

# City of South St. Paul Economic Development Authority Agenda

Tuesday, September 4, 2018

6:30 PM



**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 August 6, 2018

B. Approval of Satisfaction of Mortgage – Resolution No. 2018-22

C. Approval of Satisfaction of Mortgage – Resolution No. 2018-23

D. Approval of Certificate of Completion and Release of Forfeiture – 339 5<sup>th</sup> Avenue South

E. Approval of Certificate of Completion and Release of Forfeiture – 235 4<sup>th</sup> Avenue South

F. Approval of Certificate of Completion and Release of Forfeiture – 436 7<sup>th</sup> Avenue South

G. Approval of Certificate of Completion and Release of Forfeiture – 141 4<sup>th</sup> Avenue South

**5. PUBLIC HEARINGS:**

**6. GENERAL BUSINESS:**

A. Review and approve 2019 EDA levy and budget, Resolution 2018-24

B. Review and approve 2019 HRA levy and budget, Resolution 2018-25

**7. ADJOURNMENT:**

Respectfully Submitted,

Ryan Garcia, EDA Executive Director

This meeting is being taped by Town Square Television (NDC4).  
Replays can be viewed on Government Channel 19.  
Replay Times – Friday following Meeting at 1:00 p.m. & 7:00 p.m.  
651-451-7834

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

Regular Meeting  
August 6, 2018  
City of South St. Paul Council Chambers

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**1. CALL TO ORDER**

Chair Francis called the meeting to order at 6:30 P.M.

**2. ROLL CALL**

*Members Present: President Francis, Commissioners Flatley, Hansen, Podgorski, Rothecker and Seaberg. Absent: Commissioner Forester.*

*Staff Present: EDA Executive Director Ryan Garcia, City Administrator Joel Hansen and Edie Kleinboehl. Legal Counsel Kori Land was present.*

**3. AGENDA**

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

**4. CONSENT**

Motion/Second: Commissioner Rothecker moved and Commissioner Hansen seconded approval of the consent agenda.

- A. EDA Minutes of July 2, 2018
- B. Approval of Satisfaction of Mortgage – Resolution No. 2018-18
- C. Approval of Satisfaction of Mortgage – Resolution No. 2018-19
- D. Approval of Certificate of Completion and Release of Forfeiture – 241 – 1<sup>st</sup> Avenue South
- E. Approval of Subordination Agreement – 728 5<sup>th</sup> Avenue South - Resolution No. 2018-20

Motion carried          6 ayes / 0 nays

**5. PUBLIC HEARINGS**

There were no public hearings.

**6. GENERAL BUSINESS**

A. Adoption of Land Purchase and Disposition Policy – Resolution No. 2018-21

Mr. Garcia reported the land purchase and disposition policy has been prepared to provide guidance in setting priorities and to assist with the decision making process that positions the approximately 42 acres of EDA-owned properties for future redevelopment.

Discussion ensued regarding the property listing, market values and asking price. Mr. Garcia noted the property listing provides a reference as to the scope of property owned by the EDA while the estimated market values are directly from Dakota County's EMV process. Mr. Garcia stated in the near future the EDA will engage in a discussion to identify the short-term and long-term priorities for property disposition as well as address a pricing strategy of the mixed-use areas of Concord Exchange and North/South Concord Street.

Discussion ensued regarding modifying portions of the language to clearly define the intentions of the policy.

Motion/Second: Commissioner Podgorski moved and Commissioner Rothecker seconded the motion to approve the Land Purchase and Disposition Policy in concept, subject to minor modification/clarification by city staff and legal counsel.

Motion carried           6 ayes / 0 nays

**7. ADJOURNMENT**

Motion/Second: Commissioner Seaberg moved and Commissioner Podgorski seconded the motion to adjourn the meeting at 6:45 P.M.

Approved: September 4, 2018

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Edie Kleinboehl, Secretary



**EDA Agenda Item Report**

Date: September 4, 2018

EDA Executive Director: 

4-B

**Agenda Item: Approval of Satisfaction of Mortgage – Applicant #1017**

**Action to be considered:**

Motion to approve Resolution No. 2018-22.

**Overview:**

Applicant #1017 received an HRA rehabilitation loan of \$5,500 in 2013 with a mortgage recorded at that time. The mortgagee recently paid back the loan in full, thus satisfying the mortgage. Therefore, the EDA is advised to approve Resolution No. 2018-22, which authorizes designated officers of the City's Housing and Redevelopment Authority to execute necessary documentation required to record the Satisfaction of Mortgage.

**Funding Sources and other fiscal considerations:** N/A

South St. Paul Economic Development Authority  
Dakota County, Minnesota

**RESOLUTION NO. 2018-22**

**WHEREAS**, the City Council transferred all administration of the South St. Paul Housing and Redevelopment Authority (HRA) programs to the South St. Paul Economic Development Authority (“EDA”) by City Council Resolution 2015-197; and

**WHEREAS**, one of those programs was a rehabilitation loan program, for which there are several outstanding loans; and

**WHEREAS**, the South St. Paul Housing and Redevelopment Authority of the City of South St. Paul, Minnesota issued a mortgage to Applicant #1017 in the amount of \$5,500.00;

**WHEREAS**, such mortgage recorded on August 16, 2013, in Dakota County has been satisfied in full by the applicant;

**NOW, THEREFORE, BE IT RESOLVED** by the Economic Development Authority of the City of South St. Paul that:

1. The EDA shall secure the signatures of the appropriate representatives of the HRA to execute the required documents to satisfy the loan and mortgage.

Adopted this 4<sup>th</sup> day of September, 2018.

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President, James P. Francis

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Executive Director, Ryan Garcia



**EDA Agenda Item Report**

Date: September 4, 2018

EDA Executive Director: \_\_\_\_\_

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4-C

**Agenda Item: Approval of Satisfaction of Mortgage – Applicant #1043**

**Action to be considered:**

Motion to approve Resolution No. 2018-23

**Overview:**

Applicant #1043 received an HRA rehabilitation loan of \$13,000 in 2014, with a mortgage recorded at that time. The mortgagee recently paid back the loan in full, thus satisfying the mortgage. Therefore, the EDA is advised to approve Resolution No. 2018-23, which will authorize the designated officers of the City's Housing and Redevelopment Authority to execute all necessary documentation required to record the Satisfaction of Mortgage.

