CITY OF SOUTH ST. PAUL
SPECIAL MEETING AGENDA

ECONOMIC DEVELOPMENT AUTHORITY

Council Chambers
125 3rd Avenue North
South St. Paul, MN 55075

Monday, November 4, 2024
IMMEDIATELY FOLLOWING THE CONCLUSION OF THE 7:00 P.M. MEETING OF THE CITY COUNCIL

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **APPROVAL OF AGENDA**

4. **CONSENT AGENDA:**

   All items listed on the Consent Agenda are items, which are considered routine by the City Council and will be approved by one motion. There will be no separate discussion of these items unless a Council member or citizens requests, in which case the item will be removed from the consent agenda and considered at the end of the Consent Agenda.

   A. EDA Meeting Minutes of October 7, 2024

   B. Payoff of EDA Loan 2018-1, Resolution 2024 - 24

   C. Accept and Authorize Execution of Professional Services Proposal - Tushie Montgomery Architects

5. **GENERAL BUSINESS:**

   A. Tax Base Revitalization Account Investigation Grant Application, Resolution 2024 – 25

   B. Preliminary Development Agreement - ZAS LLC (Hardman Triangle Phase 1)

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**

ECONOMIC DEVELOPMENT AUTHORITY AGENDA REPORT

DATE:	November 4, 2024
DEPARTMENT:	Economic Development
PREPARED BY:	Deanna Werner
AGENDA ITEM NUMBER:	4.A.

MEETING TYPE
Regular Meeting

AGENDA ITEM

ACTION TO BE CONSIDERED OR DESIRED OUTCOME
Consent approval of Minutes from October 7th, 2024 EDA Meeting.

OVERVIEW
Minutes from the last EDA Meeting held October 7th, 2024.

SOURCE OF FUNDS
N/A

ATTACHMENTS
1. 10-07-2024, EDA Minutes

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

Regular Meeting
October 7, 2024
City Hall Council Chambers, 125 3rd Avenue North, South St. Paul, MN 55075

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1. CALL TO ORDER

The Regular Meeting of the South St. Paul Economic Development Authority was held on October 7, 2024, in the Council Chambers of City Hall, 125 3rd Avenue North, South St. Paul. President Francis called the meeting to order at 9:01 PM.

2. ROLL CALL

Members Present: President Francis, Commissioners Bakken, Hansen, Kaliszewski, Podgorski, Seaberg and Thompson.

Members Absent: None

Staff Present: EDA Executive Director Ryan Garcia, City Clerk Deanna Werner, City Attorney, Amanda Johnson

3. AGENDA

Motion/Second: Commissioner Kaliszewski moved, and Commissioner Thompson seconded approval of the agenda.
Vote: 7 ayes / 0 nays, motion carried.

4. CONSENT

A. EDA Meeting Minutes of September 3, 2024
B. EDA Meeting Minutes of September 16, 2024
C. Approval of Satisfaction of Mortgage – Applicant #931
D. Approval of Change Order #1 with Fitzgerald Excavating (139 Grand Avenue East Demolition)

Motion/Second: Commissioner Hansen moved, and Commissioner Thompson seconded approval of the agenda.
Vote: 7 ayes / 0 nays, motion carried.

5. **GENERAL BUSINESS:**

   A. Gap Loan – Hrvatski Dom Association, Resolution 2024 - 23

   Motion/Second: Commissioner Bakken moved, and Commissioner Seaberg seconded approval of Resolution 2024-23, Approving Gap Loan for Hrvatski Dom Association, DBA: Croation Hall.
   Vote: 7 ayes / 0 nays, motion carried

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:**

   Motion/Second: Commissioner Hansen moved, and Commissioner Bakken seconded the motion to adjourn the meeting.
   Vote: 7 ayes / 0 nays, motion carried.

The meeting was adjourned at 9:16 PM.

Approved: November 4, 2024

____
Deanna Werner, EDA Secretary

ECONOMIC DEVELOPMENT AUTHORITY AGENDA REPORT

DATE:	November 4, 2024
DEPARTMENT:	Economic Development
PREPARED BY:	Ryan Garcia
AGENDA ITEM NUMBER:	4.B.

MEETING TYPE
Regular Meeting

AGENDA ITEM

ACTION TO BE CONSIDERED OR DESIRED OUTCOME
Through Consent, approval of Resolution 2024 - 24.

OVERVIEW
Kathy's License Service, LLC (Quik-Serv License Center) received an EDA business loan of $149,500.00 in 2018, securing the loan through a personal guaranty of the owner of the company, Vint Lewis. The Loan has been repaid in full, and therefore, the EDA is advised to approve Resolution No. 2024-24, which acknowledges the payoff of the loan and satisfaction of all repayment obligations under the debt.

SOURCE OF FUNDS
The EDA's Business Development Loan Fund is a Revolving Loan Fund.

ATTACHMENTS
1. Resolution 2024 - 24

South St. Paul Economic Development Authority
Dakota County, Minnesota

RESOLUTION NO. 2024-24

WHEREAS, the South St. Paul Economic Development Authority (EDA) administers a Business Development Loan Program (the "Program") within the City of South St. Paul; and

WHEREAS, on December 10, 2018, the EDA approved Resolution 2018 – 35, which approved the extension of a loan in the amount of $149,500 from the Program (the "Loan") and agreed to execute a Promissory Note and Security Agreement (the "Loan Documents") to Kathy's License Center LLC d/b/a Quik-Serv License Center (the "Applicant") to assist the Applicant with financing certain costs related to the relocation to and improvement of an office building located at 820 Southview Boulevard; and

WHEREAS, the Applicant, in accordance with the Loan Documents, agreed to repay all principal and interest on the Loan in installments; and

WHEREAS, the Applicant has satisfied all repayment obligations resulting from the Loan and in accordance with the Loan Documents.

NOW, THEREFORE, BE IT RESOLVED that the South St. Paul Economic Development Authority does hereby discharge and release all debt of Kathy's License Center LLC d/b/a Quik-Serv License Center resulting from the execution of EDA Resolution 2018 – 35 and the Loan Documents.

Adopted this 4th day of November, 2024.

