# CITY OF SOUTH ST. PAUL
## MEETING AGENDA

## ECONOMIC DEVELOPMENT AUTHORITY

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

Monday, February 3, 2025
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 Economic Development Authority and will be approved by one motion. There will be no separate discussion of these items unless a Commissioner or citizen requests, in which case the item will be removed from the consent agenda and considered at the end of the Consent Agenda.

A. Minutes of the January 6, 2025, EDA Meeting

**5. GENERAL BUSINESS:**

A. South Triangle Tax Increment Finance District

B. Approval of a Subgrant Agreement with Danner Family Limited Partnership, Resolution 2025-3

**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:** February 3, 2025
**DEPARTMENT:** City Clerk
**PREPARED BY:** Deanna Werner
**AGENDA ITEM NUMBER:** 4.A.

**MEETING TYPE**
Regular Meeting

**AGENDA ITEM**
Minutes of the January 6, 2025, EDA Meeting

**ACTION TO BE CONSIDERED OR DESIRED OUTCOME**
Approve as presented by consent.

**OVERVIEW**
Approval of meeting minutes for the EDA Meeting held on Monday, January 6, 2025

**SOURCE OF FUNDS**
N/A

**ATTACHMENTS**
1. 01-06-2024 EDA Minutes

# SOUTH ST. PAUL ECONOMIC DEVELOPMENT AUTHORITY MINUTES OF JANUARY 6, 2025

## 1. CALL TO ORDER

President Jimmy Francis called the regular meeting of the City of South St. Paul's EDA to order Monday, January 6, 2025, at 7:36 PM.

## 2. ROLL CALL

Present: Tom Seaberg, Jimmy Francis, Lori Hansen, Pam Bakken, Todd Podgorski, Matt Thompson, Joe Kaliszewski

Absent: None

Staff Present:
Ryan Garcia, City Administrator
Deanna Werner, City Clerk

## 3. APPROVAL OF AGENDA

Moved by: Joe Kaliszewski / Matt Thompson
Moved: Motion to approve agenda as presented.
Vote: 7 ayes / 0 nays, motion Passed

## 4. CONSENT AGENDA:

All items listed on the Consent Agenda are items, which are considered 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 requests, in which case the item will be removed from the consent agenda and considered at the end of the Consent Agenda.

Resolved, the City Council of South St. Paul does hereby approve the following:

A. Meeting Minutes for 12/2/2024

B. Extension of Professional Services Contract with Krueger Real Estate Advisors

Moved by: Lori Hansen / Pam Bakken
Moved: To Approve consent agenda as presented.
Vote: 7 ayes / 0 nays, motion

## 5. GENERAL BUSINESS:

A. Election of Officers

Moved by: Joe Kaliszewski / Pam Bakken
Moved: Motion to approve Commissioner Seaberg to serve as Vice President of the City of South St. Paul's EDA
Vote: 7 ayes / 0 nays, motion Passed

Moved by: Lori Hansen / Matt Thompson
Moved: Motion to approve the Director of Finance to serve as the Assistant Treasurer and the City Clerk to serve as the Secretary of the EDA.
Vote: 7 ayes / 0 nays, motion Passed

**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**

Moved by: Pam Bakken / Lori Hansen
Moved: Motion to adjourn
Vote: 7 ayes / 0 nays, motion Passed
The meeting was adjourned at 7:45 PM.

/s/: Deanna Werner
City Clerk

# ECONOMIC DEVELOPMENT AUTHORITY AGENDA REPORT

| | |
|---|---|
| **DATE:** | February 3, 2025 |
| **DEPARTMENT:** | Economic Development |
| **PREPARED BY:** | Ryan Garcia |
| **AGENDA ITEM NUMBER:** | 5.A. |

**MEETING TYPE**
Regular Meeting

**AGENDA ITEM**
South Triangle Tax Increment Finance District

**ACTION TO BE CONSIDERED OR DESIRED OUTCOME**
Unless otherwise requested by the EDA, Staff is requesting that the board make a single motion to approve all of the following actions related to the South Triangle Tax Increment Finance District:

1. Approval of a Modification to the Redevelopment Plan for the Concord Street Redevelopment Project Area, Approval of a Tax Increment Financing Plan and the Establishment of the South Triangle Tax Increment Financing District, Resolution 2025 - 1
2. Approval of an Interfund Loan, Resolution 2025 - 2

**OVERVIEW**
As presented at the Public Hearing at tonight's meeting and in numerous public discussions over the past several years, the area lying north of Grand Avenue, east of Concord Street, and west/south of Hardman Avenue has persisted as an area of significant deterioration and blight, failing to capture the highest and best uses of this unique setting along South St. Paul's most storied roadway and America's most storied river. This area, home to the Swift & Co. Meatpacking Plant from the early through mid 20th Century but commonly referred to in recent City documents as the "Hardman Triangle", suffers from numerous limitations that inhibit its potential for a higher and better development standard, including inefficient platting, poor roadway and site layout, substandard structures and improvements, lack of stormwater management and water surface water quality infrastructures, and environmental and geotechnical constraints in the soil. Through an independent analysis by Ehlers and LKB, Inc., the properties at the southern end of the Hardman Triangle have been determined to meet the statutorily defined conditions warranting the creation of a Redevelopment Tax Increment Finance District. Further, Ehlers' analysis indicates that but-for financing qualified improvements needed at the properties by utilizing Tax Increment Financing, redevelopment as identified in the City's Comprehensive Plan and envisioned by the EDA/City and partners in the development community (a pre-development agreement with ZAS, LLC was approved in November 2024 for

a mixed-use development of the site) for these sites would not be economically feasible.

in November 2021, the EDA adopted Resolution 2021 – 28, finding that the properties at 135 Grand Avenue East and 139 Grand Avenue East were occupied by “substandard buildings” as defined by Minnesota TIF Law. In accordance with Section 469.174, the EDA had the right to establish a TIF District which is a “redevelopment district” within three years of the demolition of a substandard building. Demolition of the building located at 135 Grand Avenue East commenced in March 2022. As such, if the EDA desires to establish a Redevelopment TIF District that includes that property, that district would need to be certified by March 2025.

As a component of the 2020 Redevelopment Study for the Hardman Triangle, Ehlers’ analysis indicated a gap of at least $1.4 Million for the first phase of Hardman Triangle redevelopment at the southwest portion of the site. Since then, we have undertaken additional due diligence of the site that indicates very clearly that site conditions such as unstable soils, environmental conditions, and additional demolition (of pavements and building foundations) will be encountered in any efforts to redevelop the site. Based on Ehlers’ previous analysis and our documented knowledge of site conditions, Staff is of the opinion that Redevelopment TIF is both justified and necessary for the future redevelopment of the southern portion of the Hardman Triangle to be viable. As such, Ehlers' has prepared the attached "Modification to the Redevelopment Plan for the Concord Street Redevelopment Project Area & Tax Increment Financing (TIF) Plan for the Establishment of the South Triangle Tax Increment Financing District (a redevelopment district)". For brevity, we'll refer to this as the "TIF Plan" in this report. The EDA is asked to approve this TIF Plan via Resolution 2025-1.

The following bullet list summarizes key facts about the proposed TIF District:

- A boundary map of the District is provided as an attachment, and encompasses the EDA-owned properties (now vacant) with former addresses of 125, 135, and 139 Grand Avenue East (former DCTC Butchery School, former James & Co. / 2020 Brands, former Twin City Pallet Company). This boundary is intentional and strategic – it is envisioned that there will be three distinct development projects within this district that would not come to fruition but for assistance through the Redevelopment TIF tool. As currently proposed, the projects would include a market-rate multifamily building with approximately 145 units of housing, a 37,700 square foot "destination retail" building, adjoined with a 4,500 square foot restaurant, and a second market-rate residential building with as many as 116 units.
- This is a Redevelopment TIF District. Redevelopment TIF Districts are specifically defined by state law. Some of the key provisions to keep in mind in establishing a Redevelopment TIF District:
    1. Parcels consisting of at least 70% of the area are to be occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures.
    2. At least 50% of all buildings located within the district are “substandard” as defined by statute.
    3. The District has a maximum life of 26 years. All eligible project costs must be incurred within 5 years of creation of the District. The District can be terminated early if certain conditions are met.

- The TIF Plan specifically defines eligible uses of Tax Increment Financing within the district, and assigns estimated costs to each activity. It should be noted, these activities and costs are subject to change/flexibility without amending the project plan. However, total costs (beyond those stated in the plan) cannot exceed the total amount budgeted. The Table below is excerpted from the Plan.

| USES | Estimated Amount |
|---|---|
| Land/Building Acquisition | $9,000,000 |
| Site Improvements/Preparation | $5,000,000 |
| Utilities | $2,500,000 |
| Other Qualifying Improvements | $951,485 |
| **QUALIFYING PROJECT COSTS (TOTAL)** | **$20,384,418** |
| Interest | $11,877,847 |
| **PROJECT AND INTEREST COSTS (TOTAL)** | **$32,262,265** |

- As a reminder, fundamentally how TIF works is to "freeze" Tax Capacities within the District at a "base" level (as of the time of District creation), and to divert any increase in those Tax Capacities (due to redevelopment that presumably increases value/tax capacity) into a specific EDA fund that is used to pay for the costs of redevelopment. The underlying taxing jurisdictions continue to receive property tax payments commensurate to the "frozen" tax capacity throughout the life of the District. TIF is not an abatement or direct forgiveness of property tax payments. TIF does not decrease the amount of tax that a taxing jurisdiction collects on a piece of property. **TIF is capturing value that would not exist "but for" the creation of the TIF District.**
- A quick rundown of key Financial Markers in the TIF Plan:
    1. Base Market Value of $2,570,500 and "base" tax capacity of $39,080. This is what is "frozen" (see above point).
    2. Assumes construction of 2 multifamily projects, 261 units, with an average (per unit) value of 200,000, a 37,700 square foot retail building with a per square foot value of $200, and a 4,500 square foot restaurant with a per square foot value of $250.
    3. Assumes annual inflation of 3%.
    4. "As complete" Market Value of $60,865,000 and tax capacity of $825,050. This is an increase of 2,368% (value) 2,111% (Tax Capacity) over the current value and tax capacity of the property within the District.