**Funding Sources and other fiscal considerations:** N/A

South St. Paul Economic Development Authority  
Dakota County, Minnesota

**RESOLUTION NO. 2018-23**

**WHEREAS**, the City Council transferred all administration of the South St. Paul Housing and Redevelopment Authority (HRA) programs to the South St. Paul Economic Development Authority (“EDA”) by City Council Resolution 2015-197; and

**WHEREAS**, one of those programs was a rehabilitation loan program, for which there are several outstanding loans; and

**WHEREAS**, the South St. Paul Housing and Redevelopment Authority of the City of South St. Paul, Minnesota issued a mortgage to Applicant #1043 in the amount of \$13,000.00;

**WHEREAS**, such mortgage recorded on July 1, 2014, in Dakota County has been satisfied in full by the applicant;

**NOW, THEREFORE, BE IT RESOLVED** by the Economic Development Authority of the City of South St. Paul that:

1. The EDA shall secure the signatures of the appropriate representatives of the HRA to execute the required documents to satisfy the loan and mortgage.

Adopted this 4<sup>th</sup> day of September, 2018.

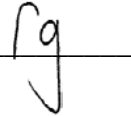
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President, James P. Francis

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Executive Director, Ryan Garcia



**EDA Agenda Item Report**

Date: September 4, 2018

EDA Executive Director: 

4-D

**Agenda Item: Approval of Certificate of Completion and Release of Forfeiture – 339 5<sup>th</sup> Avenue South**

**Action to be considered:**

Motion to authorize officers of the EDA to execute the Certificate of Completion and Release of Forfeiture for 339 5<sup>th</sup> Avenue South

**Overview:**

In September, 2017, the EDA approved conveyance of the Rediscover property at 339 5<sup>th</sup> Avenue South to Ponce Construction, LLC. The redeveloper completed the Minimum Improvements stated in the Contract for Private Redevelopment; therefore, the EDA is obligated to issue a Certificate of Completion and Release of Forfeiture.

**Funding Sources and other fiscal considerations:** N/A



## **CERTIFICATE OF COMPLETION AND RELEASE OF FORFEITURE**

WHEREAS, the South St. Paul Economic Development Authority (“EDA”), a public body, corporate and politic under the laws of Minnesota (the "Grantor"), by a Deed recorded in the Office of the County Recorder or the Registrar of Titles in and for the County of Dakota and State of Minnesota, as Document Number 3212908, has conveyed to Ponce Construction, LLC (the “Grantee”), the following described land in the County of Dakota and State of Minnesota to-wit:

Lot 11, Block 9, Riverside Park Addition to the City of St. Paul, Dakota County,  
Minnesota

and

WHEREAS, said Deed contained certain covenants and restrictions, the breach of which by Grantee, its heirs and assigns, would result in a forfeiture and right of re-entry by Grantor, its successors and assigns; and

WHEREAS, said Grantee have to the present date performed said covenants and conditions insofar as it is able in a manner deemed sufficient by the Grantor to permit the execution and recording of this certification.

NOW THEREFORE, this is to certify that all building construction and other physical improvements specified to be done and made by the Grantee have been performed by the Grantee therein and that the provisions for forfeiture of title and right to re-entry for breach of condition subsequent by the Grantor therein is hereby released absolutely and forever insofar as it applies to the land described herein, and the County Recorder or the Registrar of Titles in and for the County of Dakota and State of Minnesota is hereby authorized to accept for recording and to record this instrument, which be a conclusive determination of the satisfactory termination of the covenants and conditions of said Deed as well as those conditions and covenants found in a Redevelopment Agreement recorded in the Office of the County Recorder or the Registrar of Titles in and for the County of Dakota and State of Minnesota, as Document Number 3212909, the Breach of which would result in a forfeiture and right of re-entry, but the covenants created by Sections 3 and 4 of said Deed shall remain in full force and effect as set forth therein.





**EDA Agenda Item Report**

Date: September 4, 2018

EDA Executive Director: \_\_\_\_\_

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4-E

**Agenda Item: Approval of Certificate of Completion and Release of Forfeiture – 235 4<sup>th</sup> Avenue South**

**Action to be considered:**

Motion to authorize designated officers of the City's Housing and Redevelopment Authority to execute the Certificate of Completion and Release of Forfeiture for 235 4<sup>th</sup> Avenue South.

**Overview:**

In 2015, the HRA approved conveyance of the Rediscover property at 235 4<sup>th</sup> Avenue South to M. Scott Company, LLC. The redeveloper completed the Minimum Improvements stated in the Contract for Private Redevelopment; therefore, the HRA is obligated to issue a Certificate of Completion and Release of Forfeiture.

**Funding Sources and other fiscal considerations:** N/A

### **CERTIFICATE OF COMPLETION AND RELEASE OF FORFEITURE**

WHEREAS, the Housing and Redevelopment Authority in and for the City of South S t. Paul, a public body, corporate and politic under the laws of Minnesota (the "Grantor"), by a Deed recorded in the Office of the County Recorder or the Registrar of Titles in and for the County of Dakota and State of Minnesota, as Document Number 3119917, has conveyed to M. Scott Company, LLC (the "Grantee"), the following described land in the County of Dakota and State of Minnesota to-wit:

Lot 9, Block 11 Hepburn Park Addition to the City of St. Paul, Dakota County,  
Minnesota

and

WHEREAS, said Deed contained certain covenants and restrictions, the breach of which by Grantee, its heirs and assigns, would result in a forfeiture and right of re-entry by Grantor, its successors and assigns; and

WHEREAS, said Grantee have to the present date performed said covenants and conditions insofar as it is able in a manner deemed sufficient by the Grantor to permit the execution and recording of this certification.