______________________________	______________________________
President, James P. Francis	Executive Director, Ryan Garcia

ECONOMIC DEVELOPMENT AUTHORITY AGENDA REPORT

DATE:	November 4, 2024
DEPARTMENT:	Economic Development
PREPARED BY:	Ryan Garcia
AGENDA ITEM NUMBER:	4.C.

MEETING TYPE
Regular Meeting

AGENDA ITEM

ACTION TO BE CONSIDERED OR DESIRED OUTCOME
Through Consent, motion to approve execution of professional services agreement(s) with Tushie Montgomery Architects and Barr Engineering.

OVERVIEW
The City's Economic Development Strategy identified an approximately 20-acre area lying between Concord Street, Hardman Avenue, and Grand Avenue as a key focus area for redevelopment. In early 2020, the City Council approved the Hardman Triangle Redevelopment Plan, which established a framework for development of a vital mixed-use district at this key location in the community. Following the Redevelopment Plan's approval, Community Development Staff and the EDA have made progress towards positioning the City for the successful revitalization of the Hardman Triangle. As we enter the 4th Quarter of 2024, several interrelated opportunities warrant consideration in the context of the City's vision for the Hardman Triangle.

The 2020 Redevelopment Plan established a high-level framework to demonstrate the development potential of the Hardman Triangle, but it was not intended to establish with any detail how new public infrastructure within the Triangle would be laid out internally or integrate into existing public infrastructure at the site's edges. As we consider the development of the southern portion of the site more seriously, Staff suggest that it is necessary to take a deeper look at the larger site layout and desired development pattern, including public streets and utilities, private and public access, parking, and stormwater management features. In doing so, we can assure that the development as conceptualized for the southern parcels within the district will set the pattern for efficient extension of public utilities and services and does not inadvertently hamstring future development parcels within the district.

In response to this opportunity, Staff has engaged the team of Tushie Montgomery Architects (TMA) and Barr Engineering to develop a District Master Plan that will provide a specific focus for the following elements:

- Future site and development parcel boundaries
- Refined development and land-use mix

- Future street and utility rights-of-way
- Future green space
- Site and regional Stormwater Management Infrastructure and Facilities

Completion of this work is an important next step to "tee up" this important site for future development, as it will establish concrete expectations for the site's most efficient and cohesive layout and ability to service future development. TMA and Barr anticipate completing the Master Plan by February 2025 for a total cost not to exceed $61,000. It is expected that the master plan will be vetted at two City Council Worksession meetings, at which feedback from the Council and interested members of the public will be solicited.

SOURCE OF FUNDS

The City has been awarded a Livable Communities Demonstration Account Pre-Development Grant for master planning in the Hardman Triangle. The city has sufficient matching funds through the City's Development Fund (20284). A Preliminary Development Agreement with ZAS Development is presented this evening for consideration by the EDA and Council, which includes an escrow payment that can also be used to offset these and other pre-development / consultant costs (Financial Analysis, etc.).

ATTACHMENTS

1. Tushie Montgomery - Barr Proposal (Hardman Triangle Master Planning)

HARDMAN TRIANGLE DISTRICT

Proposal:

Redevelopment Masterplan and District Stormwater Analysis

ISSUANCE	Proposal for Professional Services
DATE	October 28th, 2024
FOR	**City of South St Paul** Ryan Garcia, City Administrator 125 3rd Avenue N South St Paul, MN 55075
BY	**Tushie Montgomery Architects** 7645 Lyndale Ave. S#100 Richfield, MN 55423
CONTACT	Evan Jacobsen, Principal evanj@tmiarchitects.com Office: 612-389-9489 Mobile: 651-925-6695

Cover Letter

City of South St Paul
Ryan Garcia, City Administrator
125 3rd Avenue N
South St Paul, MN 55075

October 28th, 2024

Dear Mr. Garcia,

On behalf of Tushie Montgomery Architects and Barr Engineering, we are pleased to present our proposal for a Preliminary Masterplan and District Stormwater Analysis for the Hardman Triangle Redevelopment area. This proposal is based on our discussions with City staff on October 7 and subsequent coordination with Barr Engineering. Having worked on this site for the past year and successfully collaborated with Barr on district stormwater solutions, I can assure you that our organizations are both well-positioned and enthusiastic about the opportunity to partner with the City of South St. Paul on this impactful and progressive redevelopment initiative.

TMA has a long history of guiding our clients to successful outcomes. We have supported cities and clients on projects of varying scales, from large multi-phase masterplans to small municipal park buildings and library expansions. We strive to identify and cater to the unique circumstances of each project. Our commitment to high-quality, responsive, and thoughtful design solutions, regardless of project size or client type, has allowed us to cultivate long-term, mutually beneficial relationships and to further our goal of positively impacting the built environment.

Thank you for the opportunity to submit our proposal. Please feel free to reach out if you have any questions.

Sincerely,

Evan Jacobsen
Principal | Architect

PROJECT DESCRIPTION

The project is envisioned as a Preliminary Masterplan and District Stormwater Analysis for the Hardman Triangle Redevelopment area, which encompasses approximately 25 acres. This area is bounded by Grand Avenue to the south, Hardman Avenue N to the north and east, and Concord Street N to the west.

The proposed scope of work will involve a collaborative and iterative effort among Tushie Montgomery Architects, Barr Engineering, and the City of South St. Paul. The project's goals include:

- **Developing a Conceptual Comprehensive Masterplan**: Establish an appropriate redevelopment scenario that outlines overall density, land use, and conceptual organization.
- **Creating a Conceptual District Stormwater Management Plan:** Design a stormwater management strategy that accommodates future phased redevelopment. This may involve adaptive-capacity stormwater infrastructure that can be expanded in later phases, as well as cost-efficient temporary best management practices (BMPs) that can be fully or partially replaced in subsequent phases.
- **Identifying Conceptual Redevelopment Parcels:** Based on the approved masterplan, determine appropriate redevelopment parcels, property lines, and public rights-of-way to serve as the basis for land replatting.
- **Identify Conceptual Utility Pathways:** Establish appropriate plans for utility extensions to serve the proposed redevelopment parcels, in accordance with the approved masterplan.
- **Engaging City Stakeholders**: Compile and present the above information to City stakeholders for their review and approval.

