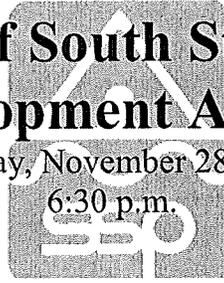


City of South St. Paul Economic Development Authority Agenda

Monday, November 28, 2016

6:30 p.m.



1. CALL TO ORDER:

2. ROLL CALL:

3. AGENDA:

A. Approval of Agenda

Action – Motion to Approve

Action – Motion to Approve as Amended

4. CONSENT AGENDA:

All items listed on the Consent Agenda are items, which are considered to be routine by the Economic Development Authority and will be approved by one motion. There will be no separate discussion of these items unless a Commissioner or citizen so requests, in which event the item will be removed from the consent agenda and considered at the end of the Consent Agenda.

A. EDA Minutes of November 14, 2016

5. PUBLIC HEARINGS:

A. Approval to Sell 241 – 1st Avenue South to Michael Florin – Resolution No. EDA 2016-10 – *Cancel Hearing*

6. GENERAL BUSINESS:

A. Progress Plus 2017 Proposal for Services

B. 161 Concord Exchange North

C. Executive Director's Report

7. ADJOURNMENT:

Respectfully Submitted,

Ryan Garcia, EDA Executive Director

**MINUTES OF THE ECONOMIC DEVELOPMENT AUTHORITY
CITY OF SOUTH ST. PAUL
DAKOTA COUNTY, MINNESOTA**

**Regular Meeting
November 14, 2016
City of South St. Paul, Training Room**

1. CALL TO ORDER

Chair Beth Baumann called the meeting to order at 6:37 p.m.

2. ROLL CALL

Members Present: Chair Baumann, Commissioners Flatley, Seaberg, Rothecker, and Hansen, Niederkorn and Podgorski

Staff Present: City Administrator Stephen King, EDA Executive Director Ryan Garcia, Housing Director Branna Lindell, Legal Counsel Ken Rohlf and Edie Kleinboehl

Others Present: Greg Miller, InterState Partners, Kari Rihm, Rihm Kenworth and Jack Grotkin, RJ Ryan Construction Company

3. AGENDA

Motion/Second: Chair Baumann stated item 6-C is removed from the agenda. Commissioner Seaberg moved and Commissioner Niederkorn seconded approval of the agenda as amended.

Motion carried 7 ayes/0 nays

4. CONSENT AGENDA

Motion/Second: Commissioner Seaberg moved and Commissioner Niederkorn seconded approval of the consent agenda.

A. EDA Minutes of October 24, 2016

Motion carried 7 ayes/0 nays

5. PUBLIC HEARINGS

A. Approval to Sell 241 – 1st Avenue South to Michael Florin – Resolution No. EDA 2016-10

Commissioner Hansen moved and Commissioner Podgorski seconded the motion to open the public hearing.

Branna Lindell requested the hearing be continued to November 28, 2016 in order to provide the buyer additional time to research building costs.

Commissioner Seaberg moved and Commissioner Podgorski seconded the motion to continue the matter to November 28, 2016.

7 ayes/ 0 nays

6. GENERAL BUSINESS

A. Approve Proposal for Asbestos Abatement at 820 Southview Blvd.

Ryan Garcia reported the City is moving forward with the ultimate sale of the 820 Southview Blvd. building. To that end four proposals were received for the asbestos abatement which range from \$39,800 to \$129,500. Mr. Garcia noted MN DEED approved utilizing funds from the Special Appropriations grant to pay abatement costs.

Commissioner Flatley moved and Commissioner Hansen seconded the motion to execute a contract with Envirobate in the amount of \$39,800 to remove the asbestos at 820 Southview Blvd.

7 ayes/0 nays

B. 820 Southview Blvd. Update – Relocation Benefits

Ryan Garcia reported the official dollar figure is not yet available from Evergreen Land Services; however, relocation obligations are estimated to be substantial for the three tenants. Details of actual costs will be shared as they become available.