NOW THEREFORE, this is to certify that all building construction and other physical improvements specified to be done and made by the Grantee have been performed by the Grantee therein and that the provisions for forfeiture of title and right to re-entry for breach of condition subsequent by the Grantor therein is hereby released absolutely and forever insofar as it applies to the land described herein, and the County Recorder or the Registrar of Titles in and for the County of Dakota and State of Minnesota is hereby authorized to accept for recording and to record this instrument, which be a conclusive determination of the satisfactory termination of the covenants and conditions of said Deed as well as those conditions and covenants found in a Redevelopment Agreement recorded in the Office of the County Recorder or the Registrar of Titles in and for the County of Dakota and State of Minnesota, as Document Number 3119916, the Breach of which would result in a forfeiture and right of re-entry, but the covenants created by Sections 3 and 4 of said Deed shall remain in full force and effect as set forth therein.





## **CERTIFICATE OF COMPLETION AND RELEASE OF FORFEITURE**

WHEREAS, the Housing and Redevelopment Authority in and for the City of South St. Paul, a public body, corporate and politic under the laws of Minnesota (the "Grantor"), by a Deed recorded in the Office of the County Recorder or the Registrar of Titles in and for the County of Dakota and State of Minnesota, as Document Number 3047509, has conveyed to Teodor Tau and Ileana Tau, husband and wife (joint tenants) (the "Grantees"), the following described land in the County of Dakota and State of Minnesota to-wit:

Lot 21, Block 3 Riverside Park Addition to the City of St. Paul, Dakota County,  
Minnesota

and

WHEREAS, said Deed contained certain covenants and restrictions, the breach of which by Grantee, its heirs and assigns, would result in a forfeiture and right of re-entry by Grantor, its successors and assigns; and

WHEREAS, said Grantee have to the present date performed said covenants and conditions insofar as it is able in a manner deemed sufficient by the Grantor to permit the execution and recording of this certification.

NOW THEREFORE, this is to certify that all building construction and other physical improvements specified to be done and made by the Grantee have been performed by the Grantee therein and that the provisions for forfeiture of title and right to re-entry for breach of condition subsequent by the Grantor therein is hereby released absolutely and forever insofar as it applies to the land described herein, and the County Recorder or the Registrar of Titles in and for the County of Dakota and State of Minnesota is hereby authorized to accept for recording and to record this instrument, which be a conclusive determination of the satisfactory termination of the covenants and conditions of said Deed as well as those conditions and covenants found in a Redevelopment Agreement recorded in the Office of the County Recorder or the Registrar of Titles in and for the County of Dakota and State of Minnesota, as Document Number 3047508, the Breach of which would result in a forfeiture and right of re-entry, but the covenants created by Sections 3 and 4 of said Deed shall remain in full force and effect as set forth therein.







**EDA Agenda Item Report**

Date: September 4, 2018

EDA Executive Director: \_\_\_\_\_

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4-G

**Agenda Item: Approval of Certificate of Completion and Release of Forfeiture – 141 4<sup>th</sup> Avenue South**

**Action to be considered:**

Motion to authorize designated officers of the City's Housing and Redevelopment Authority to execute the Certificate of Completion and Release of Forfeiture for 141 4<sup>th</sup> Avenue South.

**Overview:**

In 2015, the HRA approved conveyance of the Rediscover property at 141 4<sup>th</sup> Avenue South to Ponce Construction, LLC and Mayela Pliego-Martinez. The redeveloper completed the Minimum Improvements stated in the Contract for Private Redevelopment; therefore, the HRA is obligated to issue a Certificate of Completion and Release of Forfeiture.

**Funding Sources and other fiscal considerations:** N/A

## **CERTIFICATE OF COMPLETION AND RELEASE OF FORFEITURE**

WHEREAS, the Housing and Redevelopment Authority in and for the City of South St. Paul, a public body, corporate and politic under the laws of Minnesota (the "Grantor"), by a Deed recorded in the Office of the County Recorder or the Registrar of Titles in and for the County of Dakota and State of Minnesota, as Document Number 3075061, has conveyed to Ponce Construction, LLC and Mayela Pliego-Martinez, a single person (the "Grantees"), the following described land in the County of Dakota and State of Minnesota to-wit:

Lot 12, Block 12 Hepburn Park Addition to the City of St. Paul, Dakota County,  
Minnesota

and

WHEREAS, said Deed contained certain covenants and restrictions, the breach of which by Grantee, its heirs and assigns, would result in a forfeiture and right of re-entry by Grantor, its successors and assigns; and

WHEREAS, said Grantee have to the present date performed said covenants and conditions insofar as it is able in a manner deemed sufficient by the Grantor to permit the execution and recording of this certification.

NOW THEREFORE, this is to certify that all building construction and other physical improvements specified to be done and made by the Grantee have been performed by the Grantee therein and that the provisions for forfeiture of title and right to re-entry for breach of condition subsequent by the Grantor therein is hereby released absolutely and forever insofar as it applies to the land described herein, and the County Recorder or the Registrar of Titles in and for the County of Dakota and State of Minnesota is hereby authorized to accept for recording and to record this instrument, which be a conclusive determination of the satisfactory termination of the covenants and conditions of said Deed as well as those conditions and covenants found in a Redevelopment Agreement recorded in the Office of the County Recorder or the Registrar of Titles in and for the County of Dakota and State of Minnesota, as Document Number 3075060, the Breach of which would result in a forfeiture and right of re-entry, but the covenants created by Sections 3 and 4 of said Deed shall remain in full force and effect as set forth therein.





**EDA Agenda Item Report**

Date: September 4, 2018

EDA Executive Director: \_\_\_\_\_

6-A

**Agenda Item: Review and approve 2019 EDA levy and budget, Resolution 2018-24**

**Action to be considered:**

Motion to Adopt Resolution 2018-24, A Resolution Approving the Proposed 2019 Economic Development Authority (EDA) Tax Levy and Budget.

**Overview:**

According to Section 4.6 of the EDA's by-laws, the EDA shall 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.

