

# City of South St. Paul

## Economic Development Authority Agenda

Monday, April 3, 2023

IMMEDIATELY FOLLOWING THE CONCLUSION OF THE 7:00 P.M. MEETING OF THE  
City Council

**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 Meeting Minutes of March 6, 2023

**5. GENERAL BUSINESS:**

A. 2023 Spring Grant Round Applications – Cleanup and Redevelopment of former South St. Paul Wastewater Treatment Plant property

i. Authorizing an Application for the Minnesota Department of Employment and Economic Development's Contamination Cleanup Program, Resolution 2023 – 1

ii. Authorizing an Application for the Metropolitan Council's Tax Base Revitalization Account, Resolution 2023 – 2

B. Approving a Short Term Property Lease (Q3 Contracting, Inc.)

**6. ITEMS FOR FUTURE FOLLOW-UP:**

*General communications of the President and Commissioners are provided and may be considered for inclusion on a future agenda. There will be no discussion or decisions made related to these items at this meeting.*

**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  
March 6, 2023

City Hall Council Chambers, 125 3<sup>rd</sup> Avenue North, South St. Paul, MN 55075

---

**1. CALL TO ORDER**

The Regular Meeting of the South St. Paul Economic Development Authority was held on 3/6/2023 in the Council Chambers of City Hall, 125 3<sup>rd</sup> Avenue North, South St. Paul. President Francis called the meeting to order at 9:37 PM.

**2. ROLL CALL**

*Members Present: President Francis, Commissioners Bakken, Dewey, Hansen, Kaliszewski, and Seaberg.*

*Members Absent: Podgorski*

*Staff Present: EDA Executive Director Ryan Garcia, City Clerk Deanna Werner, City Attorney Pete Mikhail*

**3. AGENDA**

Motion/Second: Commissioner Bakken moved, and Commissioner Thompson seconded approval of the agenda.

Vote: 6 ayes / 0 nays, motion carried.

**4. CONSENT**

A. EDA Special Meeting Minutes of February 27, 2023

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

Vote: 6 ayes / 0 nays, motion carried.

**5. GENERAL BUSINESS:**

- A. Approval of Second Amendment to Lease Agreement (139 Grand Avenue, JBL Properties, LLC)

Motion/Second: Commissioner Kaliszewski moved and Commissioner Hansen seconded approval of Second Amendment to Lease Agreement (139 Grand Avenue, JBL Properties, LLC).

Vote: 6 ayes / 0 nays

- B. South St. Paul Animal Hospital Project
- i. Approval of Amendment #3 to Development Agreement with Blue River Holdings, LLC
  - ii. Easement Termination of Document #606906
  - iii. Easement Termination of Document #1760535

Motion/Second: Commissioner Seaberg moved, and Commissioner Bakken seconded approval Amendment #3.

Vote: 6 ayes / 0 nays, motion carried.

Motion/Second: Commissioner Bakken moved, and Commissioner Kaliszewski seconded approval Easement Termination of Document #606906

Vote: 6 ayes / 0 nays, motion carried.

Motion/Second: Commissioner Thompson moved, and Commissioner Hansen seconded approval Easement Termination of Document #1760535

Vote: 6 ayes / 0 nays, motion carried.

**5. ITEMS FOR FUTURE FOLLOW-UP:**

*General communications of the President and Commissioners are provided and may be considered for inclusion on a future agenda. There will be no discussion or decisions made related to these items at this meeting.*

**6. ADJOURNMENT:**

Motion/Second: Commissioner Bakken moved, and Commissioner Seaberg seconded the motion to adjourn the meeting at 9:51 PM.

Vote: 6 ayes / 0 nays, motion carried.

Approved:

---

Deanna Werner, City Clerk



**EDA Agenda Item Report**

Date: April 3, 2023

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

*fg*

5-A

**Agenda Items:**

**2023 Spring Grant Round Applications – Cleanup and Redevelopment of former South St. Paul Wastewater Treatment Plant property**

**Action to be considered:**

Motion to approve Resolution 2023-1, authorizing the Executive Director to submit an application for the Contamination and Cleanup Grant Program to the Minnesota Department of Employment and Economic Development (DEED) for environmental clean-up activities at the former South St. Paul Wastewater Treatment Plant property.

Motion to approve Resolution 2023-2, authorizing the Executive Director to submit an application for the Metropolitan Council's Tax Base Revitalization Account (TBRA) for environmental clean-up activities at the former South St. Paul Wastewater Treatment Plant property.