In addition to approval of the TIF Plan, the EDA is asked to approve Resolution 2025 - 2, which would authorize the execution of an interfund loan in an amount not to exceed $500,000, to allow the EDA to fund certain eligible activities prior to collecting increment within the district. Passing Resolution 2025 - 2 provides the EDA with the flexibility to borrow against future tax increment for eligible expenses the EDA may incur prior to receiving increment in the district. Land and certain infrastructure costs, soil cleanup and site prep, or TIF administrative costs are the most likely expenses to be incurred in the early phases of the project, although at this point there is no certainty that such expenses will be incurred.

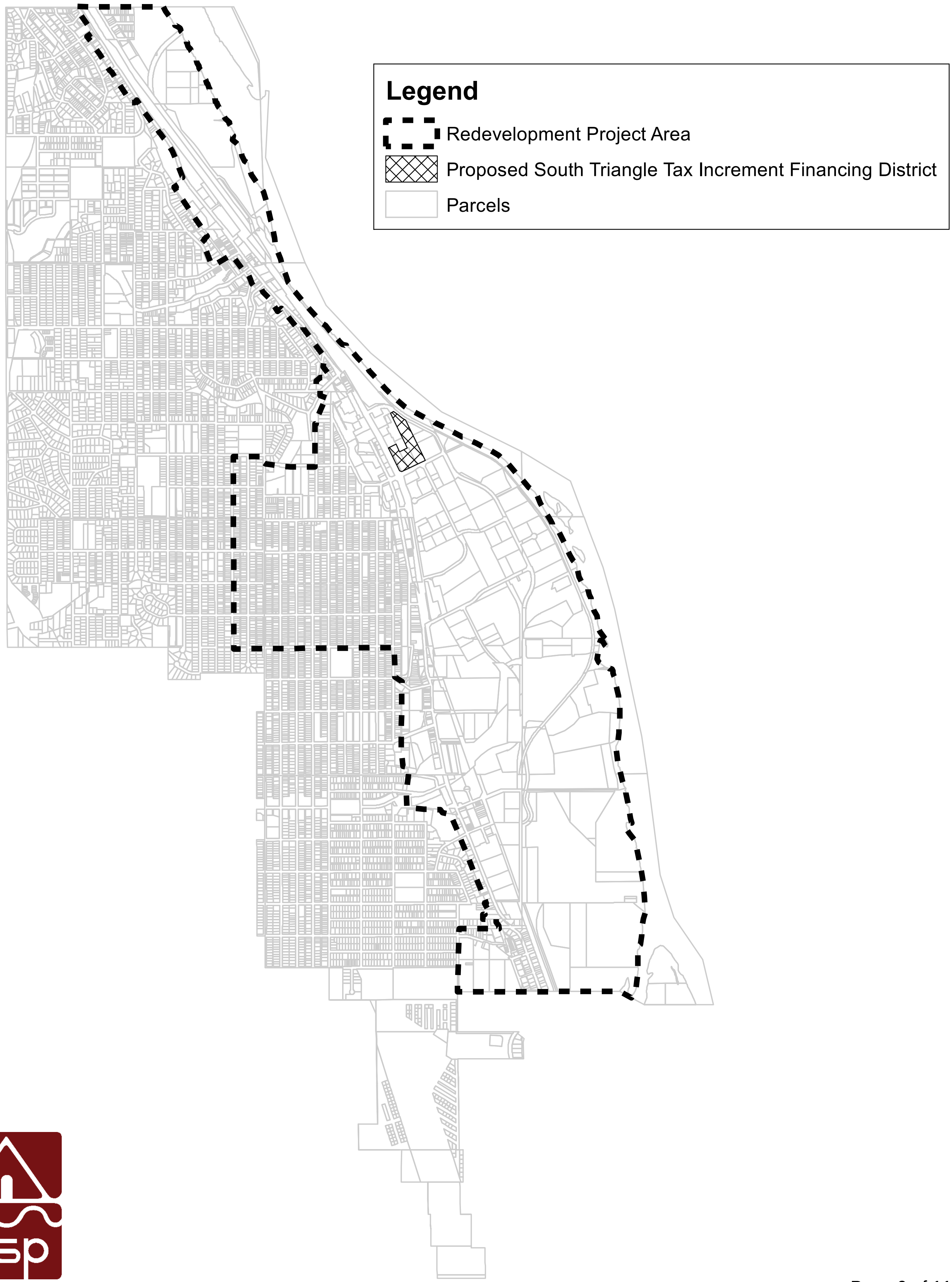
**SOURCE OF FUNDS**

The South Triangle Tax Increment Finance District is a Redevelopment TIF in full accordance with state law. Incremental increase in tax capacity above that amount "frozen" at the time of establishment of the District will be designated to a separate TIF fund to pay for qualified redevelopment expenses as outlined in the TIF Plan. Upon the completion of private development of the site, the City's General Fund, Dakota County, and the Special School District will begin to receive property tax payments based on the "frozen" tax capacity at the time of district creation. Notably, currently all of the property in the district is tax exempt.

**ATTACHMENTS**

1. South Triangle TIF Boundary Map
2. South Triangle TIF Plan
3. Resolution 2025-01 (South Triangle TIF)
4. Resolution 2025-02 (South Triangle TIF Interfund Loan)

# South Triangle Tax Increment Financing District



Adoption Date: February 3, 2025

# South St. Paul Economic Development Authority

## City of South St. Paul, Dakota County, Minnesota

## MODIFICATION TO THE REDEVELOPMENT PLAN

Concord Street Redevelopment Project Area

&

## Tax Increment Financing (TIF) Plan

Establishment of South Triangle
Tax Increment Financing District
(a redevelopment district)

EHLERS
PUBLIC FINANCE ADVISORS

Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

BUILDING COMMUNITIES. IT'S WHAT WE DO.

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# Modification to the Redevelopment Plan for Concord Street Redevelopment Project Area

## FOREWORD

The following text represents a Modification to the Redevelopment Plan for Concord Street Redevelopment Project Area. This modification represents a continuation of the goals and objectives set forth in the Redevelopment Plan for Concord Street Redevelopment Project Area. Generally, the substantive changes include the establishment of the South Triangle Tax Increment Financing District.

For further information, a review of the Redevelopment Plan for Concord Street Redevelopment Project Area, is recommended. It is available from the City Administrator at the City of South St. Paul. Other relevant information is contained in the tax increment financing plans for the tax increment financing districts located within Concord Street Redevelopment Project Area.

# Tax Increment Financing Plan for the South Triangle Tax Increment Financing District

## FOREWORD

The South St. Paul Economic Development Authority (the "EDA"), the City of South St. Paul (the "City"), staff and consultants have prepared the following information to expedite the Establishment of the South Triangle Tax Increment Financing District (the "District"), a redevelopment tax increment financing district, located in Concord Street Redevelopment Project Area.

## STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the EDA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.090 - 469.1082*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Redevelopment Plan for Concord Street Redevelopment Project Area.

## STATEMENT OF OBJECTIVES

The District currently consists of four (4) parcels of land and adjacent roads and internal rights-of-way. The District is being created to facilitate the construction of a mixed-use development in the City. Development is proposed to consist of four components including construction of a residential market rate apartment building with approximately 145 units, a commercial strip mall with approximately 37,700 square feet, a restaurant with approximately 4,500 square feet, and a residential market rate apartment building with approximately 116 units. The EDA has not entered into an agreement or designated a developer at the time of preparation of this TIF Plan, but development is likely to commence at the end of 2025. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for Concord Street Redevelopment Project Area.

The activities contemplated in the Modification to the Redevelopment Plan and TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Concord Street Redevelopment Project Area and the District.

## REDEVELOPMENT PLAN OVERVIEW

Pursuant to the Redevelopment Plan and authorizing state statutes, the EDA or City is authorized to undertake the following activities in the District:

1. Property to be Acquired - The EDA currently owns all four (4) parcels of property within the District. The remaining property located within the District, including interior and adjacent street rights of way, may be acquired by the EDA or City and is further described in this TIF Plan.

2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.

3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the EDA or City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.

4. The EDA or City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

## DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

The District encompasses all property and adjacent roads rights-of-way and abutting roadways identified by the parcels listed below.

| Parcel number | Address | Owner |
|---|---|---|
| 36-03800-00-061 | Not Assigned | EDA |
| 36-03800-00-062 | Not Assigned | EDA |
| 36-03800-00-072 | 139 Grand Ave E | EDA |
| 36-03800-00-073 | 135 Grand Ave E | EDA |

Please also see the map in Appendix A for further information on the location of the District.

The EDA or City may acquire any parcel, or portion therein, within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the EDA or City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The EDA or City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

While the EDA currently owns all four (4) parcels of the property to be included in the District, there may be additional acquisition needs adjacent to the District.

## DISTRICT CLASSIFICATION

The EDA and City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, find that the District, to be established, is a redevelopment district pursuant to *M.S., Section 469.174, Subd. 10(a)(1).*

- The District is a redevelopment district consisting of four (4) parcels.
- An inventory shows that parcels consisting of more than 70% of the area in the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
- An inspection of the buildings located within the District finds that more than 50% of the buildings are structurally substandard as defined in the TIF Act. (See Appendix D).
- Based upon the inspection report, dated October 28, 2021, the EDA adopted Resolution No. 2021-28, declaring certain buildings structurally substandard and approved demolition of one or more of the buildings prior to creation of the District (See Appendix E).
    - The building located on 135 Grand Avenue East was demolished and removed in March of 2022.
    - The building located on 139 Grand Avenue East was demolished and removed in February of 2024.