Attached is the 2019 Preliminary Budget for the EDA. The following notes summarize the key points about this year's proposed budget:

- The EDA budget totals \$306,122 and the primary costs are related to staffing (66.0%) and professional services which include financial and legal consulting (10.0%).
- An EDA Property Tax Levy of \$280,451 is proposed for 2019. This is an increase over 2018 of 9.6%, which is commensurate with the increase in City-wide property value in 2018 over 2017.
- An operating transfer of \$25,671 from the HRA levy (20260) is proposed to balance the EDA budget.
- Staff is proposing to divest in the Open to Business program in 2019, and reallocate half of the dollars towards new software (ESRI Business Analyst) which will provide us with technology to provide spatially-based demographic and market analysis to existing and prospective businesses and developers.
- An "Administration Support Fee" of \$23,805 (about 8% of the budget) is included as it relates to supporting the services provided by the Administration (particularly Finance, City Admin., IT).

**Funding Sources and other fiscal considerations:**

This is the proposed preliminary 2019 EDA Property Tax Levy and Budget, which will guide the income and expenditures for EDA activities next year.

**Attachments:**

Resolution 2018-24

Preliminary 2019 EDA Property Tax Levy and Budget Documents

South St. Paul Economic Development Authority  
Dakota County, Minnesota

**RESOLUTION NO. 2018-24**

**WHEREAS**, State Statute 469.107 subd. 1 provides that a city may, at the request of the Economic Development Authority (EDA), levy a tax for the benefit of the authority in an amount not to exceed 0.01813 percent of estimated market value;

**WHEREAS**, the EDA proposed a 2019 tax levy for economic development purposes in the amount of \$280,451;

**WHEREAS**, the South St. Paul EDA proposes a 2019 annual budget in the amount of \$306,122 to carry out its Economic Development Strategy and other economic development purposes;

**NOW, THEREFORE, BE IT RESOLVED** by the Economic Development Authority of the City of South St. Paul that:

1. The EDA requests that the South St. Paul City Council levy a special tax of \$280,451 to be collected in 2019 pursuant to Minnesota Statutes 469.107.
2. The EDA request that the South St. Paul City Council adopt the 2019 annual budget in the amount of \$306,122.

Adopted this 4<sup>th</sup> day of September, 2018.

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President, James P. Francis

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Executive Director, Ryan Garcia

<b>FUNCTION:</b> Community Development	<b>DEPT. &amp; DIV:</b> Economic Development General	<b>BUSINESS UNIT:</b> 20280
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**Activities and Responsibilities:**

**The Economic Development program is accountable for:**

- Development and implementation of plans and strategies for advancing economic and community development.
- Assisting existing and prospective businesses and developers.
- Assisting existing businesses with expansion and reconstruction projects. Providing guidance to bring new development projects to fruition.
- Providing expertise regarding available public and private business financing resources, including state assistance, possible local initiatives and other funding sources.
- Administration of Tax Increment Financing (TIF) plans and Business and Development Loan Programs.
- Providing staff services to the EDA and EDAB.

**Budget Highlights and Changes:**

**Significant Revisions - 2019 Original vs. 2019 Revisions**

- None

**Notable Expenditure Changes in 2019**

- Staff is proposing divesting in the Open to Business program in the 2019 Budget Year. These services, historically provided by outside organizations to support the City's Economic Development efforts, simply have failed to demonstrate a return on investment.
- Staff is proposing investment in additional technological resources in 2019 to provide a greater ability to measure and illustrate the City's economic development opportunities and challenges.

<b>FUNCTION:</b> Community Development	<b>DEPT. &amp; DIV:</b> Economic Development General	<b>BUSINESS UNIT:</b> 20280
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**Notable Expenditure Changes in 2019 (continued)**

- In concert with proposed changes to the HRA approach and staffing, Staff is proposing restructuring as a Department of Economic and Community Development. This restructuring would bring additional focus to the City's approach and is intended to maximize the efficiency of a lean staff to proactively identify opportunities to increase the commercial property tax base and advance SSP as a development-ready, business-friendly community.

**Notable Capital Project or Asset Acquisitions**

- Subscription to ESRI ArcGIS technology and the Business Analyst software program, which will significantly improve our capacity to provide service to prospective businesses, developers, and the EDA/Council.

<b><u>Staffing</u></b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Division Director	1.00	1.00	1.00	0.90
Clerical/support	0.50	0.50	0.50	0.70
<b>Total Current Staffing</b>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.60</u>

**2019 staffing =**

Cmty Dev Director (90%), Assistant to Dep. Director (50%) & Office Specialist (20%)

ECON DEV GENERAL							
SUMMARY OF REVENUES							
Description	2016 Actual	2017 Actual	2018 Original Budget	May 2018 Actual	2018 Revised Budget	2019 Requested Budget	2019 Final Budget
<b>20280 - ECON DEV GENERAL</b>							
<b>REVENUES AND EXPENDITURES</b>							
<b>REVENUES</b>							
<b>TAXES</b>							
4110 - CURRENT AD VALOREM TAX	(158,933)	(206,831)	(255,842)	0	(255,842)	(280,451)	
4120 - DELINQUENT AD VALOREM TAX		(2,553)		0			
4125 - PENALTIES & INT ON AD VAL TAX		(14)		0			
4130 - MOBILE HOME TAX	(28)	(41)		0			
<b>TAXES</b>	<b>(158,961)</b>	<b>(209,439)</b>	<b>(255,842)</b>	<b>0</b>	<b>(255,842)</b>	<b>(280,451)</b>	
<b>CHARGE FOR SERVICE</b>							
<b>COMMUNITY DEVELOPMENT</b>							
4496 - TIF APPLICATION FEE		(8,500)		0			
<b>COMMUNITY DEVELOPMENT</b>		<b>(8,500)</b>		<b>0</b>			
<b>CHARGES FOR SERVICES</b>	<b>0</b>	<b>(8,500)</b>		<b>0</b>			
<b>MISCELLANEOUS</b>							
4675 - INSURANCE DIVIDEND		(566)		0			
<b>MISCELLANEOUS</b>		<b>(566)</b>		<b>0</b>			
<b>OTHER FINANCING SOURCES</b>							
4920 - INTERFUND OPERATING TRANSFER		(141,754)	(36,597)	0	(36,597)	(25,671)	
<b>OTHER FINANCING SOURCES</b>		<b>(141,754)</b>	<b>(36,597)</b>	<b>0</b>	<b>(36,597)</b>	<b>(25,671)</b>	
<b>REVENUES</b>	<b>(158,961)</b>	<b>(360,259)</b>	<b>(292,439)</b>	<b>0</b>	<b>(292,439)</b>	<b>(306,122)</b>	