**Overview:**

The Met Council's Tax Base Revitalization Account and DEED's Contamination Cleanup and Investigation Grant Program both help communities to pay for assessing and cleaning up contaminated sites for private or public redevelopment. Grants are available to offset the costs to investigate and clean up sites that have recognized environmental concerns impacting soil and groundwater. Both publicly and privately owned sites with known or suspected soil or groundwater contamination qualify. Cities, port authorities, housing and redevelopment authorities, economic development authorities, or counties are eligible for funding. For the Spring 2023 application cycle, DEED anticipates awarding approximately \$4,000,000 in funding statewide while the Met Council is offering \$2,500,000 in funding for communities located in the 7-county Metro. Applications for both programs are due on May 1, 2023.

Staff has been collaborating with Capital Partners Development and their environmental consultant, Stantec, on a plan for the cleanup and redevelopment of an approximately 18 acre site south of I-494. Since 2018, the City (and the current property owner, the Metropolitan Council) has undertaken various studies and analyses of this site (and the private property abutting it to the south and west), including conducting soil, groundwater, and vapor sampling. These general site investigations indicated that environmental challenges exist at the property, specifically with respect to the prevalence of methane and other vapors in the soil throughout the site and the need to remove, safely handle and export soils with high levels of contaminants found at the site.

In early 2023, Stantec has conducted further analysis at the site, specifically to identify those environmental response actions that will be needed for the development of a 182,000 square foot office-warehouse building on this contaminated site. Stantec's targeted analysis has revealed that the magnitude of environmental challenges encumbering this site is extraordinary. Total costs to implement the Response Action Plan as required by the Minnesota Pollution Control Agency (MPCA) amount to \$2,932,000. The request to DEED is proposed to be for \$1,319,000 in cleanup funds, and the request to the Metropolitan Council is proposed to be for \$1,026,000. Primarily, cleanup actions will include the installation of vapor mitigation systems for the building and all utilities, and the removal, transport, and disposal of contaminated soil.

**Funding Sources and other fiscal considerations:**

Collectively, DEED and TBRA funding can cover up to 88% of eligible cleanup costs, and the developer anticipates matching funds of at least \$350,000 for cleanup actions. It is anticipated that an application to the Dakota County Community Development Agency (CDA) for their Redevelopment Incentive Grant (RIG) will also be pursued; RIG can provide up to \$250,000 in grant support for cleanup and redevelopment activities. The Developer's budgeted total project costs, including the environmental mitigation costs, are more than \$22,000,000. The developer has committed substantial resources to this opportunity, and although the cleanup challenges are daunting, they remain committed to pursuing the development of additional job-creating and property-tax generating space in South St. Paul.

Ultimately, the proposal calls for a 182,000 square foot office-warehouse building for lease to light industrial tenants at market rates. Comparable properties in Dakota County are valued at between \$90 - \$100 per square foot for Pay 2023. Based on these assumptions, such values at Pay 2023 property tax rates would yield anywhere between \$545,000 and \$605,000 in total annual property tax payments. The property has been property tax exempt for essentially the entire developed history of South St. Paul.

**Attachments:**

Orientation Map  
Resolution 2023-1  
Resolution 2023-2

# ORIENTATION MAP



MCES Property (total +/- 18 acres)



Approx. Area - Proposed Trailhead



South St. Paul Economic Development Authority  
Dakota County, Minnesota

**RESOLUTION NO. 2023-1**

**RESOLUTION TO AUTHORIZE SUBMISSION OF AN APPLICATION FOR THE  
CONTAMINATION CLEANUP GRANT PROGRAM TO SUPPORT THE DEVELOPMENT  
OF THE “WAKOTA CROSSING” INDUSTRIAL PROJECT**

**WHEREAS**, the City of South St. Paul, Minnesota (the “City”), through its Economic Development Authority (the “EDA”) desires to manage and remediate contaminated sites to allow for redevelopment; and

**WHEREAS**, the Minnesota Department of Employment and Economic Development (“DEED”) provides opportunities for local governments to apply for grants for the purpose of reducing the potential threat to public health and the environment, creating new jobs, increasing tax base, and providing other public benefits by redeveloping polluted and underproductive sites; and

**WHEREAS**, the City and its constituent agencies has successfully used DEED grant funds to conduct environmental management and remediation throughout BridgePoint Business Park, at Mississippi Landing, and at several development sites on Hardman Avenue.