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111*, *273.112, or 273.114* or *Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

## DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the EDA or City (a total of 26 years of tax increment). The EDA or City elects to receive the first tax increment in 2027, which is no later than four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2052, or when the TIF Plan is satisfied. The EDA or City reserves the right to decertify the District prior to the legally required date.

## ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2024 for taxes payable 2025, except the ONTC of parcel numbers 36-03800-00-072 and 36-03800-00-073.

Pursuant to *M.S., Section 469.177, Subd. 1(f)*, the County Auditor shall certify the original net tax capacity of the parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated market value of the parcel for the year in which the building or other improvements were demolished or removed, but applying the classification rates for the current year.

Thus, the ONTC certified for parcel number 36-03800-00-072 will be based on the market values placed on the property by the assessor in 2023 for taxes payable 2024 and for parcel number 36-03800-00-073 will be based on the market values placed on the property by the assessor in 2021 for taxes payable 2022 since the greater calculation is the estimated market value of the parcels for the year in which the buildings were demolished.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2027) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the District;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the EDA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2025. The rates for 2025 were not available at the time the District was established. The ONTC and the Original Local Tax Rate used for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Concord Street Redevelopment Project Area, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The EDA and City request 100% of the available increase in tax capacity be used for repayment of the obligations of the EDA or City and current expenditures, beginning in the tax year payable 2027. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

| Project Tax Capacity | | |
|---|---|---|
| Development estimated Tax Capacity upon completion | 1,611,637 | |
| Original estimated Net Tax Capacity | 39,080 | |
| Fiscal Disparities | 88,783 | |
| Estimated Captured Tax Capacity | **1,483,775** | |
| Original Local Tax Rate | 113.6650% | Pay 2025 Prelim. |
| Estimated Annual Tax Increment | **$1,686,533** | |
| Percent Retained by the City | 100% | |

Note: Tax capacity includes a 3% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 26. The tax capacity of the District in year one is estimated to be $90,625.

Pursuant to *M.S., Section 469.177, Subd. 4*, the EDA shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3.* The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City has reviewed the area to be included in the District and found no building permits were issued in the past 18 months prior to the public hearing.

## SOURCES OF REVENUE/BONDS TO BE ISSUED

The total estimated tax increment revenues for the District are shown in the table below:

| SOURCES | |
|---|---|
| Tax Increment | $ 29,329,332 |
| Interest | 2,932,933 |
| TOTAL | **$ 32,262,265** |

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The EDA or City reserves the right to issue bonds (as defined in the TIF Act) or incur other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes and interfund loans. Any refunding amounts will be deemed a budgeted cost without a formal modification to this TIF Plan. This provision does not obligate the EDA or City to incur debt. The EDA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The EDA or City may issue bonds secured in whole or in part with tax increments from the District in a maximum principal amount of $20,384,418. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

## USES OF FUNDS

Currently under consideration for the District is a proposal to facilitate the construction of a mixed-use development in the City. The EDA and City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described herein.

The EDA has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

| USES | |
|---|---|
| Land/Building Acquisition | $ 9,000,000 |
| Site Improvements/Preparation | 5,000,000 |
| Utilities | 2,500,000 |
| Other Qualifying Improvements | 951,485 |
| Administrative Costs (up to 10%) | 2,932,933 |
| PROJECT COSTS TOTAL | **$ 20,384,418** |
| Interest | 11,877,847 |
| PROJECT AND INTEREST COSTS TOTAL | **$ 32,262,265** |

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated costs associated with the District are subject to change among categories without a modification to the TIF Plan except for interest expenses. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25% of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of Concord Street Redevelopment Project Area, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in the TIF Plan.

## FISCAL DISPARITIES ELECTION

Pursuant to *M.S., Section 469.177, Subd. 3*, the EDA or City may elect one of two methods to calculate fiscal disparities.

The EDA will choose to calculate fiscal disparities by clause b (inside).

## ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the EDA or City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is $0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

| Impact on Tax Base | | | |
|---|---|---|---|
| Entity | Preliminary 2024/Pay 2025 Total Net Tax Capacity | Estimated Captured Tax Capacity (CTC) upon completion | Percent of CTC to Entity Total |
| Dakota County | 774,282,120 | 1,483,775 | **0.1916%** |
| City of South St. Paul | 24,460,733 | 1,483,775 | **6.0659%** |
| ISD 006 (South St. Paul | 24,303,944 | 1,483,775 | **6.1051%** |

| Impact on Tax Rates | | | | |
|---|---|---|---|---|
| Entity | Preliminary Pay 2025 Extension Rate | Percent of Total | CTC | Potential Taxes |
| Dakota County | 19.9020% | 17.51% | 1,483,775 | **$ 295,301** |
| City of South St. Paul | 58.4230% | 51.40% | 1,483,775 | **866,866** |
| ISD 006 (South St. Paul | 25.0480% | 22.04% | 1,483,775 | **371,656** |
| Other | 10.2920% | 9.05% | 1,483,775 | **152,710** |
| | **113.6650%** | **100.00%** | | **$1,686,533** |

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Preliminary Pay 2025 rate. The total net capacity for the entities listed above are based on Preliminary Pay 2025 figures. The District will be certified under the Pay 2025 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S., Section 469.175 Subd. 2(b)*:

(1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is $29,329,332;

(2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service may increase. New developments add an increase in traffic, and may add overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically, new buildings generate fewer calls, if any, and are of superior construction. The two buildings demolished and removed had public safety concerns that presented a hazardous environment for the general public. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

An impact of the District on public infrastructure is expected. The development is expected to increase traffic movements in the area. A traffic study will be complete to fully understand the impact of traffic patterns. In addition, while the current infrastructure for water and sanitary sewer will be able to handle the additional volume generated by the proposed development, improvements will be needed to the storm sewer infrastructure. A portion of the costs for storm water treatment will be paid by the City. Based on the current development plans, there may be additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The City anticipates these annual costs to be around $10,000. The development in the District is also expected to contribute an estimated $688,345 in sanitary sewer (SAC) connection fees.

The probable impact of the issuance of any general obligation tax increment bonds payable from tax increment revenues from the District on the City's ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

(3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is $6,463,213;

(4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is $5,135,375;

(5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S., Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

## SUPPORTING DOCUMENTATION

Pursuant to *M.S., Section 469.175, Subd. 1 (a), clause 7* this TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S., Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

(i) In making said determination, reliance has been placed upon (1) written representation made by the Developer to such effects; and (2) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the city council resolution approving the establishment of the District and Appendix C.

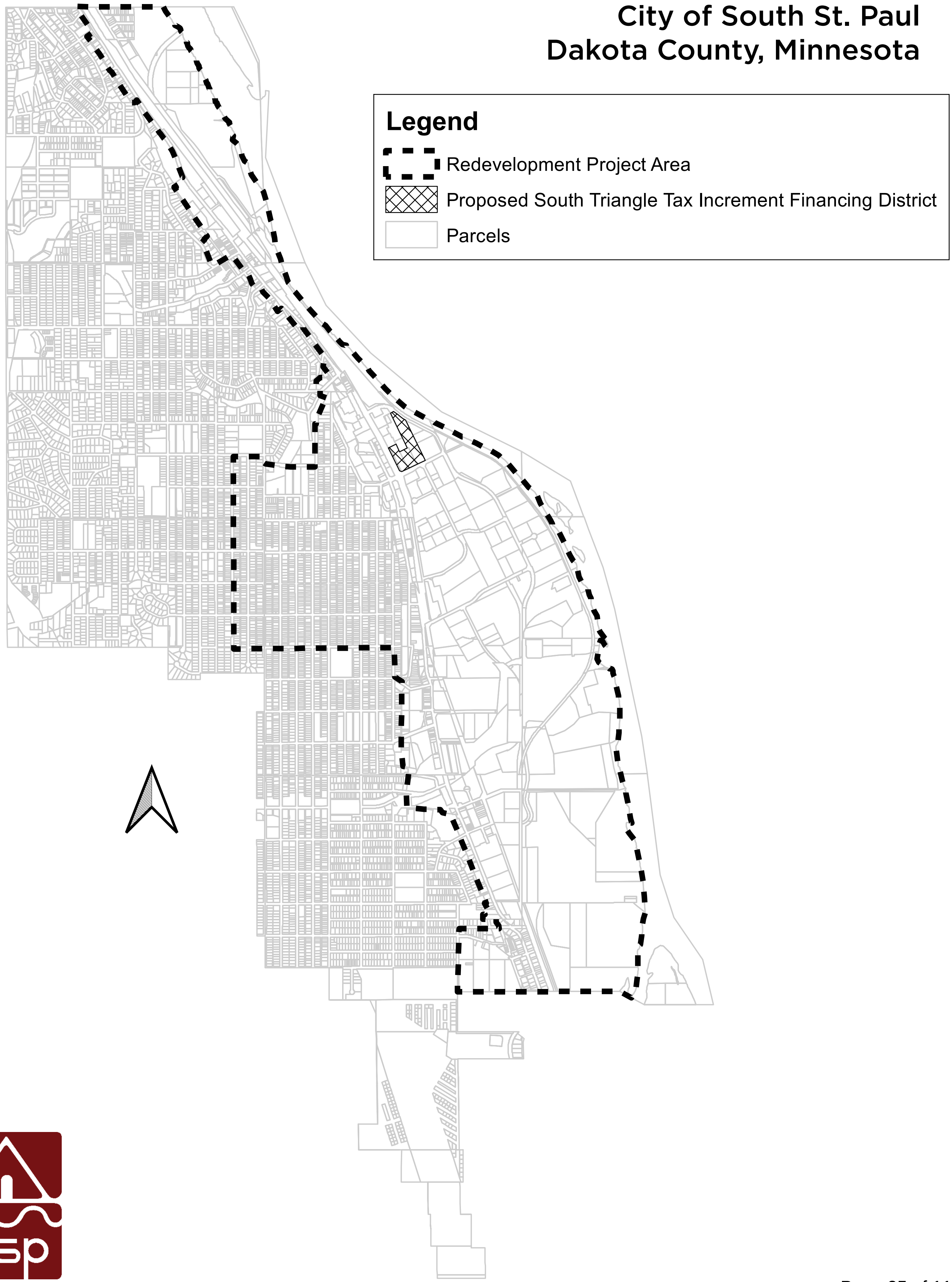
(ii) A comparative analysis of estimated market value both with and without establishment of the District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

## DISTRICT ADMINISTRATION

Administration of the District will be handled by the City Administrator.