levy increase is \$24,609 is 9.6% increase



**ECON DEV GENERAL**  
**SUMMARY OF EXPENDITURES**

Description	2016 Actual	2017 Actual	2018 Original Budget	May 2018 Actual	2018 Revised Budget	2019 Requested Budget	2019 Final Budget
<b>20280 - ECON DEV GENERAL</b>							
<b>EXPENDITURES</b>							
<b>PERSONNEL SERVICES</b>							
6101 - FULL-TIME EMPLOYEES-REG	73,372	129,520	135,177	51,969	136,528	147,262	
6102 - FULL-TIME EMPLOYEES-OVERTIME	0	0		0			
6108 - ACCUMULATED VACATION/COMP LEAV	480	2,635	2,805	0	4,789	4,612	
6112 - SERVICE RECOGNITION				2,500			
6120 - EMPLOYER CONTR FOR RETIREMENT	10,721	18,921	20,843	7,819	21,050	22,310	
6130 - EMPLOYER PAID INSURANCE	20,043	20,303	15,809	9,203	17,194	22,765	
6150 - WORKERS COMPENSATION	1,982	679	876	528	876	920	
6170 - EMPLOYER CONTR TO HCSP	3,350	2,866	2,844	375	4,105	4,212	
<b>TOTAL PERSONNEL SERVICES</b>	<b>109,948</b>	<b>174,924</b>	<b>178,354</b>	<b>72,394</b>	<b>184,542</b>	<b>202,081</b>	
<b>SUPPLIES</b>							
6201 - OFFICE SUPPLIES	343	666	1,000	136	1,000	1,000	
6210 - OPERATING SUPPLIES	27	0		20			
6240 - MINOR EQUIPMENT AND FURNITURE	256	0	2,500	2,571	2,500	2,000	
<b>TOTAL SUPPLIES</b>	<b>626</b>	<b>666</b>	<b>3,500</b>	<b>2,727</b>	<b>3,500</b>	<b>3,000</b>	
<b>OTHER SERVICES AND CHARGES</b>							
6302 - PROFESSIONAL SERVICES	58,211	40,428	30,000	16,452	30,000	30,608	
6331 - CONFERENCES, TRAINING, TRAVEL	481	2,992	3,200	2,003	3,200	2,920	
6341 - ADVERTISING	103	1,770	2,000	0	2,000	2,000	
6361 - INSURANCE		4,945	5,657	914	5,657	1,622	
6374 - ADMINISTRATION SUPPORT FEE			16,000		16,000	23,805	
6375 - OTHER CONTRACTED SERVICES	0	0	11,000	11,013	11,000	5,500	
6378 - COPIER MAINTENANCE AGREEMENT		1,325	1,200	604	1,200	1,200	
6381 - OTHER RENTALS	11	0		0			
6388 - TECHNOLOGY EQUIP CHARGE		187	579	245	579	521	
6390 - POSTAGE AND TELEPHONE	318	985	1,500	417	1,500	1,500	
<b>TOTAL OTHER SERVICES AND CHARGES</b>	<b>59,124</b>	<b>52,631</b>	<b>71,136</b>	<b>31,649</b>	<b>71,136</b>	<b>69,676</b>	

**ECON DEV GENERAL  
SUMMARY OF EXPENDITURES**

Description	2016 Actual	2017 Actual	2018 Original Budget	May 2018 Actual	2018 Revised Budget	2019 Requested Budget	2019 Final Budget
<b>MISCELLANEOUS</b>							
6430 - MISCELLANEOUS	5,000	176		0			
6471 - DUES & SUBSCRIPTIONS		672	700	1,055	700	1,365	
<b>TOTAL MISCELLANEOUS</b>	<b>5,000</b>	<b>848</b>	<b>700</b>	<b>1,055</b>	<b>700</b>	<b>1,365</b>	
<b>CAPITAL OUTLAY</b>							
6570 - OFFICE EQUIP & FURNISHINGS			7,250	3,805	7,250		
<b>TOTAL CAPITAL OUTLAY</b>		<b>0</b>	<b>7,250</b>	<b>3,805</b>	<b>7,250</b>		
<b>DEBT SERVICE</b>							
6612 - INTEREST EXPENSE	667	0		0			
<b>TOTAL DEBT SERVICE</b>	<b>667</b>	<b>0</b>		<b>0</b>			
<b>TRANSFERS</b>							
6720 - OPERATING TRANSFERS		30,000	30,000	0	30,000	30,000	
<b>TOTAL TRANSFERS OUT</b>		<b>30,000</b>	<b>30,000</b>	<b>0</b>	<b>30,000</b>	<b>30,000</b>	
<b>TOTAL EXPENDITURES</b>	<b>175,365</b>	<b>259,069</b>	<b>290,940</b>	<b>111,630</b>	<b>297,128</b>	<b>306,122</b>	
<b>CHANGE 2018 REVISED TO 2019 PROPOSED</b>							<b>8,994</b>
<b>PERCENT CHANGE 2018 REVISED TO 2019 PROPOSED</b>							<b>3.03%</b>