**NOW, THEREFORE, BE IT RESOLVED** that the EDA does hereby approve the Contamination Cleanup grant application submitted to DEED on or before May 1, 2023 by the EDA for the implementation of a Response Action Plan for the development of “Wakota Crossing” industrial project on Lot 2, Block 1 of the Wakota North Plat; and

**BE IT FURTHER RESOLVED** that the City of South St. Paul is located within the seven county metropolitan area defined in section 473.121, subdivision 2, and is participating in the local housing incentives program under section 473.254; and

**BE IT FURTHER RESOLVED** that the EDA act as the legal sponsor for the project contained in the Contamination Cleanup Grant Program to be submitted on or before May 1, 2023 and that its President and Executive Director are hereby authorized to apply to DEED for funding of this project on behalf of the EDA; and

**BE IT FURTHER RESOLVED** that the EDA has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration; and

**BE IT FURTHER RESOLVED** that the sources and amounts of the local match identified in the application are committed to the project identified; and

**BE IT FURTHER RESOLVED** that the EDA has not violated any Federal, State, or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice;

**BE IT FURTHER RESOLVED** that upon approval of its application by the State, the EDA may enter into an agreement with the State of Minnesota for the above-referenced project, and that the

EDA certifies that it will comply with all applicable laws and regulations as stated in all contract agreements;

**NOW, THEREFORE, BE IT FINALLY RESOLVED THAT** the President and Executive Director are hereby authorized to execute such agreements as are necessary to implement the project on behalf of the applicant

Adopted this 3<sup>rd</sup> day of April, 2023.

---

President, James P. Francis

---

Executive Director, Ryan Garcia



CERTIFICATION

STATE OF MINNESOTA  
COUNTY OF DAKOTA  
CITY OF SOUTH ST. PAUL

I do hereby certify the above resolution is a true and accurate copy of the Resolution adopted by the Economic Development Authority in and for the City of South St. Paul at an authorized meeting held on the 3<sup>rd</sup> day of April, 2023 as shown by the minutes of the meeting in my possession.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_

---

Deanna Werner, City Clerk

South St. Paul Economic Development Authority  
Dakota County, Minnesota

**RESOLUTION NO. 2023-2**

**RESOLUTION TO AUTHORIZE SUBMISSION OF AN APPLICATION FOR THE TAX  
BASE REVITALIZATION ACCOUNT**

**WHEREAS**, the City of South St. Paul, Minnesota (the “City”) is a participant in the Livable Communities Act’s Local Housing Incentives Account Program for 2023 as determined by the Metropolitan Council, and the Economic Development Authority of the City of South St. Paul (the “EDA”) is therefore eligible to make application to apply for funds under the Tax Base Revitalization Account (“TBRA”); and

**WHEREAS**, the City has identified a contamination cleanup project, the site of which has a legal description of Lot 2 Block 1 of Wakota North within the City (the “Property”) that meets the TBRA’s purposes of enhancing the city tax base and promoting job creation and is consistent with and promotes the purposes of the Metropolitan Livable Communities Act and the policies of the Metropolitan Council’s adopted metropolitan development guide; and

**WHEREAS**, the EDA has the institutional, managerial and financial capability to ensure adequate project and grant administration; and

**WHEREAS**, the EDA certifies that it will comply with all applicable laws and regulations as stated in the contract grant agreements; and

**WHEREAS**, the EDA finds that the required contamination cleanup will not occur through private or other public investment within the reasonably foreseeable future without Tax Base Revitalization Account grant funding; and

**WHEREAS**, the EDA represents that it has undertaken reasonable and good faith efforts to procure funding for the activities for which TBRA funding is sought but has not found nor secured from other sources sufficient funding for the cleanup and states that this representation is based on the following reasons and supporting facts:

- An application is being presented to the Minnesota Department of Employment and Economic Development’s (“DEED”) Contamination Cleanup Grant Program to help offset the extraordinary costs related to implementation of a Response Action Plan (the “RAP”) for the Property. The EDA understands that DEED’s program is highly competitive, and intends to make most efficient use of all available funding sources to implement the RAP for the property.
- A preliminary development agreement has been executed between Capital Partners Development, LLC (the “Developer”) and the EDA for a Light Industrial, Office-Warehouse Development Project (the “Project”), and acknowledges that Tax Increment Financing (“TIF”) and other forms of public-private partnership to support the development may be necessary for the Project to be financially feasible. Site preparation costs including geotechnical site correction, filling and grading, infrastructure improvements and stormwater management are so extensive that TIF

will be needed to cover these costs and maintain financial viability for the redevelopment project at the Property.