## Appendix A: Map of Concord Street Redevelopment Project Area and the TIF District

# South Triangle Tax Increment Financing District



## Appendix B: Estimated Cash Flow for the District

# South Triangle Tax Increment Financing District - 3.00% Inflation

City of South St. Paul, MN

Mixed-Use Development

## ASSUMPTIONS AND RATES

| | | |
|---|---|---|
| **DistrictType:** | **Redevelopment** | |
| **District Name/Number:** | | |
| **County District #:** | | |
| **First Year Construction or Inflation on Value** | **2025** | |
| **Existing District - Specify No. Years Remaining** | | |
| Inflation Rate - Every Year: | **3.00%** | |
| Interest Rate: | **4.00%** | |
| Present Value Date: | **1-Aug-26** | |
| First Period Ending | 1-Feb-27 | |
| Tax Year District was Certified: | **Pay 2025** | |
| Cashflow Assumes First Tax Increment For Development: | 2027 | |
| Years of Tax Increment | 26 | |
| Assumes Last Year of Tax Increment | 2052 | |
| Fiscal Disparities Election [Outside (A), Inside (B), or NA] | **Inside(B)** | |
| Incremental or Total Fiscal Disparities | **Incremental** | |
| Fiscal Disparities Contribution Ratio | 27.6786% | Pay 2025 Prelim. |
| Fiscal Disparities Metro-Wide Tax Rate | 123.8880% | Pay 2025 Prelim. |
| Maximum/Frozen Local Tax Rate: | 113.665% | Pay 2025 Prelim. |
| Current Local Tax Rate: (Use lesser of Current or Max.) | 113.665% | Pay 2025 Prelim. |
| State-wide Tax Rate (Comm./Ind. only used for total taxes) | 29.0000% | Pay 2025 Prelim. |
| Market Value Tax Rate (Used for total taxes) | 0.26514% | Pay 2025 Prelim. |

**Tax Rates**

| | | | |
|---|---|---|---|
| Exempt Class Rate (Exempt) | | | 0.00% |
| Commercial Industrial Preferred Class Rate (C/I Pref.) | | | |
| | First | $150,000 | 1.50% |
| | Over | $150,000 | 2.00% |
| Commercial Industrial Class Rate (C/I) | | | 2.00% |
| Rental Housing Class Rate (Rental) | | | 1.25% |
| Affordable Rental Housing Class Rate (Aff. Rental) | | | |
| | First | $100,000 | 0.25% |
| | Over | $100,000 | 0.25% |
| Non-Homestead Residential (Non-H Res. 1 Unit) | | | |
| | First | $500,000 | 1.00% |
| | Over | $500,000 | 1.25% |
| Homestead Residential Class Rate (Hmstd. Res.) | | | |
| | First | $500,000 | 1.00% |
| | Over | $500,000 | 1.25% |
| Agricultural Non-Homestead | | | 1.00% |

## BASE VALUE INFORMATION (Original Tax Capacity)

| Map ID | PID | Owner | Address | Land Market Value | Building Market Value | Total Market Value | Percentage Of Value Used for District | Original Market Value | Tax Year Original Market Value | Property Tax Class | Current Original Tax Capacity | Class After Conversion | After Conversion Orig. Tax Cap. | Area/ Phase |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 36-03800-00-061 | EDA | Not Assigned | 289,300 | 0 | 289,300 | 100% | 289,300 | Pay 2025 | Exempt | - | Rental | 3,616 | 1 |
| 2 | 36-03800-00-062 | EDA | Not Assigned | 4,100 | 0 | 4,100 | 100% | 4,100 | Pay 2025 | Exempt | - | Rental | 51 | 1 |
| 3 | 36-03800-00-072 | EDA | 139 Grand Ave E | 532,300 | 494,200 | 1,026,500 | 100% | 1,026,500 | Pay 2024 | Exempt | - | C/I Pref. | 19,780 | 2 |
| 4 | 36-03800-00-073 | EDA | 135 Grand Ave E | 213,400 | 1,037,200 | 1,250,600 | 100% | 1,250,600 | Pay 2022 | Exempt | - | Rental | 15,633 | 3 |
| | | | | **1,039,100** | **1,531,400** | **2,570,500** | | **2,570,500** | | | **0** | | **39,080** | |

**Note:**

1. **Base values are for pay 2025 based on review of County website on 12-3-24, except PIDs 36-03800-00-072 and 36-03800-00-073 where base values are the year in which the building was demolished.**
2. **Located in SD #006 and Lower Mississippi River WS**

# South Triangle Tax Increment Financing District - 3.00% Inflation

## City of South St. Paul, MN

Mixed-Use Development

EHLERS PUBLIC FINANCE ADVISORS

### PROJECT INFORMATION (Project Tax Capacity)

| Area/Phase | New Use | Estimated Market Value Per Sq. Ft./Unit | Taxable Market Value Per Sq. Ft./Unit | Total Sq. Ft./Units | Total Taxable Market Value | Property Tax Class | Project Tax Capacity | Project Tax Capacity/Unit | Percentage Completed 2025 | Percentage Completed 2026 | Percentage Completed 2027 | Percentage Completed 2028 | First Year Full Taxes Payable |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Apartments | 200,000 | 200,000 | 145 | 29,000,000 | Rental | 362,500 | 2,500 | 25% | 80% | 100% | 100% | 2029 |
| 2 | Retail | 200 | 200 | 37,700 | 7,540,000 | C/I Pref. | 150,050 | 4 | 0% | 50% | 100% | 100% | 2029 |
| 2 | Restaurant | 250 | 250 | 4,500 | 1,125,000 | C/I | 22,500 | 5 | 0% | 50% | 100% | 100% | 2029 |
| 3 | Apartments | 200,000 | 200,000 | 116 | 23,200,000 | Rental | 290,000 | 2,500 | 0% | 0% | 50% | 100% | 2030 |
| TOTAL | | | | | 60,865,000 | | 825,050 | | | | | | |
| Subtotal Residential | | | | 261 | 52,200,000 | | 652,500 | | | | | | |
| Subtotal Commercial/Ind. | | | | 42,200 | 8,665,000 | | 172,550 | | | | | | |

**Note:**

**1. Market values are based upon estimates received from the County Assesor.**

### TAX CALCULATIONS

| New Use | Total Tax Capacity | Fiscal Disparities Tax Capacity | Local Tax Capacity | Local Property Taxes | Fiscal Disparities Taxes | State-wide Property Taxes | Market Value Taxes | Total Taxes | Taxes Per Sq. Ft./Unit |
|---|---|---|---|---|---|---|---|---|---|
| Apartments | 362,500 | 0 | 362,500 | 412,036 | 0 | 0 | 76,891 | 488,926 | 3,371.91 |
| Retail | 150,050 | 41,532 | 108,518 | 123,347 | 51,453 | 42,862 | 19,992 | 237,654 | 6.30 |
| Restaurant | 22,500 | 6,228 | 16,272 | 18,496 | 7,715 | 5,655 | 2,983 | 34,849 | 7.74 |
| Apartments | 290,000 | 0 | 290,000 | 329,629 | 0 | 0 | 61,512 | 391,141 | 3,371.91 |
| TOTAL | 825,050 | 47,759 | 777,291 | 883,507 | 59,168 | 48,517 | 161,377 | 1,152,570 | |

Note:

**1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.**

### WHAT IS EXCLUDED FROM TIF?

| | |
|---|---|
| Total Property Taxes | 1,152,570 |
| less State-wide Taxes | (48,517) |
| less Fiscal Disp. Adj. | (59,168) |
| less Market Value Taxes | (161,377) |
| less Base Value Taxes | (38,197) |
| Annual Gross TIF | 845,310 |

### MARKET VALUE BUT / FOR ANALYSIS

| | |
|---|---|
| Current Market Value - Est. | 2,570,500 |
| New Market Value - Est. | 60,865,000 |
| Difference | 58,294,500 |
| Present Value of Tax Increment | 16,190,008 |
| Difference | 42,104,492 |
| Value likely to occur without Tax Increment is less than: | 42,104,492 |