<b>ECON DEV GENERAL</b>					
<b>DETAIL OF EXPENDITURES</b>					
<b>CODE NO.</b>	<b>ITEMS</b>	<b>ITEM DESCRIPTION AND EXPLANATION OF REQUEST</b>	<b>2018 Revised Budget</b>	<b>2019 Requested Budget</b>	<b>2019 Final Budget</b>
<b>EXPENDITURES</b>					
<b>MATERIALS &amp; SUPPLIES</b>					
6201	OFFICE SUPPLIES	General office (envelopes, business cards, toner, copy paper), water cooler (1/3 of cost = \$125)	1,000	1,000	
6240	MINOR EQUIPMENT AND FURNITURE	ESRI Software, Digital Dictation Recorder	2,500	2,000	
<b>SERVICES AND OTHER CHARGES</b>					
6302	PROFESSIONAL SERVICES	Legal Services, Financial Advising for TIF, Development Loans	30,000	30,608	
6331	CONFERENCES, TRAINING, TRAVEL	1x National Conference (\$1,800), 1x State Conference (\$500), Chamber, ULIMN & MREJ Events (\$300) Edie Training - \$320.	3,200	2,920	
6341	ADVERTISING	Publication of Legal Notices - Lillie News	2,000	2,000	
6361	INSURANCE		5,657	1,622	
6374	ADMINISTRATION SUPPORT FEE		16,000	23,805	
6375	OTHER CONTRACTED SERVICES	Progress Plus	11,000	5,500	
6378	COPIER MAINTENANCE AGREEMENT		1,200	1,200	
6388	TECHNOLOGY EQUIP CHARGE	amortization of technology equipment	579	521	
6390	POSTAGE AND TELEPHONE	Mailings, Cell Phone	1,500	1,500	
<b>MISCELLANEOUS</b>					
6471	DUES & SUBSCRIPTIONS	APA/AICP (\$550) IEDC (\$450), ULIMN (\$190), River Heights Chamber (\$175)	700	1,365	
<b>CAPITAL OUTLAY</b>					
6570	OFFICE EQUIP & FURNISHINGS		7,250		
<b>TRANSFERS</b>					
6720	OPERATING TRANSFERS	City Admin & Planning Costs	30,000	30,000	



## EDA Agenda Item Report

Date: September 4, 2018

EDA Executive Director: \_\_\_\_\_

*g*

6-B

### **Agenda Item: Review and approve 2019 HRA levy and budget, Resolution 2018-25**

#### **Action to be considered:**

Motion to Adopt Resolution 2018-25, A Resolution Approving the Proposed 2019 Housing and Redevelopment Authority (HRA) Tax Levy and Budget.

#### **Overview:**

The HRA programs and projects were transferred to the EDA on January 1, 2016. The responsibility for approving the HRA Property Tax Levy and Budget was also transferred to the EDA. State Statute 469.033, Subd. 6, sets the HRA levy at .185% of the taxable market value of the City. For 2019, an HRA Property Tax Levy of \$286,174 is proposed.

Attached is the 2019 Preliminary Budget for the HRA. The following notes summarize the key points about this year's proposed budget:

- The HRA General Housing budget totals \$286,174, and the primary costs are related to operating transfers (29.7%), specifically to reduce the deficit in the HRA's legacy Rediscover Fund, reduce the deficit in the HRA's legacy Development Fund, and to support the EDA's 2019 budget.
- The HRA budget also shows an increase in budgeted personnel services, which stems from the levy-supported share of the proposed restructuring of the City's Department of Economic and Community Development. While we still anticipate HUD funding to support ongoing work with the Public Housing program, time (and levy resources) are envisioned to support a holistic Housing program in the Department of Economic and Community Development.
- The 2019 Budget also represents the first year that the HRA levy will be utilized to support ongoing "carrying costs" of the several properties owned by the HRA that are not located in a TIF District. Historically, these "carrying costs" were assigned to various subledgers in the HRA (Rediscover, Development for example) that did not have a stable source of funds. Obviously, this is not sustainable (as the increasing deficits of those funds illustrate), so to stabilize we are proposing utilizing levy funds for these holding costs and – as discussed at a previous EDA business meeting – strategically identifying and positioning properties for disposition and development.
- Although several legacy HRA programs have been shifted to Dakota County, our Housing Program continues to have significant administrative responsibility for several home improvement/rehab loan programs; both a \$30,113 "Administration Support Fee" and a portion of the proposed Director of Economic and Community Development salary and benefits are thus allocated to the HRA budget in 2019

#### **Funding Sources and other fiscal considerations:**

This is the proposed preliminary 2019 HRA Property Tax Levy and Budget, which will guide the income and expenditures for HRA activities next year.

#### **Attachments:**

Resolution 2018-25

Preliminary 2019 HRA Property Tax Levy and Budget Documents

South St. Paul Economic Development Authority  
Dakota County, Minnesota

**RESOLUTION NO. 2018-25**

**WHEREAS**, State Statute 469.033 subd. 6 provides that subject to the consent by the resolution of the governing body of the city in and for which it was created, an authority may levy a tax upon all taxable property within the city for housing and redevelopment purposes. The amount of the levy shall be an amount approved by the governing body of the city, but shall not exceed 0.0185 percent of estimated market value;

**WHEREAS**, the EDA proposes a 2019 tax levy for housing and redevelopment purposes in the amount of \$286,174;

**WHEREAS**, the South St. Paul EDA proposes a 2019 annual budget in the amount of \$286,174 for housing and redevelopment purposes;

**NOW, THEREFORE, BE IT RESOLVED** by the Economic Development Authority of the City of South St. Paul that:

1. The EDA requests that the South St. Paul City Council levy a special tax of \$286,174 to be collected in 2019 pursuant to Minnesota Statutes 469.033.
2. The EDA request that the South St. Paul City Council adopt the 2019 annual budget in the amount of \$286,174.

Adopted this 4<sup>th</sup> day of September, 2018.

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President, James P. Francis

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Executive Director, Ryan Garcia

<b>FUNCTION:</b> Community Development	<b>DEPT. &amp; DIV:</b> Housing Programs	<b>BUSINESS UNIT:</b> 20260
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### Activities and Responsibilities:

**The Housing program is accountable for:**

- Providing professional and technical support to contracted service providers at the John Carroll and Nan McKay Public Highrise properties.
- Providing professional and technical support to homeowners that have utilized legacy CDBG-funded programs that remain within the purview of the City, and technical support to Dakota County CDA for programs that have been recently turned over to the CDA. Loan monitoring and administration.
- Administration of portfolio of vacant residential properties located throughout the City and held for future resale, including managing property maintenance issues.
- Administration and oversight of HUD and other grant programs that benefit and serve residential housing within the City.
- Identifying, researching, applying for, and administering grant programs that support a range of Community Development programs and initiatives.
- Support for and collaboration with the Economic Development and Planning programs.