D. 425 Concord Street South (former Dakota Premium site) – Developer Request

Mr. Garcia reported Interstate Partners received interest from Rihm Kenworth to construct a 60,000 s.f. building on the site to house their corporate headquarters, sales floor, mechanic space and garages. The intended use differs from Buildings I, II and III as it includes truck repair and sales. High-end architectural detailing and treatments are incorporated into the proposed design with construction costs estimated at as much as double the costs for Buildings I, II and III on a per-square-foot basis.

Kari Rihm discussed the company history, number of anticipated jobs (75-100) and wages (\$30/hour) stating the company has seen a 240% sales increase in the last 5 years.

Discussion ensued regarding visibility and screening along Concord Street. Parking of tractor cabs will be in front; however, a short term trailer drop area will be located behind the building.

It was the consensus the development would be good addition to the community. Greg Miller stated he will attend the November 15th EDAB meeting in order to present the concept to the group. The matter will be brought back to the EDA at a future meeting.

RECESS

Commissioner Podgorski moved and Commissioner Seaberg seconded the motion to recess the at 7:05 P.M. to canvass the votes of the November 8, 2017 General Election.

7 ayes/0 nays

RECONVENE

Commissioner Seaberg moved and Commissioner Flatley seconded the motion to reconvene the EDA meeting at 7:15 P.M.

7 ayes/0 nays

E. Status Update – 380 Airport Road (BRS building)

Mr. Garcia reviewed the ground lease and lease-purchase arrangements between the HRA, City and Ballistic Recovery Systems (BRS) noting the building was constructed and funded by the HRA with issuance of lease revenue bonds. In order to decrease its debt obligation, the City is researching steps to purchase the building from the HRA which would allow the City to retire the HRA debt and issue new taxable airport revenue bonds at a lower rate saving the City upwards of \$200,000. Additionally, it was noted the City recently received communication that an investor group led by the BRS founder of their interest in pursuing purchase of the building; however, no formal commitment has been received.

Discussion ensued regarding the necessity of receiving a Letter of Intent from the investor group by November 18th in order to delay or move forward with the process of issuing bonds due to timing issues.

F. Executive Director's Report

Mr. Garcia reported on the following activities:

- The next EDAB meeting is Tuesday, November 15th. Agenda items include discussion of two developer requests and continued discussion of the Economic Development Strategy – *Where do we want to go?*
- Legal counsel is working through title objections of the 900/920 Southview Blvd. site. MidWest One continues to work on a site plan as well as relocation of utility lines with Xcel Energy. It appears undergrounding the lines is the best solution. Planning Commission review is anticipated in early 2017 with intention of breaking ground next spring with a summer of 2017 opening. MidWest One anticipates marketing the existing building.
- Approval to submit a City-wide EPA Brownfields application grant in the amount of \$300,000 will be on the November 28th EDA agenda. No match is required and

funding can be utilized to conduct Phase I or II's. Grants will be awarded in the 2nd quarter of 2017.

ADJOURNMENT

Motion/Second: Commissioner Seaberg moved and Commissioner Niederkorn seconded the motion to adjourn the meeting at 7:30 p.m.

Approved: _____

Edie Kleinboehl, Secretary



EDA Agenda Item Report

Date: November 28, 2016

Department: Economic Development

EDA Executive Director: fg

6-A

Agenda Item: Progress Plus 2017 Proposal For Services – Discussion and Guidance

Action to be considered: Staff is seeking guidance from the EDA on whether and/or how to invest in Progress Plus for 2017. Jennifer Gale with Progress Plus will be in attendance to discuss this item.