**NOW, THEREFORE, BE IT RESOLVED THAT** the EDA authorizes the Executive Director to submit an application to the Livable Communities Act Tax Base Revitalization Account grant for the Project; and

**BE IT FURTHER RESOLVED** that if a TBRA grant is awarded for this project, the EDA acknowledges that it will be the grantee and agrees to act as legal sponsor to administer and be responsible for grant funds expended for the project contained in the TBRA grant application submitted on or before May 1, 2023.

Adopted this 3<sup>rd</sup> day of April, 2023.

---

President, James P. Francis

---

Executive Director, Ryan Garcia

CERTIFICATION

STATE OF MINNESOTA  
COUNTY OF DAKOTA  
CITY OF SOUTH ST. PAUL

I do hereby certify the above resolution is a true and accurate copy of the Resolution adopted by the Economic Development Authority in and for the City of South St. Paul at an authorized meeting held on the 3<sup>rd</sup> day of April, 2023 as shown by the minutes of the meeting in my possession.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_

---

Deanna Werner, City Clerk



**EDA Agenda Item Report**

Date: April 3, 2023

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

*fg*

5-B

**Agenda Items:**

**Approving a Short Term Property Lease (Q3 Contracting, Inc.)**

**Action to be considered:**

Motion to approve a Short Term Property Lease Agreement for a 25,000 square foot portion of Lot 1, Block 3 Mississippi Landing 2<sup>nd</sup> Addition.

**Overview:**

Staff has recently been contacted by a representative of Q3 Contracting, Inc. as it pertains to their interest in finding a convenient location for staging materials to be used in a utility project taking place in South St. Paul and Newport in the Summer of 2023 (from early April through October). Q3 requested an interest in leasing 25,000 square feet of land at EDA-owned property at Hardman Avenue and Armour Avenue for the temporary unloading, storage, and staging of approximately seventy-five 45' length pipes. Q3 would pay to the EDA \$2,083 per month during the term of the lease; total lease proceeds would be about \$14,500. Q3 will be responsible for restoring the site upon their surrender of the premises back to the EDA after October.

The contractor anticipates taking shipment in the first week of April, with approximately 10 truckloads per day delivering material to the site over the course of up to three days. In addition, Q3 would place a 20' job trailer at the site, as well as a couple of dumpsters. Q3 would bring in temporary fencing to provide some level of screening and security.

The EDA has leased certain properties for short-term staging/storage related to road construction projects in the recent past (Southview, Concord as examples), thus the proposed lease with Q3 is relatively straightforward and consistent with past practice. Staff is recommending approval of the lease as presented.

**Funding Sources and other fiscal considerations:**

The property is located within the Concord Street Tax Increment Finance District, and lease revenue will be retained in the TIF fund to support eligible redevelopment costs in the district.


**Attachments:**

Orientation Map

Short Term Property Lease

# ORIENTATION MAP



 Approximate Lease Area

## SHORT TERM PROPERTY LEASE

THIS LEASE AGREEMENT ("Lease") is made this 21st day of March 2023, by **South St. Paul EDA**, with an address at 125 3<sup>rd</sup> Ave N, South St. Paul, MN 55075 ("Landlord"), and **Q3 Contracting Inc.**, with offices at 53 S. Owasso Blvd. W., Little Canada, MN 55117 ("Tenant").