The professional services of Tushie-Montgomery Associates, P.C. shall be as follows:

SCOPE OF SERVICES

PART I | SITE MASTER PLANNING (TMA)

Developing a Conceptual Comprehensive Masterplan: Establish an appropriate redevelopment scenario that outlines overall density, land use, and conceptual organization.

A. Review Existing Plans & Conditions: Examine the 2019 Conceptual Masterplan and the 2023 TMA masterplan for Hardman Triangle.

B. Site Analysis: Assess the site's history, architectural vernacular, geographical context, and regulatory framework to incorporate relevant information into the masterplan deliverable.

C. Development of Concept Plans: Create up to three 2-D organizational concept plans for city staff review and feedback, showcasing alternative development scenarios and regional stormwater configurations. These plans will be sent directly to City staff for comments, followed by a team meeting to identify the preferred plan and discuss any requested modifications.

D. Refinement of Preferred Plan: Develop the selected plan for inclusion in the masterplan deliverable and for technical coordination by Barr Engineering to analyze district stormwater requirements.

E. 3-D Massing Model: Construct a 3-D massing model of the preferred plan to illustrate organization, scale, and density for integration into the masterplan.

F. Site Boundaries and Right-of-Way Identification: From the preferred masterplan, identify individual site boundaries and proposed street right-of-way widths.

G. Right-of-Way Planning: Evaluate right-of-way considerations, utilities, widths, and qualitative streetscape sections based on the preferred masterplan for review and coordination with City staff and Barr Engineering.

H. Masterplan Phase 1 Plans: Illustrate how the first phase of redevelopment can be implemented, focusing on property lines, utilities, and stormwater phasing for the southwest corner of Hardman Triangle, specifically on the land currently owned by the city.

PART II | DISTRICT STORM WATER SYSTEM (BARR)

A. Review Existing Infrastructure: Assess the existing stormwater infrastructure on-site, adjacent to, and downstream of Hardman Triangle.

B. Evaluate Stormwater Management Standards: Assess applicable stormwater management performance standards and conduct preliminary sizing of water quality treatment BMPs to meet city redevelopment requirements.

C. Preliminary Design of Stormwater Management Infrastructure/BMPs: Design proposed stormwater management infrastructure and BMPs to:

1. Manage and treat stormwater from the entire Hardman Triangle redevelopment area.
2. Manage and treat stormwater from the redevelopment area and adjacent rights-of-way using existing infrastructure.
3. Manage and treat stormwater from the redevelopment area, adjacent rights-of-way, and any regional stormwater pipes that could be diverted into a regional BMP, if applicable.

D. Utility Planning: Conceptually identify utility pathways.

E. Hydrologic and Hydraulic Modeling: Create a site-scale PCSWMM (or similar) hydrologic and hydraulic model to evaluate the hydraulic performance of proposed infrastructure and BMPs.

F. Performance Evaluation of BMPs: Evaluate the performance of proposed water quality BMPs using the MPCA's MIDS calculator.

G. Phase 1 Feasibility Study Summary: Summarize the preliminary evaluation and design of stormwater infrastructure in a Phase 1 feasibility study, via narrative including:

1. Regulatory context
2. Site context from a stormwater management perspective
    a. Soils

  b. Contamination
  c. Groundwater
  d. Bedrock
3. Stormwater analysis approach and results
4. Phasing considerations for BMPs to align with the likely redevelopment phasing
5. Potential BMP types, including photo precedent boards
6. Drawing illustrating utility concept master plan
7. Drawings illustrating stormwater infrastructure and ROW
8. Summary of key decisions to be made regarding district stormwater (who plans, builds, owns, maintains, pays, etc

PART III| DELIVERABLES, PROCESS & TIMELINE

A. Masterplan Presentation Document: The document is anticipated to be 15-30 pages long, formatted on standard Letter or Tabloid paper, and provided in both print and digital formats.

B. Anticipated City Engagement: TMA and Barr have outlined the following meetings within the base scope of services:

1. Two Meetings with City Staff.
2. Two Presentations to City Council/EDA.
3. No on-site or public engagement outreach outside of City Council/ EDA Meetings.

C. Schedule: TMA and Barr understand the City's objective of completing this work by the end of the calendar year. We recognize that gaining clarity on proposed property lines, particularly for Phase 1 of the redevelopment, is a primary schedule driver. While TMA and Barr will work diligently to meet the end-of-year target, we believe the work may extend into late January due to public holidays, the meeting schedule, and the iterative nature of our coordination, which will follow a sequential review process of initial masterplan options. Our teams are prepared to begin work immediately upon receipt of the executed proposal, with the project scheduled to commence once the contract is approved and to be completed between January 1, 2025, and February 1, 2025.

EXCLUSIONS

The following shall be excluded from the proposal scope:

A. Any Civil Engineering, including surveying, drafting Proposed Plats, Property Lines, creation of Legal description or easement documentation.

TO BE PROVIDED BY THE OWNER

The Owner Shall Provide:

A. All background information the Owner may have available related to this project and necessary instructions and input regarding the program requirements.

B. GIS files for existing stormwater infrastructure.

C. A designated representative from whom the Architect will receive instruction and authorization.

ENGINEERING SERVICES

Tushie-Montgomery Associates, P.C. does not employ professional engineers on their in-house staff. All engineering services recommended in this proposal shall be provided by the Architect through a consultant relationship with one or more engineering firms experienced in the type of work contemplated in this proposal.

NON-LICENSED PROFESSIONALS

Tushie- Montgomery Associates, P.C. employs in-house, non-licensed project designers and drafting personnel that will be working on the project. These professionals will be working under the direction of a licensed Architect or Landscape Architect assigned to the project.

TIME

Tushie- Montgomery Associates, P.C. shall begin the work immediately upon being authorized and shall complete all tasks in this proposal within the schedule established with the Owner. Completion between January 1st 2025 and February 1st 2025.