Overview:

Previously, the City has contracted with Progress Plus for assistance with Economic Development efforts for an annual fee of \$25,000. 2016 obviously saw a change in the City's approach to Economic Development, with the Economic Development Authority (EDA) getting off the ground and the hire of the City's first Economic Development Staff. Concurrently, Progress Plus has been working on revising the scope of their services for Municipal investors (historically, South St. Paul and Inver Grove Heights), and for 2017 Progress Plus proposes a "Menu" of Services (see attached). This menu itemizes specific tasks/services that Progress Plus would provide and assigns a fee to each of these items, so that the City can pick and choose those that require outside assistance. **It is important to note, however, that in order to choose any of the services below the first line on the menu, a City has to "subscribe" to the "Annual Investment" of \$5,500.**

Staff would like to have an open discussion with the EDA about their perspectives, experience, and expectations as related to Progress Plus Services. There are some unique value-adds found in the proposal, but we should be sure that they align with the EDA's priorities and goals and that they don't duplicate services and tasks provided by staff unnecessarily.

Funding Sources and other fiscal considerations:

No funds have been designated for Progress Plus in the authorized budgets for the City, HRA, or EDA. In the past, Progress Plus services have been paid for through HRA Development funds and TIF funds.

PROGRESS PLUS 2017 PROPOSAL FOR SERVICES

OVERVIEW

Progress Plus is an economic development foundation of the River Heights Chamber of Commerce. River Heights Chamber of Commerce Foundation was established in 1992 to ensure Inver Grove Heights and South St. Paul would be continually developed and remain sustainable for future generations. The goals of the organization are simple: create strategies to increase business developments throughout the community, work with the local government to provide additional incentives to new or expanding businesses, and ensure the area stays relevant in our marketing and branding efforts within the greater Minneapolis/St. Paul region.

Since its inception in November 1992, the specific role of the organization has been to promote economic growth in the communities of South St. Paul and Inver Grove Heights, Minnesota through the support of initiatives for job creation and business development – including minority owned development, the expansion and retention of existing businesses, attracting new businesses to each community, community research, public information and education, and facilitating communication between government and area businesses.

Through the services offered by the program developers, brokers, site locators and expanding businesses are able to quickly and smoothly navigate their projects through the local approval process thereby facilitating expansion quickly and smoothly. As a cost free services to new and expanding business, Progress Plus increases economic development in the region by:

- Meeting regularly with city and government officials to facilitate development projects.
- Working closely with local and regional financial resources.
- Assisting prospects in meeting and working with local leaders and decision makers.

The Opportunity

Progress Plus desires to continue its partnership with its municipal investors by providing marketing services to the Inver Grove Heights Economic Development Authority and the South St. Paul Economic Development Authority.

Progress Plus also desires to continue partnering with its private sector member investors to promote a healthy and expanding business base in the Progress Plus region.

Current investors include:

American Bank	Bauer Floor Coverings, Inc.	Bremer Bank
Central Bank	CHS	City Auto Glass
City Of Inver Grove Heights	City of South St. Paul	Fury Motors
Holiday Inn Express	Inver Grove Heights Animal Hosp.	Key Community Bank
Krech, O'Brien, Mueller & Assoc.	Landmark Environmental	Langer Real Estate Services
LeVander, Gillen & Miller PA	McGough Development	Pawn America MN
Quality Auto Care Center	River Heights Chamber	Sanimax USA LLC
South St. Paul Future	Union Pacific Railroad	Waterous Company
Xcel Energy	Home Federal Savings & Loan	