- 1. PREMISES.** The premises which is the subject of this Lease is 25,000 square feet of vacant land located at Lot 1, Block 3 Mississippi Landing 2<sup>nd</sup> Addition, Dakota County, MN ("Premises"). Landlord represents and warrants that it is the fee owner of the Premises and has full legal right and authority to lease the Premises to Tenant.
- 2. TERM.** The term of this Lease will be seven (7) months ("Term") beginning on **April 3, 2023** ("Commencement Date") and expiring on **October 31, 2023** ("Expiration Date"). Unless notice is given by either party before the final thirty (30) days of this Lease, this Lease shall continue month to month upon the same terms and conditions as herein contained after the expiration date. Notwithstanding anything to the contrary herein, Tenant and Landlord agree to provide to the other party a minimum of thirty (30) days written notification to terminate this lease.
- 3. RENT.** Tenant shall pay rental of **\$2,083.00** per month, payable in advance on the first day of each month during the term for the rental of the Premises. Any rent due to Landlord for any partial month shall be pro-rated based on the monthly rental rate and the number of days of the partial month rental. Tenant shall pay rent to Landlord at the address noted above. Should Tenant vacate the Premises prior to the end of the Term, Landlord will reimburse a prorated amount of any rent prepaid by Tenant.
- 4. USE.** Tenant shall use the Premises for storage of material, equipment and vehicles relating to Tenant's construction business, and vehicle and equipment repair.
- 5. INSURANCE.** Tenant shall, during the term, keep in full force and effect a policy of general liability insurance with limits of not less than \$1,500,000 per occurrence with South St. Paul EDA listed as an additional insured.
- 6. COMPLIANCE WITH LAWS.** Landlord and Tenant shall comply with all applicable laws, ordinances, rules, regulations, and other governmental requirements relating to the use, condition, or occupancy of the Premises.
- 7. INDEMNITY AND HAZARDOUS ENVIRONMENTAL CONDITIONS.** Tenant agrees to defend, indemnify, and hold Landlord harmless from any and all claims for personal injury or property damage to the extent caused by the activities of Tenant on the Premises. Tenant shall also defend, indemnify, and hold Landlord and its agents, employees, and lenders harmless from and against any and all damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees to the extent arising out of or involving any hazardous substance brought onto the Premises by the Tenant. Landlord represents to Tenant that to the best of its knowledge a hazardous environmental condition does not exist at the Premises, except as expressly disclosed to Tenant in writing. Notwithstanding the foregoing, Landlord shall indemnify, defend and hold harmless Tenant and its parent and affiliated companies from and against all claims, losses, damages, penalties, fines and costs (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to any hazardous substance or hazardous environmental condition found at, under or adjacent to the Premises, provided that such hazardous substance was not introduced to the Premises by Tenant or anyone for whom Tenant is responsible, or such hazardous environmental condition was not created by Tenant or anyone for whom Tenant is responsible.
- 8. TAXES.** Landlord shall be responsible for all real estate and property taxes.
- 9. UTILITIES.** Tenant shall pay all utilities attributable to Tenant's use of the Premises.

10. **REPAIRS AND MAINTENANCE.** Tenant shall, at its sole cost, restore the Premises to the condition it was in at the time of the Commencement of this Lease (“Site Restoration Activities”) to the satisfaction of the Landlord, in its sole discretion, on or before the Expiration Date of this Lease. Site Restoration Activities shall include but are not limited to the removal of the temporary fence, restoration of disturbed soils including any grading required to restore the surface of the Premises to a smooth and even condition, and replacement of damaged grass.

11. **END OF TERM.** At the end of this Lease, Tenant will surrender the Premises in good order and condition, ordinary wear and tear excepted. Tenant may remove from the Premises any trade fixtures, vehicles, equipment, materials, movable furniture and any other items placed in the Premises by Tenant, whether or not such items are fastened to the Premises.

12. **TENANT'S PROPERTY.** Landlord shall not be liable, except to the extent of its negligence, for any (a) damage to property of Tenant or of others located on the Premises, (b) loss of or damage to any property of Tenant or of others by theft or otherwise, or (c) injury or damage to persons or property on the Premises.

13. **MISCELLANEOUS**

a. **Waiver of Subrogation.** It is agreed that neither party to this Lease shall be liable to the other party for any property loss, damage or claims therefor to the extent of the insurance proceeds received for such loss, damage or claims by the other party.

b. **Waiver of Certain Damages.** NEITHER TENANT NOR LANDLORD SHALL BE RESPONSIBLE TO EACH OTHER FOR ANY INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, HOWEVER CAUSED.

c. **No Waiver.** No waiver of any condition or agreement by either party will imply or constitute a further waiver by such party of the same or any other condition or agreement.

d. **Notices.** Any notice or other communication required or permitted under this Lease will be written and will be deemed to have been given when personally delivered, or when received after it is deposited in any depository regularly maintained by the US Postal Service, postage prepaid, certified or registered mail, return receipt requested, addressed to the receiving party at the address first written above. Either party may change its address or addressee for purposes of this paragraph by giving ten (10) days' prior notice according to this paragraph.

For Notices to Landlord:

C/O Executive Director Ryan Garcia  
City of South St. Paul Economic Development Authority  
125 3<sup>rd</sup> Ave N  
South St. Paul, N 55075  
(651)554-3200  
rgarcia@southstpaul.org

For Notices to Tenant:

c/o Primoris Services Corp  
2300 N Field St #1900, Dallas, TX 75201  
(214) 740-5600  
PSCRealEstate@prim.com



IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the date first written above.

**LANDLORD:**

**TENANT:**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Approved Lease 2022