The Board shall hold an annual meeting in January of each year and other meetings as called pursuant to Section 3.3.

Section 3.2. Repealed.

Section 3.3. Special meetings. Special meetings of the Board may be called by the President, any two Commissioners or by the Executive Director. The Executive Director or the Secretary shall post notice of any special meeting in the principal office of the Authority no less than three days prior to such special meeting.

Section 3.4. Quorum. A quorum of the Board shall consist of four Commissioners. In the absence of a quorum, no official action may be taken by, on behalf of, or in the name of the Board or the Authority.

Section 3.5. Adoption of Resolutions. Resolutions of the Board shall be deemed adopted if approved by not less than a simple majority of all Commissioners present. Resolutions may but need not be read aloud prior to vote taken thereon and may but need not be executed after passage.

Section 3.6. Rules of Order. The meetings of the Board shall be governed by the most recent edition of Robert's Rules of Order.

Section 3.7. A vote would pass with a majority of a quorum and no action would be taken on a tie vote.

Section 3.8. Commissioner Authority. Individually, Commissioners cannot bind, commit, or make promises, either verbal or written, to any person or business engaged in or pursuing activity related to economic development in the City. Commissioners should not engage in lengthy preliminary discussions regarding economic development inquiries, but should refer all such inquiries to the Executive Director. The Executive Director will determine if the information is appropriate for or sufficiently significant enough to bring it to the attention of the Board, at which time, the information will be shared with all members of the Board.

4. Miscellaneous

Section 4.1. Fiscal Year. The fiscal year of the Authority shall be the same as the City's fiscal year.

Section 4.2. Treasurer's Bond. The Treasurer/Assistant Treasurer shall give bond to the state conditioned for the faithful discharge of official duties. The bond must be approved as to form and surety by the Authority and be filed with the Secretary and must be for twice the amount of money likely to be on hand at any one time as determined at least annually by the Authority, provided, however, that said bond must not exceed $300,000.

Section 4.3 Checks. An Authority check must be signed by the Treasurer and the Assistant Treasurer. The check must state the name of the payee and the nature for which the check was issued.

Section 4.4. Financial Statement. The Authority's detailed financial statement must show all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the Authority's credits and assets, and its outstanding liabilities in a form required for the City's financial statements. The Authority shall examine the statement together with the Treasurer's vouchers. If the Authority finds that the statement and vouchers are correct, it shall approve them by resolution and enter the resolution in its records.

Section 4.5. Report to the City. The Authority shall annually, at any time designated by the City, make a report to the City Council giving a detailed account of its activities and of its receipts and expenditures for the preceding calendar year. The authority shall, at the City's request, make available all records necessary to conduct an audit of the Authority's finances.

Section 4.6. Budget to City. The Authority shall annually send its budget to the City Council which budget includes a written estimate of the amount of money needed by the Authority from the City in order for the Authority to conduct business during the upcoming fiscal year.

Section 4.7. Employees. The Authority may employ an Executive Director, chief engineer, technical experts and agents and other employees as it may require and determine their duties, qualifications and compensation.

Section 4.8. Services. The Authority may contract for the services of consultants, agents, public accountants and others as needed to perform its duties and to exercise its powers. The Authority may also use the services of the City Attorney or hire a general counsel, as determined by the Authority.

Section 4.9. Supplies, Purchasing, Facilities and Services. The Authority may purchase the supplies and materials it needs. The Authority may use the facilities of the City's purchasing department. The City may furnish offices, structures and space, stenographic, clerical, engineering and other assistance to the Authority.

Section 4.10. Execution of Contracts. All contracts, notes, and other written agreements or instruments to which the Authority is a party or signatory or by which the Authority may be bound shall be executed by an officer and the Executive Director. If the Executive Director is absent or otherwise unable to execute a document, the Assistant Treasurer may execute the document.

Section 4.11. Amendment of Bylaws. These Bylaws may be amended by the Board by majority vote of all the Commissioners, provided that any such proposed amendment shall first have been delivered to each Commissioner at least five days prior to the meeting at which such amendment is considered.

CITY OF WEST ST. PAUL

EDA Report

To: **EDA President and Board**

From: **Executive Director Jim Hartshorn**

Date: **January 27, 2020**

Termination of Development Agreement with Java Companies, LLC

BACKGROUND INFORMATION:

The EDA entered into a Contract for Private Development ("Development Agreement") with Java Companies, L.L.C. ("Java") on July 12, 2019 for the former Maaco and Car-X locations. On January 3, 2020, Java notified the EDA that it lost its financing. Pursuant to Section 3.4(j) of the Development Agreement, within 190 days of the execution of the Development Agreement, Java has the right to terminate if it is unable to secure financing.

FISCAL IMPACT:

		Amount
Fund:		
Department:		
Account:	**N/A**	**Unknown at this time**

STAFF RECOMMENDATION:

Approve the attached resolution Terminating Contract for Private Development with Java Companies, L.L.C.

ATTACHMENTS:

1. Resolution Terminating Contract for Private Development with Java Companies, L.L.C.
2. Cancellation Letter

CITY OF WEST ST. PAUL
DAKOTA COUNTY, MINNESOTA

ECONOMIC DEVELOPMENT AUTHORITY
RESOLUTION NO. 20-

RESOLUTION TERMINATING CONTRACT FOR PRIVATE DEVELOPMENT WITH JAVA COMPANIES, L.L.C.

WHEREAS, the West St. Paul Economic Development Authority ("EDA") entered into a Contract for Private Development ("Development Agreement") with Java Companies, L.L.C. ("Java") on July 12, 2019; and

WHEREAS, on January 3, 2020, Java notified the EDA that, pursuant to Section 3.4(j) of the Development Agreement, it was exercising Developer's Financing Contingency and cancelling the Development Agreement.

NOW, THEREFORE, BE IT RESOLVED that the West St. Paul Economic Development Authority authorizes its Executive Director to sign the cancellation letter and terminate the Development Agreement on behalf of the EDA.

PASSED AND DULY ADOPTED by the Economic Development Authority of the City of West St. Paul, Minnesota, this 27th day of January 2020.

ECONOMIC DEVELOPMENT AUTHORITY
CITY OF WEST ST. PAUL

_____
President David J. Napier

ATTEST: _____
Shirley R Buecksler
Secretary/City Clerk

To: Jim Hartshorn, EDA Executive Director
From: Mark Krogh, Java Companies
Date: 1/3/2020
Re: Cancellation of Purchase Agreement

This cancellation pertains to the purchase agreement entered into on July 12, 2019 for the sale of real estate located at 1589 Robert St S & 81 Wentworth Ave E, West Saint Paul, MN 55118 (Tax Parcels: 42-24200-01-070 & 42-17800-01-072 & 42-17800-01-076). Java Companies is excising their Financing Contingency (Section 3.4: Developer's Contingencies: Subsection J: Financing).

Please sign cancellation and return via email.

Java Companies:
E-mail: mark@javacompanies.com

01/03/20

(Seller's Signature) (Date)	(Buyer's Signature) (Date)
	Mark Krogh, Chief Manager-Java Companies
(Seller's Printed Name)	(Buyer's Printed Name)