MENU OF SERVICES FOR MUNICIPAL INVESTORS

Progress Plus Services Menu		
Project	Description	Fee
Annual Investment for municipalities	Annual premier investment in Progress Plus	\$5,500.00
Annual Business Database (one time)	Progress Plus provides an electronic database of local businesses reported through mailing records and includes detailed demographic information	\$1,000.00
Xceligent (yearly subscription)	Annual subscription of full user access under the Progress Plus nonprofit license	\$1,500.00
Property of the Month Marketing Piece (one per month)	Custom monthly marketing piece using Constant Contact template sent to broker/developer database.	\$2,400.00
Broker Event (each)	Planning, marketing and execution of one broker event to the specified requirements that meet the city's desired outcome	\$5,000.00
Food Truck Day (each)	Planning, marketing and execution of one food truck event as specified to meet the city's desired outcome. Includes waste disposal and 10 high top tables.	\$1,200.00
Custom marketing piece (each)	Develop one marketing piece for electronic/print distribution. Includes research, project management and design. Does not include print or distribution costs.	\$2,000.00
Tradeshow (priced per individual booth)	Represent city interests at one tradeshow including acquisition of marketing materials from properties, development of demographic data piece, signage, tradeshow entry fee (up to \$1000), Concept visualization and design of promotional items and interactive activity. Does not include cost of promotional items or giveaways.	\$5,000.00
One Stop Website (up to 20 hours per year)	Up to date one-stop-shop website with partnerships, tools, incentives and community information focused on development inquiries.	\$1,000.00
Social Media (2.5 hours per week)	Annual subscription of economic development social media posts to Instagram, Facebook and Twitter.	\$5,000.00
GrowMN Business Retention program (yearly subscription)	Coordinate business visits, inputting of statewide data collected by DEED, Greater MSP, local chambers of commerce and economic development groups and access to reports on findings and trends.	\$1,000.00
Ad Creation (each)	One time creation of a promotional advertisement for use in publications	\$500.00



EDA Agenda Item Report

Date: November 28, 2016

Department: Economic Development

EDA Executive Director: fg

6-B

Agenda Item: 161 Concord Exchange North – Discussion Only

Action to be considered: No formal action is requested at this time. An interested buyer has requested audience with the EDA to discuss their proposal and gauge community interest.

Overview:

161 Concord Exchange N. is a 4-story, roughly 70,000 square foot Class-B office building, built in 1974, that is currently vacant and for sale by Lake Area Bank. Its most recent occupant was a Wells Fargo branch bank and offices for Wells Fargo's Shareholder Services. Wells Fargo closed this location entirely in late-2011. The property is currently listed for sale at a price of \$1.4 Million (\$19.81/square foot), and has generated limited interest for redevelopment, with "tire-kickers" citing the anticipated difficulty in securing tenants for that amount of space as well as the anticipated cost to renovate the building as the two most significant challenges.

Staff has been approached by John Young, a commercial real estate agent representing a client who has interest in purchasing the building for use as a Charter School. The school, Minnesota Math and Science Academy, is a K-6 school with an enrollment of over 400 students currently operating on Jenks Avenue in Saint Paul. Mr. Young and his client asked for an opportunity to discuss their concept with the EDA, as they are still considering alternative locations and would like to better understand the City's support and expectations for the site. Staff introduced the concept at the November 15 meeting of the Economic Development Advisory Board (EDAB) for feedback. In general, EDAB did not express enthusiasm for the proposal. Specifically, EDAB felt that educational uses would be an underutilization of this high-visibility, important corner that would hinder redevelopment of the Concord Exchange as envisioned in the City's Comprehensive Plan and the Concord Gateway Mixed Use Zoning District.

The property is zoned for Mixed-Use development, and the district regulations stipulate that any use over 10,000 square feet will require review through the Conditional Use Permit approval process. So if the proposal were to move forward, the Council would have the final conditional approval authority over the proposed use.

The City's goal to foster local employment opportunities and to expand the local tax base has remained an important undercurrent to all of the work undertaken and planned by the Economic Development Authority, Economic Development Advisory Board, and Staff in the past several months. It is Staff's belief that given the geographically limited opportunities for tax base generation that exist in the City, any prospect that would result in removing property from the tax base - at any location - deserves careful scrutiny. The Concord Exchange corridor has admittedly suffered from long-term disinvestment and development decisions that have perpetuated decline. Nonetheless, Staff is confident that

the relatively recent efforts to put together a more focused economic development strategy will be a critical first step in the long-term revitalization of this essential economic development corridor. It is reasonable to expect our efforts to include a focus on policies and actions geared at attracting private sector investment in 161 N. Concord Exchange and surrounding properties that are more in sync with the City's vision for the area and the purpose and intent of the Mixed-Use designation.