# South Triangle Tax Increment Financing District - 3.00% Inflation

City of South St. Paul, MN

Mixed-Use Development

## TAX INCREMENT CASH FLOW

| % of OTC | Project Tax Capacity | Original Tax Capacity | Fiscal Disparities Incremental | Captured Tax Capacity | Local Tax Rate | Annual Gross Tax Increment | Semi-Annual Gross Tax Increment | State Auditor 0.36% | Admin. at 10% | Semi-Annual Net Tax Increment | Semi-Annual Present Value | PERIOD ENDING Yrs. | Tax Year | Payment Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | - | - | - | - | | | | 02/01/27 |
| 100% | 90,625 | (39,080) | - | 51,545 | 113.665% | 58,589 | 29,294 | (105) | (2,919) | 26,270 | 25,250 | 0.5 | 2027 | 08/01/27 |
| | | | | | | | 29,294 | (105) | (2,919) | 26,270 | 50,005 | 1 | 2027 | 02/01/28 |
| 100% | 376,275 | (39,080) | (17,709) | 319,486 | 113.665% | 363,143 | 181,572 | (654) | (18,092) | 162,826 | 200,431 | 1.5 | 2028 | 08/01/28 |
| | | | | | | | 181,572 | (654) | (18,092) | 162,826 | 347,908 | 2 | 2028 | 02/01/29 |
| 100% | 680,050 | (39,080) | (42,285) | 598,685 | 113.665% | 680,496 | 340,248 | (1,225) | (33,902) | 305,121 | 618,846 | 2.5 | 2029 | 08/01/29 |
| | | | | | | | 340,248 | (1,225) | (33,902) | 305,121 | 884,472 | 3 | 2029 | 02/01/30 |
| 100% | 841,102 | (39,080) | (43,717) | 758,304 | 113.665% | 861,926 | 430,963 | (1,551) | (42,941) | 386,471 | 1,214,321 | 3.5 | 2030 | 08/01/30 |
| | | | | | | | 430,963 | (1,551) | (42,941) | 386,471 | 1,537,702 | 4 | 2030 | 02/01/31 |
| 100% | 866,335 | (39,080) | (45,193) | 782,061 | 113.665% | 888,930 | 444,465 | (1,600) | (44,286) | 398,578 | 1,864,675 | 4.5 | 2031 | 08/01/31 |
| | | | | | | | 444,465 | (1,600) | (44,286) | 398,578 | 2,185,237 | 5 | 2031 | 02/01/32 |
| 100% | 892,325 | (39,080) | (46,713) | 806,531 | 113.665% | 916,744 | 458,372 | (1,650) | (45,672) | 411,050 | 2,509,347 | 5.5 | 2032 | 08/01/32 |
| | | | | | | | 458,372 | (1,650) | (45,672) | 411,050 | 2,827,102 | 6 | 2032 | 02/01/33 |
| 100% | 919,094 | (39,080) | (48,279) | 831,735 | 113.665% | 945,392 | 472,696 | (1,702) | (47,099) | 423,895 | 3,148,361 | 6.5 | 2033 | 08/01/33 |
| | | | | | | | 472,696 | (1,702) | (47,099) | 423,895 | 3,463,321 | 7 | 2033 | 02/01/34 |
| 100% | 946,667 | (39,080) | (49,891) | 857,696 | 113.665% | 974,900 | 487,450 | (1,755) | (48,570) | 437,126 | 3,781,744 | 7.5 | 2034 | 08/01/34 |
| | | | | | | | 487,450 | (1,755) | (48,570) | 437,126 | 4,093,922 | 8 | 2034 | 02/01/35 |
| 100% | 975,067 | (39,080) | (51,552) | 884,435 | 113.665% | 1,005,293 | 502,646 | (1,810) | (50,084) | 450,753 | 4,409,521 | 8.5 | 2035 | 08/01/35 |
| | | | | | | | 502,646 | (1,810) | (50,084) | 450,753 | 4,718,932 | 9 | 2035 | 02/01/36 |
| 100% | 1,004,319 | (39,080) | (53,263) | 911,976 | 113.665% | 1,036,597 | 518,299 | (1,866) | (51,643) | 464,790 | 5,031,722 | 9.5 | 2036 | 08/01/36 |
| | | | | | | | 518,299 | (1,866) | (51,643) | 464,790 | 5,338,379 | 10 | 2036 | 02/01/37 |
| 100% | 1,034,449 | (39,080) | (55,025) | 940,343 | 113.665% | 1,068,841 | 534,421 | (1,924) | (53,250) | 479,247 | 5,648,375 | 10.5 | 2037 | 08/01/37 |
| | | | | | | | 534,421 | (1,924) | (53,250) | 479,247 | 5,952,292 | 11 | 2037 | 02/01/38 |
| 100% | 1,065,482 | (39,080) | (56,840) | 969,562 | 113.665% | 1,102,052 | 551,026 | (1,984) | (54,904) | 494,138 | 6,259,509 | 11.5 | 2038 | 08/01/38 |
| | | | | | | | 551,026 | (1,984) | (54,904) | 494,138 | 6,560,701 | 12 | 2038 | 02/01/39 |
| 100% | 1,097,447 | (39,080) | (58,710) | 999,657 | 113.665% | 1,136,260 | 568,130 | (2,045) | (56,608) | 509,476 | 6,865,154 | 12.5 | 2039 | 08/01/39 |
| | | | | | | | 568,130 | (2,045) | (56,608) | 509,476 | 7,163,636 | 13 | 2039 | 02/01/40 |
| 100% | 1,130,370 | (39,080) | (60,635) | 1,030,655 | 113.665% | 1,171,494 | 585,747 | (2,109) | (58,364) | 525,274 | 7,465,341 | 13.5 | 2040 | 08/01/40 |
| | | | | | | | 585,747 | (2,109) | (58,364) | 525,274 | 7,761,129 | 14 | 2040 | 02/01/41 |
| 100% | 1,164,281 | (39,080) | (62,619) | 1,062,582 | 113.665% | 1,207,784 | 603,892 | (2,174) | (60,172) | 541,546 | 8,060,101 | 14.5 | 2041 | 08/01/41 |
| | | | | | | | 603,892 | (2,174) | (60,172) | 541,546 | 8,353,211 | 15 | 2041 | 02/01/42 |
| 100% | 1,199,210 | (39,080) | (64,661) | 1,095,468 | 113.665% | 1,245,164 | 622,582 | (2,241) | (62,034) | 558,307 | 8,649,467 | 15.5 | 2042 | 08/01/42 |
| | | | | | | | 622,582 | (2,241) | (62,034) | 558,307 | 8,939,914 | 16 | 2042 | 02/01/43 |
| 100% | 1,235,186 | (39,080) | (66,766) | 1,129,340 | 113.665% | 1,283,665 | 641,832 | (2,311) | (63,952) | 575,570 | 9,233,471 | 16.5 | 2043 | 08/01/43 |
| | | | | | | | 641,832 | (2,311) | (63,952) | 575,570 | 9,521,271 | 17 | 2043 | 02/01/44 |
| 100% | 1,272,241 | (39,080) | (68,933) | 1,164,229 | 113.665% | 1,323,321 | 661,660 | (2,382) | (65,928) | 593,350 | 9,812,146 | 17.5 | 2044 | 08/01/44 |
| | | | | | | | 661,660 | (2,382) | (65,928) | 593,350 | 10,097,316 | 18 | 2044 | 02/01/45 |
| 100% | 1,310,409 | (39,080) | (71,165) | 1,200,164 | 113.665% | 1,364,166 | 682,083 | (2,455) | (67,963) | 611,665 | 10,385,525 | 18.5 | 2045 | 08/01/45 |
| | | | | | | | 682,083 | (2,455) | (67,963) | 611,665 | 10,668,082 | 19 | 2045 | 02/01/46 |
| 100% | 1,349,721 | (39,080) | (73,464) | 1,237,177 | 113.665% | 1,406,237 | 703,118 | (2,531) | (70,059) | 630,529 | 10,953,643 | 19.5 | 2046 | 08/01/46 |
| | | | | | | | 703,118 | (2,531) | (70,059) | 630,529 | 11,233,604 | 20 | 2046 | 02/01/47 |
| 100% | 1,390,213 | (39,080) | (75,832) | 1,275,300 | 113.665% | 1,449,570 | 724,785 | (2,609) | (72,218) | 649,958 | 11,516,533 | 20.5 | 2047 | 08/01/47 |
| | | | | | | | 724,785 | (2,609) | (72,218) | 649,958 | 11,793,915 | 21 | 2047 | 02/01/48 |
| 100% | 1,431,919 | (39,080) | (78,272) | 1,314,567 | 113.665% | 1,494,203 | 747,102 | (2,690) | (74,441) | 669,971 | 12,074,231 | 21.5 | 2048 | 08/01/48 |
| | | | | | | | 747,102 | (2,690) | (74,441) | 669,971 | 12,349,051 | 22 | 2048 | 02/01/49 |
| 100% | 1,474,877 | (39,080) | (80,784) | 1,355,013 | 113.665% | 1,540,175 | 770,088 | (2,772) | (76,732) | 690,584 | 12,626,772 | 22.5 | 2049 | 08/01/49 |
| | | | | | | | 770,088 | (2,772) | (76,732) | 690,584 | 12,899,047 | 23 | 2049 | 02/01/50 |
| 100% | 1,519,123 | (39,080) | (83,372) | 1,396,671 | 113.665% | 1,587,526 | 793,763 | (2,858) | (79,091) | 711,815 | 13,174,191 | 23.5 | 2050 | 08/01/50 |
| | | | | | | | 793,763 | (2,858) | (79,091) | 711,815 | 13,443,939 | 24 | 2050 | 02/01/51 |
| 100% | 1,564,697 | (39,080) | (86,037) | 1,439,579 | 113.665% | 1,636,298 | 818,149 | (2,945) | (81,520) | 733,683 | 13,716,523 | 24.5 | 2051 | 08/01/51 |
| | | | | | | | 818,149 | (2,945) | (81,520) | 733,683 | 13,983,762 | 25 | 2051 | 02/01/52 |
| 100% | 1,611,637 | (39,080) | (88,783) | 1,483,775 | 113.665% | 1,686,533 | 843,266 | (3,036) | (84,023) | 756,208 | 14,253,804 | 25.5 | 2052 | 08/01/52 |
| | | | | | | | 843,266 | (3,036) | (84,023) | 756,208 | 14,518,552 | 26 | 2052 | 02/01/53 |
| **Total** | | | | | | | **29,435,299** | **(105,967)** | **(2,932,933)** | **26,396,399** | | | | |
| | | **Present Value From 08/01/2026** | | **Present Value Rate** | **4.00%** | | **16,190,008** | **(58,284)** | **(1,613,172)** | **14,518,552** | | | | |

## Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for South Triangle Tax Increment Financing District (the "District"), as required pursuant to *Minnesota Statutes (M.S.), Section 469.175, Subdivision 3* are as follows:

1. *Finding that South Triangle Tax Increment Financing District is a redevelopment district as defined in M.S., Section 469.174, Subd. 10.*

   The District consists of four (4) parcels and vacant right-of-way, with plans to redevelop the area for construction of a mixed-use development in the City. Parcels consisting of 70% of the area of the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50% of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. (See Appendix D of the TIF Plan.)