### Budget Highlights and Changes:

**Notable Expenditure Changes in 2019**

- The ReDiscover South St. Paul program/fund continues to show a negative balance. The 2019 budget includes an operating transfer of \$41,000 to payoff the deficit. The Development Fund had a deficit balance of \$79,200, 2019 has a transfer to reduce this deficit. EDA fund will receive \$25,671, to balance 2019 budget.
- The above deficit reductions/transfers account for approximately 91% of the proposed \$24,574 overall increase in budget in 2019 over 2018.
- Staffing changes and the transfer of day-to-day management of the Public Highrise program result in a reduced number of FTEs in the Program for 2019 vs. 2018, however personnel services expenditures show an approximately \$47,000 increase as these positions will broaden the focus to identify and implement housing initiatives throughout the community in addition to the administrative oversight of the Public Housing Program.

<b>FUNCTION:</b> Community Development	<b>DEPT. &amp; DIV:</b> Housing Programs	<b>BUSINESS UNIT:</b> 20260
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**Notable Expenditure Changes in 2019 (continued)**

- We recommend a new position for 2019; the Housing and Grants Program Administrator. It is estimated that this and other levy-supported positions will be partially supported by HUD program funding, as the City will retain ownership of the Highrises and will manage the contracted services and HUD administration of this program.
- The City continues to own several properties in single-family residential contexts which require maintenance. While many of these properties are within the Concord TIF, several of them are not, and previously used sources such as the Rediscover Fund and Development Fund are in a negative state. For 2019, we'll utilize the HRA levy to support these "holding" costs while we attempt to market and sell those that we can.

**Revenues**

- Maximum HRA levy is \$286,174.

<b><u>Staffing</u></b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Division Director	0.500	1.000	1.000	0.100
Program Manager	1.000	1.000	1.000	1.000
Line staff	3.500	3.500	3.500	-
Clerical/support	0.500	1.000	1.000	0.800
<b>Total Staffing</b>	<b>5.500</b>	<b>6.500</b>	<b>6.500</b>	<b>1.900</b>

**2019 staffing =**

Community Dev Director (10%), Hsg & Grant Program Mgr (100%), Office Specialist(80%)  
 50% reimbursed by HUD program & 50% reimbursed by HRA levy  
 is the current estimated recovery

**HOUSING GENERAL  
SUMMARY OF REVENUES**

Description	2016 Actual	2017 Actual	2018 Original Budget	May 2018 Actual	2018 Revised Budget	2019 Requested Budget	2019 Final Budget
<b>20260 - HOUSING GENERAL</b>							
<b>REVENUES AND EXPENDITURES</b>							
<b>REVENUES</b>							
<b>TAXES</b>							
4110 - CURRENT AD VALOREM TAX	(192,578)	(183,145)	(261,063)	0	(261,063)	(286,174)	
4120 - DELINQUENT AD VALOREM TAX	(3,366)	(3,870)		0			
4125 - PENALTIES & INT ON AD VAL TAX	102	(33)		0			
4130 - MOBILE HOME TAX	(53)	(36)		0			
4140 - FISCAL DISPARITIES	(52,786)	(64,675)		0			
<b>TAXES</b>	<b>(248,681)</b>	<b>(251,759)</b>	<b>(261,063)</b>	<b>0</b>	<b>(261,063)</b>	<b>(286,174)</b>	
<b>CHARGE FOR SERVICE</b>							
<b>COMMUNITY DEVELOPMENT</b>							
4493 - OTHER CHARGE FOR SERVICE - COM	(348,797)	0		0			
<b>COMMUNITY DEVELOPMENT</b>	<b>(348,797)</b>	<b>0</b>		<b>0</b>			
<b>ADMINISTRATIVE CHARGES</b>							
4409 - ADMINISTRATIVE CHARGE	(202,469)	0	(538,769)	0	(538,769)		
<b>ADMINISTRATIVE CHARGES</b>	<b>(202,469)</b>	<b>0</b>	<b>(538,769)</b>	<b>0</b>	<b>(538,769)</b>		
<b>CHARGES FOR SERVICES</b>	<b>(551,266)</b>	<b>0</b>	<b>(538,769)</b>	<b>0</b>	<b>(538,769)</b>		
<b>MISCELLANEOUS</b>							
4672 - OTHER	(0)	0		0			
4675 - INSURANCE DIVIDEND		(191)		0			
4677 - MISC REVENUE	(517)	0		(8,865)			
<b>MISCELLANEOUS</b>	<b>(517)</b>	<b>(191)</b>		<b>(8,865)</b>			
<b>OTHER FINANCING SOURCES</b>							
4920 - INTERFUND OPERATING TRANSFER	(7,156)	0		(133)			
<b>OTHER FINANCING SOURCES</b>	<b>(7,156)</b>	<b>0</b>		<b>(133)</b>			
<b>REVENUES</b>	<b>(807,621)</b>	<b>(251,950)</b>	<b>(799,832)</b>	<b>(8,997)</b>	<b>(799,832)</b>	<b>(286,174)</b>	