COPYRIGHTS & LICENSES

All drawings, plans, specifications, data, and other documents prepared and furnished by the Architect or Architect's consultants are deemed to be Instruments of Service. The Architect and Architect's consultants shall be deemed the authors and owners of their respective Instruments of Service and shall retain all common law, statutory, ownership, and other reserved rights, including copyrights, in said Instrument of Service. Architect grants to Owner and General Contractor a nonexclusive, royalty free license to use the Instruments of Service solely and exclusively for purposes of constructing, using, maintaining, altering, and adding to the project, provided that the Owner and General Contractor substantially perform their obligations under this agreement, including prompt payment of all sums due to the Architect under this proposal. Architect shall obtain similar nonexclusive licenses from Architect's consultants consistent with the foregoing. The license granted herein permits Owner and General Contractor to authorize subcontractors, sub-subcontractors, and suppliers, as well as Owner's and/or General Contractor's consultants and separate Contractors, to reproduce applicable portions of the Instruments of Service solely and exclusively for use in performing services of construction for the project. If Architect terminates its service on the project for non-payment or other default, the license granted in this section shall terminate.

In the event the Owner, General Contractor or any other authorized licensee uses the Instruments of Service without retaining the authors of the Instruments of Service, the Owner, General Contractor, or other person or entity using the Instruments of Service releases the Architect and Architect's consultants from all claims and causes of action arising from or relating to such uses. To the fullest extent permitted by law, the Owner, General Contractor, or other person or entity using the Instruments of Service agrees to fully defend, indemnify and hold harmless Architect and Architect's consultants from and against any and all costs and expenses, including the cost of defense, relating to claims and causes of action asserted by any third person or entity to the extent the same arise from the Owner's, General Contractor's or other person's or entity's use of the Instruments of Service without retaining the authors or the Instruments of Service.

LIMITS OF LIABILITY

In recognition of the relative risks, rewards and benefits of the project to both the Owner and Architect, the risks have been allocated such that the Owner agrees, to the fullest extent permitted by law, to limit the Architect's liability to the Owner and to all the Owner's contractors and subcontractors on the project for any and all claims, losses, costs, damages, or claims expenses from any cause or causes, so that the total aggregate liability of the Architect to all those named shall not exceed the Architect's total fee for services rendered on this project. Such causes include, but are not limited to, negligence, professional errors or omissions, strict liability, breach of contract or warranty.

TOTAL FEES ANTICIPATED

The proposed fee is based upon the scope outlined herein and will be billed on a time and material basis with a not to exceed value as indicated below. Any additional scope shall be an additional service. The cost of services recommended in this proposal shall be billed as a percentage of completion of each phase. Normal reimbursable costs such as printing, long distance telephone calls, reproduction, postage, travel, mileage, building renderings, and AIA documents shall be invoiced at cost plus 10%.

BASE ARCHITECTURAL FEE

Part I: Site Master Planning (TMA)....…………………………...$25,000.00
Part II: District Storm Water System (BARR)..……….....…….....…$36,000.00
…

TOTAL FEE ………………………………………………………… $61,000.00

Total Base Fee does not include any Additional Services by Architect.

HOURLY RATES FOR ADDITIONAL SERVICES

Principal……………….....……..$222/Hour	Licensed Interior Designer...…..$155/Hour
Associate……………….....……..$176/Hour	Architectural Designer/
Licensed Architect……....…..…..$155/Hour	Draftsperson………………..…$134/Hour

Note: Hourly rates may change at the start of each calendar year.

PAYMENT SCHEDULE

The project will be invoiced monthly at an hourly rate. Any optional Additional services, provided through the architect, will be invoiced monthly in accordance with the level of completion. Payment is due 30 days from invoice date. Any payment received after due date shall be subject to an 8% annual interest fee.

CLIENT AUTHORIZATION

This proposal is good for thirty (30) days. If acceptable, a signed copy will be our authorization to proceed. If the Scope of Services in this proposal are not reflective of your intent, we will gladly revise the Scope and fee accordingly.

Respectfully Submitted,

Tushie Montgomery Associates, P.C.

Evan Jacobsen
Principal | Architect

CLIENT AUTHORIZATION

Company: City of South St Paul
By: __________
Initial: __________
Date: __________

ECONOMIC DEVELOPMENT AUTHORITY AGENDA REPORT

DATE: November 4, 2024
DEPARTMENT: Economic Development
PREPARED BY: Ryan Garcia
AGENDA ITEM NUMBER: 5.A.

MEETING TYPE
Regular Meeting

AGENDA ITEM

ACTION TO BE CONSIDERED OR DESIRED OUTCOME
Motion to approve Resolution 2024 - 25

OVERVIEW
The Metropolitan Council, through its Livable Communities Program, administers a Tax Base Revitalization Account Site Investigation program which assists with costs related to conducting Phase I and Phase II environmental assessments, hazardous materials (asbestos, lead) sampling in buildings, and Response Action Plan development. This program can provide grants of up to $50,000 for those costs, with a 25% local match required.

Applications are scored on the degree to which the proposed activities will enhance the potential for a future development/redevelopment project to exemplify the goals of the LCDA program. Staff believes that the Wakota Crossing site will score highly and help to minimize upfront costs for evaluating the development potential for this 35-acre site, primarily owned by the Danner Family Limited Partnership, that has been identified as a candidate for significant future commercial/industrial development. If we are awarded the funding, we believe that we will be well positioned for future applications to the LCDA's various cleanup and redevelopment programs, which provides significant grant support for development activities such as environmental remediation, vapor mitigation, site work, and more.

SOURCE OF FUNDS
The Tax Base Revitalization Account provides grants for environmental investigations and assessments from the Metropolitan Council's Livable Communities Program. If awarded, a subgrant agreement with the Developer will be prepared and executed, obligating the Developer to meet any matching funds obligations.

ATTACHMENTS
1. Resolution 2024 - 25
2. Location/Orientation Map
3. Site Development Concept (2021)

South St. Paul Economic Development Authority
Dakota County, Minnesota

RESOLUTION NO. 2024- 25

AUTHORIZING APPLICATION FOR THE TAX BASE REVITALIZATION ACCOUNT

WHEREAS, the City of South St. Paul (the "City") is a participant in the Livable Communities Act's Local Housing Incentives Account Program for 2024 as determined by the Metropolitan Council, and is therefore eligible to apply for funds under the Tax Base Revitalization Account; and

WHEREAS, the City, through the South St. Paul Economic Development Authority (the "EDA"), has identified a contamination cleanup project within the City that meet the Tax Base Revitalization Account's purposes and criteria and are consistent with and promote 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 Livable Communities Act Tax Base Revitalization Account funding is sought but was not able to find or secure from other sources funding that is necessary for cleanup completion and states that this representation is based on the following reasons and supporting facts:

- The EDA does not have an internal funding source for environmental assessments, due to a proportionally low city-wide tax capacity and competing priorities for limited property tax revenues.
- The EDA previously unsuccessfully applied for a EPA City-Wide Brownfields Assessment Grant, which would have provided funds for environmental assessments.