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of South Triangle Tax Increment Financing District permitted by the TIF Plan.*

   *The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:* This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcels and costs associated to financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing. While a formal request for public assistance hasn't been received from the Developer, the City anticipates receiving a request after the District is created. The Developer has shared that without tax increment assistance the proposed development will not move forward.

*The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan:* This finding is justified on the grounds that the cost of site and public improvements and utilities add to the total redevelopment cost. Historically, acquisition, construction costs, site and public improvements costs in this area have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is $0.

b. If the proposed development occurs, the total increase in market value will be $58,294,500.

c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be $16,190,008.

d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than $42,104,492 (the amount in clause b less the amount in clause c) without tax increment assistance.

3. *Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The City Council reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for South Triangle Tax Increment Financing District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Concord Street Redevelopment Project Area by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, the renovation of substandard properties, increased tax base of the State and add a high-quality development to the City.

Through the implementation of the TIF Plan, the EDA or the City will increase the availability of safe and decent life-cycle housing in the City and add commercial opportunities for residents.

## Appendix D: Redevelopment Qualifications for the District

REPORT OF INSPECTION PROCEDURES AND RESULTS

FOR

DETERMINING QUALIFICATIONS

OF A

TAX INCREMENT FINANCING DISTRICT

# SOUTH TRIANGLE
# REDEVELOPMENT TIF DISTRICT

*Prepared for*

CITY OF SOUTH SAINT PAUL

SOUTH SAINT PAUL, MINNESOTA

DECEMBER 27, 2024

LHB

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# Part 1: Executive Summary

## Purpose of the Evaluation

LHB was hired by the City of South Saint Paul to inspect and evaluate the properties within a Tax Increment Financing Redevelopment District ("TIF District") proposed to be established by the City. The proposed TIF District is located at the intersection of Concord Street North and Grand Avenue East in South Saint Paul, Minnesota (Diagram 1). The purpose of LHB's work is to determine whether the proposed TIF District meets the statutory requirements for coverage, and whether two buildings on four parcels, located within the proposed TIF District, meet the qualifications required for a Redevelopment District.


Diagram 1: Proposed TIF District

## Scope of Work

The proposed TIF District consists of four parcels with two buildings. The buildings were inspected on August 12, 2021. Building Code and Condition Deficiency reports are in Appendix B.

## Conclusion

After inspecting and evaluating the properties within the proposed TIF District and applying current statutory criteria for a Redevelopment District under *Minnesota Statutes, Section 469.174, Subdivision 10*, it is our professional opinion that the proposed TIF District qualifies as a Redevelopment District because:

- The proposed TIF District has a coverage calculation of 100 percent which is above the 70 percent requirement.
- 100 percent of the buildings are structurally substandard which is above the 50 percent requirement.
- The substandard buildings are reasonably distributed.

The remainder of this report describes our process and findings in detail.

# Part 2: Minnesota Statute 469.174, Subdivision 10 Requirements

The properties were inspected in accordance with the following requirements under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, which states:

## Interior Inspection

> "The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property..."

## Exterior Inspection and Other Means

> "An interior inspection of the property is not required, if the municipality finds that
>
> (1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and
>
> (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard."

## Documentation

> "Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3(1)."

## Qualification Requirements

*Minnesota Statutes, Section 469.174, Subdivision 10 (a) (1)* requires three tests for occupied parcels:

### 1. COVERAGE TEST

a. Minnesota Statutes, Section 469.174, Subdivision 10(a)(1) states:

   "Parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or paved or gravel parking lots…"

b. The coverage required by the parcel to be considered occupied is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which states:

   "For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures."

## 2. CONDITION OF BUILDINGS TEST

a. Minnesota Statutes, Section 469.174, Subdivision 10(a) states:

   "…and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;"

b. Structurally substandard is defined under Minnesota Statutes, Section 469.174, Subdivision 10(b), which states:

   "For purposes of this subdivision, 'structurally substandard' shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects, or deficiencies are of sufficient total significance to justify substantial renovation or clearance."

   i. We do not count energy code deficiencies toward the thresholds required by *Minnesota Statutes, Section 469.174, Subdivision 10(b)* defined as "structurally substandard", due to concerns expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

c. Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in Subdivision 10(c) which states:

   "A building is not structurally substandard if it follows the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence based on reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence."

   "Items of evidence that support such a conclusion [that the building is not disqualified] include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence."

   i. LHB counts energy code deficiencies toward the 15 percent code threshold required by Minnesota Statutes, Section 469.174, Subdivision 10(c)) for the following reasons:
      1) The Minnesota energy code is one of ten building code areas highlighted by the Minnesota Department of Labor and Industry website where minimum construction standards are required by law.
      2) Chapter 13 of the 2015 *Minnesota Building Code* states, "Buildings shall be designed and constructed in accordance with the *International Energy Conservation Code*." Furthermore, Minnesota Rules, Chapter 1305.0021 Subpart 9 states, "References to the *International Energy Conservation Code* in this code mean the *Minnesota Energy Code*…"
      3) Chapter 11 of the 2015 Minnesota Residential Code incorporates Minnesota Rules, Chapters, 1322 and 1323 *Minnesota Energy Code*.
      4) The Senior Building Code Representative for the Construction Codes and Licensing Division of the Minnesota Department of Labor and Industry confirmed that the Minnesota Energy Code is being enforced throughout the State of Minnesota.
      5) In a January 2002 report to the Minnesota Legislature, the Management Analysis Division of the Minnesota Department of Administration confirmed that the construction cost of new buildings complying with the Minnesota Energy Code is higher than buildings built prior to the enactment of the code.
      6) Proper TIF analysis requires a comparison between the replacement value of a new building built under current code standards with the repairs that would be necessary to bring the existing building up to current code standards. For an equal comparison to be made, all applicable code chapters should be applied to both scenarios. Since current construction estimating software automatically applies the construction cost of complying with the Minnesota Energy Code, energy code deficiencies should also be identified in the existing structures.

### 3. DISTRIBUTION OF SUBSTANDARD BUILDINGS

a. Minnesota Statutes, Section 469.174, Subdivision 10, defines a Redevelopment District and requires one or more of the following conditions "reasonably distributed throughout the district.":

   "(1) Parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance.

   (2) the property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities, or excessive or vacated railroad rights-of-way.

   (3) tank facilities, or property whose immediately previous use was for tank facilities…"

b. Our interpretation of the distribution requirement is that the substandard buildings must be reasonably distributed throughout the district as compared to the location of all buildings in the district. For example, if all the buildings in a district are located on one half of the area of the district, with the other half occupied by parking lots (meeting the required 70 percent coverage for the district), we would evaluate the distribution of the substandard buildings compared with only the half of the district where the buildings are located. If all the buildings in a district are located evenly throughout the entire area of the district, the substandard buildings must be reasonably distributed throughout the entire area of the district. We believe this is consistent with the opinion expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

# Part 3: Procedures Followed

LHB inspected two buildings on August 12, 2021. Both buildings were identified as substandard in a Letter of Finding to the South Saint Paul Economic Development Authority (EDA) dated October 28, 2021. The EDA adopted the Findings by resolution on November 1, 2021. The building on Parcel C (135 Grand Ave East) was demolished on March 21, 2022 and the building on Parcel D (139 Grand Ave East) was demolished on February 28, 2024.

Because both buildings were determined substandard by EDA resolution and demolished within 36 months of this report, we are able to make substandard findings as though the buildings were still located on parcels C and D in the proposed TIF District.

Building Code and Condition Deficiency reports are in Appendix B.

# Part 4: Findings

## 1. Coverage Test

a. The total square foot area of the parcel in the proposed TIF District was obtained from City records, GIS mapping and site verification.
b. The total square foot area of buildings and site improvements on the parcels in the proposed TIF District was obtained from City records, GIS mapping and site verification.
c. The percentage of coverage for each parcel in the proposed TIF District was computed to determine if the 15 percent minimum requirement was met. The total square footage of parcels meeting the 15 percent requirement was divided into the total square footage of the entire district to determine if the 70 percent requirement was met.

FINDING

The proposed TIF District met the coverage test under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which resulted in parcels consisting of 100 percent of the area of the proposed TIF District being occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures (Diagram 2). This exceeds the 70 percent area coverage requirement for the proposed TIF District under Minnesota Statutes, Section 469.174, Subdivision (a) (1).


Diagram 2 – Coverage Diagram

Shaded area depicts a parcel more than 15 percent occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures

## 2. Condition of Building Test

### a. BUILDING INSPECTION

i. The first step in the evaluation process is the building inspection. After an initial walk-thru, the inspector makes a judgment whether a building "appears" to have enough defects or deficiencies of sufficient total significance to justify substantial renovation or clearance. If it does, the inspector documents with notes and photographs code and non-code deficiencies in the building.