<b>HOUSING GENERAL</b>							
<b>SUMMARY OF EXPENDITURES</b>							
Description	2016 Actual	2017 Actual	2018 Original Budget	May 2018 Actual	2018 Revised Budget	2019 Requested Budget	2019 Final Budget
<b>20260 - HOUSING GENERAL</b>							
<b>EXPENDITURES</b>							
<b>PERSONNEL SERVICES</b>							
6101 - FULL-TIME EMPLOYEES-REG	315,987	29,835	433,604	11,898	31,183	61,793	
6102 - FULL-TIME EMPLOYEES-OVERTIME	24,020	0		0			
6104 - TEMPORARY EMPLOYEES-REG	21,355	0		0			
6108 - ACCUMULATED VACATION/COMP LEAV	1,489	0	3,862	0	627	805	
6120 - EMPLOYER CONTR FOR RETIREMENT	54,138	6,447	65,988	1,732	4,762	9,362	
6130 - EMPLOYER PAID INSURANCE	44,424	3,139	63,129	1,275	3,122	12,761	
6140 - UNEMPLOYMENT COMP INS.	3,631	5,599		0			
6150 - WORKERS COMPENSATION	7,559	172	9,218	121	9,218	9,679	
6170 - EMPLOYER CONTR TO HCSP	6,321	435	12,236	100	893	1,852	
<b>TOTAL PERSONNEL SERVICES</b>	<b>478,926</b>	<b>45,626</b>	<b>588,037</b>	<b>15,126</b>	<b>49,805</b>	<b>96,252</b>	
<b>SUPPLIES</b>							
6201 - OFFICE SUPPLIES	8,801	3,625	2,030	984	2,030	2,088	
6210 - OPERATING SUPPLIES	0	288		95			
6240 - MINOR EQUIPMENT AND FURNITURE			2,000		2,000		
<b>TOTAL SUPPLIES</b>	<b>8,801</b>	<b>3,912</b>	<b>4,030</b>	<b>1,079</b>	<b>4,030</b>	<b>2,088</b>	
<b>OTHER SERVICES AND CHARGES</b>							
6302 - PROFESSIONAL SERVICES	39,033	38,741	70,000	23,134	70,000	50,000	
6331 - CONFERENCES, TRAINING, TRAVEL	22	354		99			
6361 - INSURANCE	5,814	625	3,618	2,306	3,618	4,098	
6371 - REPAIRS & MAINT CONTRACTUAL	0	170		0			
6374 - ADMINISTRATION SUPPORT FEE	0	65,000	65,000	27,085	65,000	30,113	
6375 - OTHER CONTRACTED SERVICES	2,955	669		0		12,000	
6378 - COPIER MAINTENANCE AGREEMENT		1,875	2,400	792	2,400	2,000	
6381 - OTHER RENTALS	1,497	1,799	1,110	821	1,110	1,600	
6385 - UTILITY SERVICE	537	0		0			
6388 - TECHNOLOGY EQUIP CHARGE		500	1,901	795	1,901	1,788	
6390 - POSTAGE AND TELEPHONE	5,792	3,619	1,100	1,607	1,100	1,200	
<b>TOTAL OTHER SERVICES AND CHARGES</b>	<b>55,651</b>	<b>113,351</b>	<b>145,129</b>	<b>56,640</b>	<b>145,129</b>	<b>102,799</b>	

<b>HOUSING GENERAL</b>							
<b>SUMMARY OF EXPENDITURES</b>							
Description	2016 Actual	2017 Actual	2018 Original Budget	May 2018 Actual	2018 Revised Budget	2019 Requested Budget	2019 Final Budget
<b>MISCELLANEOUS</b>							
6412 - CREDIT CARD/ACH/BANK FEE	4	0		0			
6430 - MISCELLANEOUS	658	707		0			
6465 - INTEREST/FINANCE CHARGE	88	0		0			
<b>TOTAL MISCELLANEOUS</b>	<b>750</b>	<b>707</b>		<b>0</b>			
<b>DEBT SERVICE</b>							
6612 - INTEREST EXPENSE	1,416	0		0			
<b>TOTAL DEBT SERVICE</b>	<b>1,416</b>	<b>0</b>		<b>0</b>			
<b>TRANSFERS</b>							
6720 - OPERATING TRANSFERS	40,281	315,109	62,636	0	62,636	85,035	
<b>TOTAL TRANSFERS OUT</b>	<b>40,281</b>	<b>315,109</b>	<b>62,636</b>	<b>0</b>	<b>62,636</b>	<b>85,035</b>	
<b>TOTAL EXPENDITURES</b>	<b>585,826</b>	<b>478,705</b>	<b>799,832</b>	<b>72,845</b>	<b>261,600</b>	<b>286,174</b>	
<b>CHANGE 2018 REVISED TO 2019 PROPOSED</b>							<b>24,574</b>
<b>PERCENT CHANGE 2018 REVISED TO 2019 PROPOSED</b>							<b>9.39%</b>

<b>HOUSING GENERAL</b>					
<b>DETAIL OF EXPENDITURES</b>					
<b>CODE NO.</b>	<b>ITEMS</b>	<b>ITEM DESCRIPTION AND EXPLANATION OF REQUEST</b>	<b>2018 Revised Budget</b>	<b>2019 Requested Budget</b>	<b>2019 Final Budget</b>
<b>EXPENDITURES</b>					
<b>MATERIALS &amp; SUPPLIES</b>					
6201	OFFICE SUPPLIES	water cooler \$188 supplies \$1500, shred it 400	2,030	2,088	
6240	MINOR EQUIPMENT AND FURNITURE		2,000		
<b>SERVICES AND OTHER CHARGES</b>					
6302	PROFESSIONAL SERVICES	audit fees est \$25,000, financial services -\$25,000	70,000	50,000	
6361	INSURANCE		3,618	4,098	
6374	ADMINISTRATION SUPPORT FEE		65,000	30,113	
6375	OTHER CONTRACTED SERVICES	Property Maint-rediscover & redevelopment properties		12,000	
6378	COPIER MAINTENANCE AGREEMENT	\$5,000 total split 40-40-20 w/ Planning & ED	2,400	2,000	
6381	OTHER RENTALS	rug rental \$650, postage meter rent \$1750 (Split with Planning)	1,110	1,600	
6388	TECHNOLOGY EQUIP CHARGE	amortization of technology equipment	1,901	1,788	
6390	POSTAGE AND TELEPHONE	mobile phone service/postage	1,100	1,200	
<b>TRANSFERS</b>					
6720	OPERATING TRANSFERS	Rediscover (41,000) & Development (18,364) EDA (25,671)	62,636	85,035	