Funding Sources and other fiscal considerations:

Minnesota Statutes establish that not-for-profit educational institutions (such as the proposed use) are exempt from real estate taxes. Thus, if the interested buyer does end up purchasing the building and utilizing it as a Charter School, the property would no longer be subject to property taxes. In the Payable 2016 Tax Year, the property had an estimated market value of approximately \$1.9 million (with the building valued at about \$24/square foot for tax purposes) and a total tax bill of approximately \$74,000 (\$2,932 in City Taxes, over \$32,000 going to the TIF District). While it is difficult to speculate, it is conceivable that private rehabilitation of the building for office or commercial uses would at least stabilize, if not enhance, the building's value.

PID: 367285006080

ADDRESS: 161 Concord Exchange N

PARCEL SIZE: 51,453 SF (1.2 Acres)

DIMENSIONS (Approx.): 250' (frontage on Concord Exchange S) x 170' (depth)

ZONING: Concord Gateway Mixed Use 1 (CGMU-1)

Note: Property outlined in red is City-owned





EDA Agenda Item Report

Date: November 28, 2016

Department: Economic Development

EDA Executive Director: fg

6-C

Agenda Item: Executive Director Report

Action to be considered: No action is requested at this time. Informational Update only.

Overview:

- **820 Southview Boulevard** - Asbestos abatement and architectural design work will begin in December, with the DEED Special Appropriation grant providing the funding for this work. The EDA meeting in December will include a more focused discussion on the sale of the building.
- **900 – 920 Southview Boulevard** – The Phase II Environmental Assessment report was delivered just before breaking for the Thanksgiving Holiday. We'll be working with the Bank to prepare grant applications for the preparation of the Remedial Action Plan and the recommended soil vapor mitigation system.
- **EPA Grant Application** – We are soliciting letters of support for the 2017 Brownfields Communitywide Assessment grant, which would provide \$300,000 for environmental site assessments and brownfields remediation planning activities. The application package will be presented at a council workshop in December, and presented for final approval at the December 19 Council Meeting.
- **Tax Increment Financing (TIF)** – I'd like to target a January EDA meeting to continue discussion of the proposed City TIF Policy, and would also like to schedule a presentation in early 2017 from Ehlers on the TIF Financial Management Plan – which provides detail related to the City's existing TIF Districts – that they're putting together for the City.
- **Business Park Development** – There's been a recent, general uptick in inquiry by small to mid-scale industrial/warehouse users looking for space for 5,000 – 15,000 square feet, with a focus on city-owned properties on Hardman Court. Nothing is imminent, but it's encouraging to be generating some interest in those sites and it's helping to make a few more connections in the brokerage community.
 - *425 Concord ("Dakota Premium")* – it is anticipated that an application for the Rihm-Kenworth project, introduced at the last EDA meeting, will be reviewed by the Plan Commission in January. Following the EDA's general support for this project, which will serve as a corporate headquarters office, commercial truck sales, and truck service facilities, the EDAB reviewed and expressed the consensus that this development would be good for the community.
 - *455 Hardman (Bonfe)* – Bonfe Plumbing and Heating has officially moved in to their new space. They are very happy with their move and pass along thanks to all the warm welcomes they've received! The company continues to grow and has expressed a commitment to try and continue that growth here in South St. Paul.

- *843 Hardman (Current "Danner" property)* – The developer is continuing to proceed with due diligence activities and working through preliminary site design issues.
- *Soil Piles @ Bridgepoint/Grand* – We're cautiously optimistic that we've found a destination for the piles of soil that have been on city-owned properties at the southeast quadrant of Grand and Concord. Although we haven't gotten final confirmation, there is a road project in the Mendota Heights area that may need this material for the project.

Funding Sources and other fiscal considerations:

Not applicable.