### b. REPLACEMENT COST

i. The second step in evaluating a building to determine if it is substandard to a degree requiring substantial renovation or clearance is to determine its replacement cost. This is the cost of constructing a new structure of the same square footage and type on site. Replacement costs were researched using R.S. Means Cost Works square foot models for 2021.
ii. A replacement cost was calculated by first establishing building use (office, retail, residential, etc.), building construction type (wood, concrete, masonry, etc.), and building size to obtain the appropriate median replacement cost, which factors in the costs of construction in South Saint Paul, Minnesota.
iii. Replacement cost includes labor, materials, and the contractor's overhead and profit. Replacement costs do not include architectural fees, legal fees or other "soft" costs not directly related to construction activities. Replacement cost for each building is tabulated in Appendix A.

### c. CODE DEFICIENCIES

i. The next step in evaluating a building is to determine what code deficiencies exist with respect to such building. Code deficiencies are those conditions for a building which are not in compliance with current building codes applicable to new buildings in the State of Minnesota.
ii. Minnesota Statutes, Section 469.174, Subdivision 10(c), specifically provides that a building cannot be considered structurally substandard if its code deficiencies are not at least 15 percent of the replacement cost of the building. As a result, it was necessary to determine the extent of code deficiencies for each building in the proposed TIF District.
iii. The evaluation was made by reviewing all available information with respect to such buildings contained in City Building Inspection records and making interior and exterior inspections of the buildings. LHB utilizes the current Minnesota State Building Code as the official code for our evaluations. The Minnesota State Building Code is a series of provisional codes written specifically for Minnesota only requirements, adoption of several international codes, and amendments to the adopted international codes.
iv. After identifying the code deficiencies in each building, we used R.S. Means Cost Works 2021; Unit and Assembly Costs to determine the cost of correcting the identified deficiencies. We were then able to compare the correction costs with the replacement cost of each building to determine if the costs for correcting code deficiencies meet the required 15 percent threshold.

#### FINDING

Two out of two buildings (100 percent) in the proposed TIF District contained code deficiencies exceeding the 15 percent threshold required by Minnesota Statutes, Section 469.174, Subdivision 10(c). Building Code, Condition Deficiency and Context Analysis reports for the building(s) in the proposed TIF District can be found in Appendix B of this report.

### d. SYSTEM CONDITION DEFICIENCIES

i. If a building meets the minimum code deficiency threshold under Minnesota Statutes, Section 469.174, Subdivision 10(c), then for such building to be "structurally substandard" under Minnesota Statutes, Section 469.174, Subdivision 10(b), the building's defects, or deficiencies should be of sufficient total significance to justify "substantial renovation or clearance." Based on this definition, LHB re-evaluated each of the buildings that met the code deficiency threshold under Minnesota Statutes, Section 469.174, Subdivision 10(c), to determine if the total deficiencies warranted "substantial renovation or clearance" based on the criteria we outlined above.

ii. System condition deficiencies are a measurement of defects or substantial deterioration in site elements, structure, exterior envelope, mechanical and electrical components, fire protection and emergency systems, interior partitions, ceilings, floors, and doors.
iii. The evaluation of system condition deficiencies was made by reviewing all available information contained in City records and making interior and exterior inspections of the buildings. LHB only identified system condition deficiencies that were visible upon our inspection of the building or contained in City records. We did not consider the amount of "service life" used up for a particular component unless it was an obvious part of that component's deficiencies.
iv. After identifying the system condition deficiencies in each building, we used our professional judgment to determine if the list of defects or deficiencies is of sufficient total significance to justify "substantial renovation or clearance."

FINDING

In our professional opinion, two out of two buildings (100 percent) in the proposed TIF District are structurally substandard to a degree requiring substantial renovation or clearance, because of defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. This exceeds the 50 percent requirement of Subdivision 10a(1).

## 3. Distribution of Substandard Structures

e. Much of this report has focused on the condition of individual buildings as they relate to requirements identified by Minnesota Statutes, Section 469.174, Subdivision 10. It is also important to look at the distribution of substandard buildings throughout the geographic area of the proposed TIF District (Diagram 3).

FINDING

The parcels with substandard buildings are reasonably distributed compared to all parcels that contain buildings.


Diagram 3 – Substandard Buildings

Shaded yellow area depicts parcels with buildings.
Shaded orange area depicts substandard buildings.

# Part 5: Team Credentials

## Michael A. Fischer, AIA, LEED AP - Project Principal/TIF Analyst

Michael has 38 years of experience as project principal, project manager, project designer and project architect on planning, urban design, educational, commercial, and governmental projects. He has become an expert on Tax Increment Finance District analysis assisting over 125 cities with strategic planning for TIF Districts. He is an Architectural Principal and Vice President at LHB.

Michael completed a two-year Bush Fellowship, studying at MIT and Harvard in 1999, earning master's degrees in City Planning and Real Estate Development from MIT. He has served on more than 50 committees, boards, and community task forces, including a term as a City Council President, Chair of a Metropolitan Planning Organization, and Chair of the Edina Planning Commission. Most recently, he served as a member of the Edina city council and Secretary of the Edina HRA. Michael has also managed and designed several award-winning architectural projects and was one of four architects in the Country to receive the AIA Young Architects Citation in 1997.

## Phil Fisher – Inspector

For 35 years, Phil Fisher worked in the field of Building Operations in Minnesota including White Bear Lake Area Schools. At the University of Minnesota, he earned his Bachelor of Science in Industrial Technology. He is a Certified Playground Safety Inspector, Certified Plant Engineer, and is trained in Minnesota Enterprise Real Properties (MERP) Facility Condition Assessment (FCA). His FCA training was recently applied to the Minnesota Department of Natural Resources Facilities Condition Assessment project involving over 2,000 buildings.

# Appendices

| | |
|---|---|
| APPENDIX A | Property Condition Assessment Summary Sheet |
| APPENDIX B | Building Code, Condition Deficiency and Context Analysis Report |
| APPENDIX C | Building Replacement Cost Report |
| | Code Deficiency Cost Report |
| | Photographs |

# APPENDIX A

Property Condition Assessment Summary Sheet

# South Triangle Redevelopment TIF District

Property Condition Assessment Summary Sheet

South Saint Paul, Minnesota

| TIF Map No. | PID # | Property Address | Improved or Vacant | Survey Method Used | Site Area (S.F.) | Coverage Area of Improvements (S.F.) | Coverage Percent of Improvements | Coverage Quantity (S.F.) | No. of Buildings | Building Replacement Cost | 15% of Replacement Cost | Building Code Deficiencies | No. of Buildings Exceeding 15% Criteria | No. of buildings determined substandard |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A | 36.03800.00.062 | N/A | Vacant | Exterior | 16,226 | 16,226 | 100% | 16,226 | 0 | | | | | |
| B | 36.03800.00.061 | N/A | Vacant | Exterior | 80,348 | 80,348 | 100% | 80,348 | 0 | | | | | |
| C | 36.03800.00.073 | 135 Grand Ave East | Improved | Interior/Exterior | 77,582 | 77,582 | 100% | 77,582 | 1 | $5,320,272 | $798,041 | $1,545,534 | 1 | 1 |
| D | 36.03800.00.072 | 139 Grand Ave East | Improved | Interior/Exterior | 227,009 | 227,009 | 100.0% | 227,009 | 1 | $1,683,212 | $252,482 | $731,504 | 1 | 1 |
| TOTALS | | | | | 401,165 | | | 401,165 | 2 | | | | 2 | 2 |

Total Coverage Percent: 100.0%

Percent of buildings exceeding 15 percent code deficiency threshold: 100.0%

Percent of buildings determined substandard: 100.0%

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# APPENDIX B

Building Code, Condition Deficiency and Context Analysis Report

# South Triangle Redevelopment TIF District

Building Code, Condition Deficiency and Context Analysis Report

## Parcel C — Office and Warehouse Building

| | |
|---|---|
| Address: | 135 Grand Ave East, South St. Paul, Minnesota 55075 |
| Parcel ID: | 36-03800-00-073 |
| Inspection Date(s) & Time(s): | August 12, 2021 1:00 PM |
| Inspection Type: | Interior and Exterior |
| Summary of Deficiencies: | It is our professional opinion that this building is Substandard because:<br>- Substantial renovation is required to correct Conditions found.<br>- Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies. |

| | |
|---|---|
| Estimated Replacement Cost: | $5,320,272 |
| Estimated Cost to Correct Building Code Deficiencies: | $1,545,534 |
| Percentage of Replacement Cost for Building Code Deficiencies: | 29.0% |

### DEFECTS IN STRUCTURAL ELEMENTS

1. None observed.

### COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
    a. There is no code required accessible parking.
    b. There is no code compliant accessible route into the building.
    c. There is no code compliant accessible route to all levels of the building.
    d. Transaction counter is not accessible per code.
    e. Restrooms are not code compliant for accessibility.

2. Light and Ventilation
    a. Electrical transformers are not protected per code.
    b. Lighting does not comply with code.
    c. The HVAC system does not comply with code.

3. Fire Protection/Adequate Egress
    a. Glass doors do not have code required 10-inch kick plates.
    b. Thresholds do not comply with code for maximum height.
    c. Door hardware is not code compliant.
    d. Floor tile is damaged missing creating an impediment to emergency egress which is contrary to code.
    e. Carpeting is damaged creating an impediment to emergency egress which is contrary to code.

f. Concrete flooring is cracked/heaving creating an impediment to emergency egress which is contrary to code.
g. Stairways do not comply with code.
h. There is an unprotected opening on the second floor that is not code compliant.
i. Wall penetrations are not fire caulked per code.
j. There is no code required emergency notification system.
k. The emergency lighting system does not fully comply with code.
l. The smoke detector system is not fully code compliant.
m. The building sprinkler system is not fully code compliant.

4. Layout and Condition of Interior Partitions/Materials
   a. Walls are damaged and should be repaired/repainted.
   b. Ceiling tile is damaged/missing.