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

1. The Board of Commissioners of the EDA authorizes its Executive Director to submit an application for Metropolitan Council Tax Base Revitalization Account grant funds

and, if the EDA is awarded a Tax Base Revitalization Account grant for this project, the EDA 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 Tax Base Revitalization grant application submitted on November 1, 2024

Adopted this 4th day of November, 2024

President, James P. Francis	Executive Director, Ryan Garcia

Attachment 2 – Location/Orientation Map

Attachment 3 – Site Development Concept (2021)

ZONING SUMMARY	
EXISTING ZONING	I-INDUSTRIAL
PROPOSED ZONING	PUD / INDUSTRIAL
PARKING SETBACKS	SIDE/REAR = 10' FRONT = 20'
BUILDING SETBACKS	FRONT = 30' SIDE = 20' REAR = 20'

BUILDING SUMMARY

PROPERTY	PROPERTY AREA	BUILDING AREA	FAR
MCES CONVEYANCE (NORTH)	18.18 AC	161,720 SF	0.20
DANNER (SOUTH)	32.35 AC	417,480 SF	0.30
TOTAL PROPERTY	50.53 AC	579,200 SF	0.26
TOTAL PROPERTY + VERDEROSA SITE*	57.53 AC	595,500 SF	0.24

*ASSUMES MCES, DANNER, & VERDEROSA PROPERTIES WILL BE PROCESSED UNDER SINGLE PUD. VERDEROSA SITE AREA INCLUDES PHASE I & II PROPERTY AREAS FOR DEVELOPABLE AREA. REFERENCE "DEVELOPMENT CONSTRAINTS MAP" PREPARED BY KIMLEY-HORN DATED 11/19/2021 FOR MORE INFORMATION

ECONOMIC DEVELOPMENT AUTHORITY AGENDA REPORT

DATE:	November 4, 2024
DEPARTMENT:	Economic Development
PREPARED BY:	Ryan Garcia
AGENDA ITEM NUMBER:	5.B.

MEETING TYPE
Regular Meeting

AGENDA ITEM

ACTION TO BE CONSIDERED OR DESIRED OUTCOME
Motion to approve a Preliminary Development Agreement with Zas LLC for the proposed Hardman Triangle mixed-use development project, thereby authorizing the President and Executive Director of the EDA to execute of the Preliminary Development Agreement, subject to minor modifications meeting the City Attorney's approval.

OVERVIEW
Staff has engaged Zavi Development and TE Miller Development (https://www.temiller.com/)to contemplate a dramatic redevelopment of an approximately 5.6-acre site at the northeast corner of Grand Avenue East and Concord Street North. Zavi's proposed concept seeks to transform the site, which is currently vacant but was previously developed with industrial uses including the Dakota County Technical College's meatcutting school, 20/20 Brand Solutions, yard space for Twin City Pallet Co., and more historically several ag-industrial buildings of the former Swift & Co. packinghouse campus. Zavi's vision aligns closely to the mixed-use, walkable, livable vision for this area as identified in numerous City plans over the past 25 years: they propose adding an independent restaurant, "destination retail" (currently vetting an indoor pickleball center), and nearly 200 units of market-rate housing at the site in a two-phase development program. Given the conditions of the site, including challenging geotechnical and environmental conditions, for the project to be economically viable we anticipate the necessity of utilizing a creative funding approach involving Tax Increment Financing and the leveraging of state and regional grant programs.

Zas, LLC (the unique corporate entity created by Zavi to develop and own this project) and EDA Staff have negotiated a preliminary development agreement that will frame our public-private partnership through its early stages. This agreement would be an important first step in our collaboration by defining each party's roles and expectations as we work towards a definitive development plan and ultimately the formal, legally binding agreements needed to deliver that development.

SOURCE OF FUNDS
In 2024, the EDA approved Resolution 2024 - 1, 2024 - 02, 2024 - 03, and 2024 - 04 committing EDA Fund 20284 to the implementation of the City's Economic Development Strategy. This

special purpose fund has sufficient cash reserves to support any costs, such as consultant services to study the viability of the proposed redevelopment, that may be incurred by the EDA at this stage. Certain costs, including site master planning and geotechnical analysis, are reimbursable through a previously approved LCDA Pre-Development grant from the Metropolitan Council. The Preliminary Development Agreement also requires an option payment by the developer to the EDA of $15,000 upon execution of the agreement, with additional payments of $5,000 each due on a quarterly basis for three quarters thereafter, which payments may be applied to the EDA's costs in in connection with the project. Should development proceed with Zavi/TE Miller, a comprehensive development agreement, including any amounts, terms and conditions related to public financial assistance for the development, will be prepared and presented for public approval in accordance with statutory and policy guidance at a future meeting.

ATTACHMENTS

1. Predevelopment Agreement with Exhibits

THE SOUTH ST. PAUL ECONOMIC DEVELOPMENT AUTHORITY,
THE CITY OF SOUTH ST. PAUL
AND
ZAS LLC

PRELIMINARY DEVELOPMENT AGREEMENT

THIS PRELIMINARY DEVELOPMENT AGREEMENT (this "Agreement"), dated the ______ day of October, 2024, by and between the City of South St. Paul, __________________________ (the "City"), the South St. Paul Economic Development Authority, a public body corporate and politic under the laws of the State of Minnesota (the "EDA") and ZAS LLC, a South Dakota limited liability company (the "Developer");

WITNESSETH:

WHEREAS, the EDA owns and desires to promote the development of certain property known as 125, 135, and 139 Grand Avenue East, South St. Paul, Dakota, County, Minnesota, as further described and depicted on Exhibit A attached hereto and incorporated by reference herein (the "Property"); and

WHEREAS, the EDA has determined that it is in the best interests of the EDA that the Developer be designated as the sole developer of the Property during the term of this Agreement; and

WHEREAS, the EDA intends that the site design for the Property be generally consistent with the 2040 Comprehensive Plan, the 2020 Hardman Triangle Redevelopment Plan, and the Concord Gateway Mixed-Use Zoning District and include the following uses on the Property:

1. An approximately 4-story, market-rate residential apartment building with an estimated 145 residential units and not fewer than 140 garage parking stalls and adequate surface parking to, when combined with the garage parking stalls, meets a ratio of one stall per bedroom (the "Market-Rate Building");

2. A 1- to 2- story, "destination retail" building to include experience-based commercial and/or retail uses, including a 1-story, full-service restaurant located near the northeast corner of Grand Avenue and Concord Street North (the "Commercial Building");

3. An approximately 5-story, potentially independent senior-focused or workforce-focused apartment building with an estimated 40 to 110 residential units and adequate parking to meet a ratio of one stall per bedroom (the "Senior/Workforce Building"); and

4. A shared surface parking facility with an estimated 75 surface parking spaces serving the improvements described above (the "Parking"); and

WHEREAS, the Developer desires to acquire and develop all or a portion of the Property for purposes of constructing thereon the aforementioned mixed-use development (collectively the "Development"); and

WHEREAS, the EDA and Developer are interested in further planning and negotiation for the Developer's proposal for the Development; and

WHEREAS, Developer has indicated to the EDA that it will seek financial assistance from the City and/or the EDA to make the Development feasible; and

WHEREAS, the City or the EDA will need to determine if various studies, as may be determined to be reasonably necessary, should be conducted, including without limitation an environmental impact or related study, an infrastructure feasibility study, an economic impact study, and any other required analysis of the Development (the "Studies") and will need to determine that the proposed Development of the Property will have a positive impact on the City; and

WHEREAS, the City and the EDA will discuss with the Developer available financial assistance, grants, gifts or loans for the Development; and

WHEREAS, various land use, zoning, and subdivision issues and actions related to the Development and the Property are required to be approved by the City in order to facilitate the Development by the Developer; and

WHEREAS, the City and EDA agree to cooperate with the Developer to review and process various land use, zoning, and subdivision issues and actions related to the Development and the Property in order to facilitate the Development by the Developer; and

WHEREAS, the City, the EDA and the Developer are willing to undertake the Development if (i) a satisfactory agreement can be reached regarding EDA's commitment for public costs necessary for the Development; (ii) satisfactory mortgage and equity financing, or adequate equity resources for the Development can be secured by Developer; (iii) the parties reach a satisfactory resolution of zoning, land use, public infrastructure and site design issues; and (iv) the feasibility and soundness of the Development and other necessary preconditions have been determined to the satisfaction of the parties.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and obligations set forth herein, the parties agree as follows:

1. <u>Future Negotiations</u>.

The parties agree to continue negotiations in an attempt to formulate a definitive plan for review and approval of all land use, zoning and subdivision approvals and any necessary development agreements or contracts based on the following:

(a) Developer's current proposal for the Development, which shows the scope of the proposed Development in its latest form as of the date of this Agreement, together with such changes or modifications to the proposal as agreed to by the Developer, the City and the EDA;

(b) Financial projections for the Development and related financial analysis of necessary public assistance;

(c) Other terms and conditions of this Agreement.

2. Statement of Intent.

Although not conclusive or binding on either party beyond the designation of Developer as the sole developer of the Property as set forth herein, it is the intention of the parties that this Agreement: (a) documents the present understanding and commitments of the parties; (b) will provide the EDA and City with the necessary information to determine the amount of available financial assistance for the Development, following receipt of pertinent financial projections related to the Development and subsequent, independent review by the City's financial consultants; (c) will lead to negotiation and execution of a mutually satisfactory development agreements or contracts prior to the termination date of this Agreement; and (d) will lead to an appropriate land use, zoning, and subdivision application or applications. The development agreements or contracts (together with any other agreements entered into between the parties hereto contemporaneously therewith) when executed and any land use, zoning, and subdivision approvals, will supersede all obligations of the parties hereunder.

3. Term; Duties.

(a) During the term of this Agreement, EDA and City agree to:

(i) Proceed to seek all necessary information with regard to the anticipated public costs, if any, associated with the Development.

(ii) Provide to the Developer copies of all due diligence items in EDA's and City's possession, including without limitation: title, survey, environmental (Environmental Phase I & Phase II reports), soils, and market studies.

(iii) Use good faith efforts to negotiate and enter into one or more development agreements with the Developer for the phased development of the Market Rate Building, the Commercial Building, the Senior/Workforce Building, and the Parking (and, if applicable, any future phases of Development).

(b) During the term of this Agreement, Developer agrees to:

(i) Develop and submit its detailed proposal, including the plans and specifications, for the Development.

(ii) Conduct additional due diligence review of the Property. It is mutually understood and agreed that the EDA has completed, without Developer's assistance or financial contribution, Geotechnical Assessments and Phase I and Phase II environmental site assessments prior to execution of this Agreement, which assessments have been and / or will be provided to Developer.

(iii) Use good faith efforts to obtain approval by the EDA and the City (including its Engineer, Planning and Inspection Department, and any other necessary governing authority) for approval of the site plan, exterior elevations and finishes, and such other zoning approvals as may be required.

(iv) Use good faith efforts to obtain any other necessary governmental approval from any governing authority.

(v) Use good faith effort to obtain financing on terms acceptable to Developer, in its sole discretion, which may include, but are not limited to public financial assistance (such as pay-as-you-go tax increment financing ("TIF") in a mutually agreeable amount), grants from other governmental entities (as applicable), private loans and equity investment for the Development.

(vi) Use good faith efforts to negotiate and enter into one or more development agreements with the EDA for the phased development of the Market Rate Building, the Commercial Building, the Senior/Workforce Building, and the Parking (and, if applicable, any future phases of Development).

4. Financial Assistance; TIF.

(a) EDA understands that the Developer is seeking financial assistance from the City and/or the EDA. During the term of this Agreement, Developer shall:

(i) Submit to EDA a design proposal to be reviewed by EDA showing the location, size, and nature of the proposed Development, including layouts, renderings, elevations, and other graphic or written explanations of the Development. The design proposal shall be accompanied by a proposed schedule for the starting and completion of the Development.

(ii) Submit an overall cost estimate for the design and construction of the Market-Rate Building, Parking, Commercial Building, and if applicable, a separate overall cost estimate for any subsequent phases.

(iii) Submit an anticipated time schedule for each planned phase of the Development.

(iv) Undertake and obtain such other preliminary economic feasibility studies, income and expense projections, and such other economic information as Developer may desire to further confirm the economic feasibility and soundness of the Development.

(v) Submit to EDA the Developer's financing plan showing that the proposed initial phase of the Development is financially feasible, and if applicable, a separate financial plan for any subsequent phases.

(vi) Furnish information in its possession or provide additional information as reasonably requested by the City or EDA to assist the City and EDA's determination of the appropriate amount of financial assistance needed for the Development, including good faith cooperation with the City or EDA's financial consultants and legal counsel.

(b) Developer understands that the TIF sought for the proposed Development must comply with state statute and the EDA's TIF policy. The EDA agrees in any development agreement or contract entered into as contemplated herein that the EDA will review and consider such financing as allowed by law, but no provision shall be construed as an affirmative approval of such financing until such time that a separate TIF agreement is entered into by both parties.

5. Feasibility.

It is expressly understood that execution and implementation of any development agreement or contract (together with any other agreements entered into between the parties hereto contemporaneously therewith) and any land use, zoning and subdivision approvals shall be subject to:

(a) A determination by the City and the EDA in their sole discretion that the undertakings are feasible based on (i) satisfaction of City Code requirements; (ii) the purposes and objectives of any development plan created or proposed for the Development; (iii) the Studies, if any; and (iv) the best interests of the City and the EDA.

(b) A determination by Developer in its sole discretion that the Development is feasible and in the best interests of Developer.

6. Costs; Exclusive Option and Administrative.

Developer shall be solely responsible for all costs incurred by Developer. Within five business days of full execution of this Agreement, the Developer agrees to submit a non-refundable option payment to the EDA in the amount of $15,000, with additional payments of $5,000 each due to the EDA on or before each the following subsequent dates: January 1, 2025, April 1, 2025, and July 1, 2025, as long as this Agreement has not been terminated or replaced with a formal development agreement for the Development prior to any such date. For the purposes of this Agreement, the term "Administrative Costs" means out of pocket costs incurred by the EDA or the City, together with consultants (including engineering, surveys, legal, financial advisor, acquisition specialist, relocation consultant, environmental analysis, environmental advisor, planning advisor, etc.), all attributable to or incurred in connection with the review of the development agreement, Development or other related contracts or agreements (together with any other agreements entered into between the parties hereto contemporaneously therewith), the negotiation and preparation of the definitive development agreement or agreements, and other documents and agreements in connection with the Development. Any application or escrow fees generally collected by the City for planning applications such as the Developer may file in relation to the Development will be collected separately pursuant to the City's applicable ordinances.

7. Effective Date; Expiration.

This Agreement is effective from the date hereof through May 31, 2025. After such date, neither party shall have any obligation hereunder except as expressly set forth to the contrary herein.

8. Termination.

This Agreement may be terminated upon fourteen (14) days written notice by EDA to Developer, or Developer to EDA, if:

(a) An essential precondition to the execution of a contract cannot be met; or

(b) If, in the respective sole discretion of the City, EDA or Developer, an impasse has been reached in the negotiation or implementation of any material term or condition of this Agreement, and the parties have been unable to resolve such impasse through good-faith negotiations within 30 days after the party determining the impasse has notified the other party in writing of such determination.

9. Sole Developer.

Developer is hereby designated by the City and the EDA as the sole developer of the Property during the term of this Agreement and the City and the EDA agree to negotiate solely with Developer with respect to the acquisition or development of the Property. The City and EDA agree not to market the Property or to make, accept, negotiate, or otherwise pursue any other offers for sale, purchase or development of the Property until this Agreement expires or is terminated pursuant to Section 7 or Section 8 herein.

10. Right of Entry.

In connection with this Agreement, EDA hereby grants to the Developer, its agents, employees, officers, and contractors (the "Authorized Parties") a right of entry on the Property for the purpose of performing all due diligence work and inspections deemed necessary by the Developer to fulfill its obligations under this Agreement (the "Permitted Activities"). Developer is responsible for any and all costs related to the Permitted Activities conducted on the Property. Developer agrees to indemnify, save harmless, and defend the Authority and its officers and employees, from and against any and all claims, actions, damages, liability and expense in connection with personal injury and/or damage to the Property arising from or out of any occurrence in, upon or at the Property to the extent caused by the act or omission of the Authorized Parties in conducting the Permitted Activities on the Property, except (a) to the extent caused by the negligence, gross negligence, willful misrepresentation or any willful or wanton misconduct by the City or the EDA, or their officers, employees, agents or contractors; and (b) to the extent caused by a "Pre-Existing Condition" as defined in this paragraph 10. "Pre-Existing Condition" shall mean any geologic or soil condition, any defect in the condition of improvements located on the Property, or any condition caused by the existence of hazardous substances or materials in, on, or under Property, including without limitation hazardous substances released or discharged into the drainage systems, soils, groundwater, waters or atmosphere, which condition existed as of the date of this Agreement and became known or was otherwise disclosed or discovered by reason of the Authorized Parties' entry onto the Property.

11. Severability.

If any portion of this Agreement is held invalid by a court of competent jurisdiction, such decision shall not affect the validity of any remaining portion of the Agreement.

12. Breach; Waiver.

In the event any covenant contained in this Agreement should be breached by one party and subsequently waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach.

13. Notice.

Notice or demand or other communication between or among the parties shall be sufficiently given if sent by mail, postage prepaid, return receipt requested, by nationally recognized overnight courier or delivered personally:

(a) As to EDA/City: South St. Paul Economic Development Authority
125 3rd Avenue N
South St. Paul, MN 55075
Attn: Executive Director

(b) As to Developer: ZAS LLC
5605 Tracy Avenue
Edina, MN 55436
Attn: Alex Gese

14. Assignment.

Developer may assign its rights and obligations under this Agreement to an affiliate or subsidiary of Developer, or to any entity under common control with Developer, without the prior consent of the City or EDA.

15. Counterparts.

This Agreement may be executed simultaneously in any number of counterparts (and counterparts may be exchanged by electronic transmission (including by email)), all of which shall constitute one and the same instrument.

16. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

17. Incorporation.

The Recitals set forth in the preamble to this Agreement and the Exhibits attached to this Agreement are incorporated into this Agreement as if fully set forth herein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the parties hereto have caused this Agreement to be duly executed in its name and behalf as of the day and year first above written.

DEVELOPER:

ZAS LLC.
a South Dakota limited liability company

By: ________________________________
Name: ______________________________
Its: _________________________________

CITY:

THE CITY OF SOUTH ST. PAUL

[*Insert City signature block here*]

EDA:

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF SOUTH ST. PAUL

By: ___________________________________
President James P. Francis

By: ___________________________________
Executive Director Ryan Garcia

EXHIBIT A

PARCEL ID NUMBERS AND DEPICTION OF PROPERTY

36-03800-00-062
36-03800-00-061
36-03800-00-073
36-03800-00-072

(Full Legal Description of Development Property to be prepared prior to Development Agreement)

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EXHIBIT B

DRAFT DEVELOPMENT PROPOSAL (PRELIMINARY DRAFT - SUBJECT TO UPDATE AND REVISION)

Development Summary

1. **4-Story Housing A**
   Market Rate | 136,000
   Garage Parking | 46.

2. **5-Story Housing B**
   Market Rate | 90,000 F
   Garage Parking | 18.
   Surface Parking | 30 S

3. **Destination Retail**
   22,600 GSF
   Surface Parking | 60 S

4. **Restaurant**
   4,000 GSF | 3,000 DF D
   Surface Parking | 60 S

5. Park Building
   10,000 GSF
   Parking | In parking d

6. Parking Deck
   100,000 GSF
   310 Parking spaces

7. Retail
   32,000 GSF
   Parking | In parking d

8. Retail
   27,000 GSF
   Parking | In parking d

9. 4-Story Housing C
   Independent Senior |
   Garage Parking | 40
   Surface Parking 40 S

10. 4-Story Housing D
    Affordable | 140,000
    Garage Parking | 45
    Surface Parking 65 S

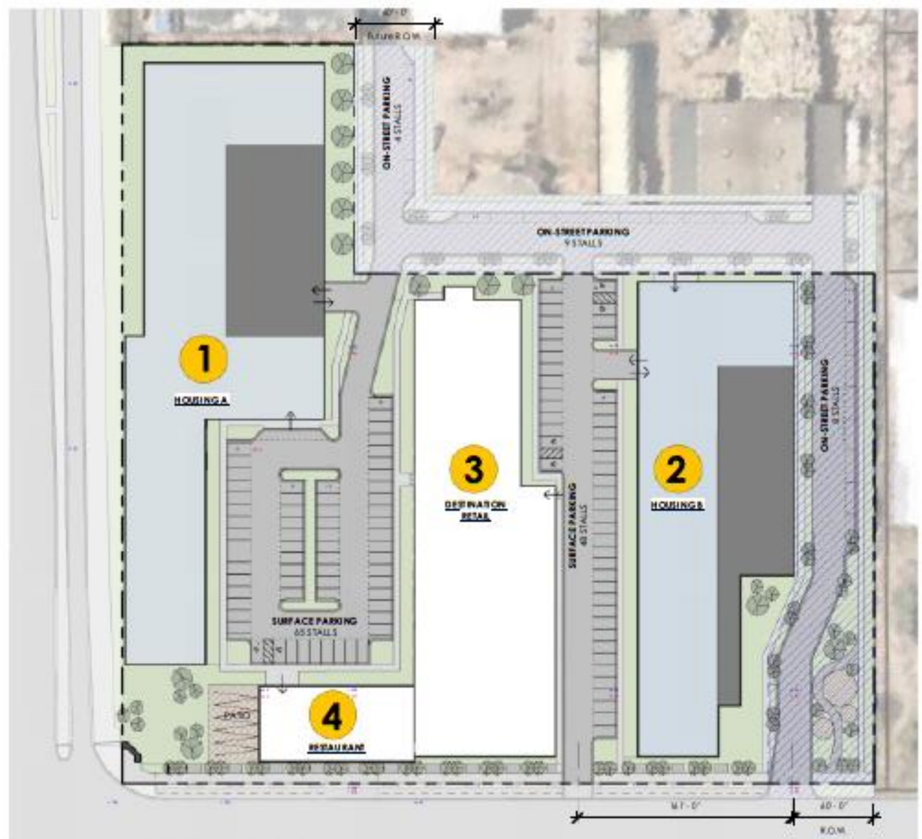
Development Summary

1 **4-Story Housing A**
Market Rate | 154,135 FSF | 148 Units
Garage Parking | 45,530 SF | 141 Stalls
Surface Parking | 37 Stalls (Shared)

2 **4-Story Housing B**
Market Rate | 111,710 FSF | 116 Units
Garage Parking | 30,145 SF | 97 Stalls
Surface Parking | 33 Stalls (Shared)

3 **Destination Retail**
42,890 GSF
Surface Parking | 48 Stalls (33 Shared)

4 **Restaurant**
6,500 GSF | 3,000 SF Dining Room
Surface Parking | 65 Stalls (37 Shared)



1 | Schematic Masterplan
SCALE: 1" = 80'-0"

Apartment A
Target= 180 Stalls
Provided= 141 Stalls
Net= -39 Stalls

Restaurant
Required= 67 Stalls
Provided= 65 Stalls
Net= -2 Stalls

Destination Retail
Required= 60 Stalls
Provided= 48 Stalls
Net= -12 Stalls

Apartment B
Target= 142 Stalls
Provided= 97 Stalls
Net= -45 Stalls

R.O.W. / Future
Provided= 21 Stalls
Net= +21 Stalls

Totals
Required= 449 Stalls
Provided= 351 Stalls
Future= 21 Stalls
Net= -77 Stalls

2 | Parking Plan
SCALE: 1" = 160'0"