5. Exterior Construction
   a. Windows are failing allowing for water intrusion, contrary to code.
   b. Metal roofing material over entrance is damaged and should be repaired.
   c. There is graffiti that should be removed per code.
   d. Exterior brick and mortar are damaged/missing and should be repaired/replaced to prevent water intrusion per code.
   e. Wooden fascia is damaged and should be repaired.
   f. Exterior wood trim is rotting allowing for water intrusion and should be replaced per code.
   g. Exterior surfaces should be repainted.
   h. Caulking is failing/missing and should be replaced to prevent water intrusion per code.
   i. Steel lintels should be protected from rusting per code.
   j. Loading dock is failing and should be repaired/replaced.
   k. Metal doors should be repainted.

## DESCRIPTION OF CODE DEFICIENCIES

1. Code required accessible parking should be created.
2. A code required accessible route into the building should be created.
3. A code required accessible route to all levels should be created.
4. The transaction counter should be modified to comply with accessibility code.
5. The restrooms should be made code compliant.
6. Protect electrical transformers per code.
7. Install code compliant lighting system.
8. Install code compliant HVAC system.
9. Install code required 10-inch kick plates on glass doors.
10. Modify thresholds to comply with code for maximum height.
11. Install code compliant door hardware.
12. Repair/replace damaged/missing floor tile to create an unimpeded means for emergency egress per code.
13. Repair/replaced damaged/missing carpeting to create an unimpeded means for emergency egress per code.

14. Repair cracked/heaving concrete flooring to create an unimpeded means for emergency egress per code.
15. Install code compliant stairways.
16. Protect the open access in the floor from second floor to first floor per code.
17. Install fire caulking in wall and floor penetrations per code.
18. Install code required emergency notification system.
19. Install code compliant smoke detector system.
20. Install code compliant emergency lighting system.
21. Install code compliant building sprinkler system.
22. Replace failed windows to prevent water intrusion per code.
23. Remove graffiti per city code.
24. Repair/replace missing/damaged brick and mortar to prevent water intrusion per code.
25. Replace rotting wood trim to prevent water intrusion per code.
26. Replace failed caulking to prevent water intrusion per code.
27. Protect steel lintels from rusting per code.

## OVERVIEW OF DEFICIENCIES

This building housed an office operation on the first floor and the second floor was used as a warehouse. There is no code compliant parking. There is no code compliant access into the building or to all levels. Windows are failing allowing for water intrusion and should be replaced per code. Exterior brick and mortar is failing allowing for water intrusion which is contrary to code. Door hardware is not code compliant. The transaction counter and restrooms are not code compliant for accessibility. The lighting system is not code compliant. Interior walls should be repaired/repainted. Graffiti should be removed per code. All flooring is damaged/missing creating an impediment to emergency egress which is contrary to code. Life safety systems are not fully code compliant. Stairways are not code compliant. There is an opening between second and first floor that is not protected per code. Steel lintels should be protected from rusting per code.

## ENERGY CODE DEFICIENCIES

In addition to the building code deficiencies listed above, the existing building does not comply with the current energy code. These deficiencies are not included in the estimated costs to correct code deficiencies and are not considered in determining whether the building is substandard:

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# South Triangle Redevelopment TIF District

Building Code, Condition Deficiency and Context Analysis Report

## Parcel D — Twin City Pallet Company

| | |
|---|---|
| Address: | 139 Grand Ave East, South St Paul, Minnesota, 55075 |
| Parcel ID: | 36-03800-00-072 |
| Inspection Date(s) & Time(s): | August 12, 2021 11:00 AM |
| Inspection Type: | Interior and Exterior |
| Summary of Deficiencies: | It is our professional opinion that this building is Substandard because:<br>- Substantial renovation is required to correct Conditions found.<br>- Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies. |

| | |
|---|---|
| Estimated Replacement Cost: | $1,683,212 |
| Estimated Cost to Correct Building Code Deficiencies: | $731,504 |
| Percentage of Replacement Cost for Building Code Deficiencies: | 43.5% |

### DEFECTS IN STRUCTURAL ELEMENTS

1. The wooden beam supporting the elevated offices does not comply with code.
2. The wooden column supporting the elevated offices does not comply with code.

### COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
   a. There is no accessible parking as required per code.
   b. There is no accessible route into the building as required per code.
   c. There is no accessible route to all levels of the building as required per code.
   d. The restrooms are not code compliant.
   e. There is no code required drinking fountain.

2. Light and Ventilation
   a. The lighting system does not comply with code.
   b. The HVAC system does not comply with code.
   c. The electrical wiring system does not comply with code.
   d. Electrical transformer is not protected per code.

3. Fire Protection/Adequate Egress
   a. Door hardware does not comply with code.
   b. Thresholds do not comply with code for maximum height.
   c. Stairways do not comply with code.

d. There is no code required smoke detector system in the building.
e. Emergency lighting does not comply with code.
f. There is no code required emergency notification system in the building.
g. There is no code required building sprinkler system.
h. Wall and floor penetrations are not fire caulked per code.

4. Layout and Condition of Interior Partitions/Materials
    a. All interior surfaces should be repaired/repainted.
    b. Carpeting is stained and should be replaced.

5. Exterior Construction
    a. Wood siding is rotting allowing for water intrusion which is contrary to code.
    b. Exterior surfaces should be repainted.
    c. Wood trim is damaged and should be repaired/replaced.
    d. Windows are failing allowing for water intrusion which is contrary to code.
    e. Metal doors are rusting and should be repainted.
    f. Steel lintels should be protected from rusting per code.
    g. Roofing material has failed allowing for water intrusion which is contrary to code.

## DESCRIPTION OF CODE DEFICIENCIES

1. The wooden column supporting the elevated offices do not comply with code.
2. The wooden beams supporting the elevated offices do not comply with code.
3. There is no code required accessible parking.
4. There is no code required accessible route into the building.
5. There is no code required accessible route to all levels.
6. The restrooms are not code compliant.
7. There is no code required drinking fountain.
8. The lighting system does not comply with code.
9. The HVAC system does not comply with code.
10. The electrical wiring system does not comply with code.
11. The electrical transformer is not protected per code.
12. Door hardware does not comply with code.
13. Thresholds do not comply with code.
14. The stairway does not comply with code.
15. There is no code required smoke detector system.
16. There is no code compliant emergency lighting system in the building.
17. There is no code required emergency notification system in the building.
18. There is no code required building sprinkler system.
19. Wall and floor penetrations are not fire caulked per code.
20. Rotting wood siding should be replaced to prevent water intrusion per code.

21. Windows are failing allowing for water intrusion which is contrary to code.
22. Steel lintels should be protected from rusting per code.
23. Roofing material has failed allowing for water intrusion which is contrary to code.

## OVERVIEW OF DEFICIENCIES

There is no accessible parking as required per code. There is no code required accessible route into the building and to all levels of the building. The restrooms are not code compliant. The stairway is not code compliant. The wooden columns and beams supporting the elevated offices are not code compliant. Carpeting should be replaced. All interior surfaces should be repaired, cleaned, and repainted. There are no code compliant life safety systems in the building. The electrical wiring and lighting systems are not code compliant. The HVAC system is not code compliant. Steel lintels should be protected per code. Rotting wood siding should be replaced to prevent water intrusion per code. Failing windows should be replaced to prevent water intrusion per code. Failed roofing material should be replaced to prevent water intrusion per code.

## ENERGY CODE DEFICIENCIES

In addition to the building code deficiencies listed above, the existing building does not comply with the current energy code. These deficiencies are not included in the estimated costs to correct code deficiencies and are not considered in determining whether the building is substandard:

M:\21Proj\210426\300 Design\Reports\Building Reports\2024 December TIF Report\210426 Parcel D - 139 Grand Ave East Building Report.docx

# APPENDIX C

Building Replacement Cost Report

Code Deficiency Cost Report

Photographs

# South Triangle Redevelopment TIF District

## Replacement Cost Report

**Square Foot Cost Estimate Report** Date: **8/16/2021**

| | |
|---|---|
| Estimate Name: | **135 Grand Ave E** |
| Building Type: | **Office, 2-4 Story with Brick Veneer / Reinforced Concrete** |
| Location: | **SOUTH SAINT PAUL, MN** |
| Story Count: | **2** |
| Story Height (L.F.): | **12.00** |
| Floor Area (S.F.): | **28050** |
| Labor Type: | **OPN** |
| Basement Included: | **No** |
| Data Release: | **Year 2021 Quarter 1** |
| Cost Per Square Foot: | **$189.67** |
| Building Cost: | **$5,320,272.78** |

Costs are derived from a building model with basic components.
Scope differences and market conditions can cause costs to vary significantly.

| | | Quantity | % of Total | Cost Per S.F. | Cost |
|---|---|---|---|---|---|
| **A** | **Substructure** | | **4.72%** | **$7.78** | **$218,228.14** |
| **A1010** | **Standard Foundations** | | | **$4.54** | **$127,391.02** |
| A10101051560 | Foundation wall, CIP, 4' wall height, direct chute, .148 CY/LF, 7.2 PLF, 12" thick | 730 | | $2.28 | $64,063.71 |
| A10101103100 | Strip footing, concrete, reinforced, load 14.8 KLF, soil bearing capacity 6 KSF, 12" deep x 32" wide | 730 | | $1.33 | $37,356.66 |
| A10102107700 | Spread footings, 3000 PSI concrete, load 200K, soil bearing capacity 6 KSF, 6' - 0" square x 20" deep | 28.05 | | $0.93 | $25,970.65 |
| **A1030** | **Slab on Grade** | | | **$3.06** | **$85,815.47** |
| A10301202240 | Slab on grade, 4" thick, non industrial, reinforced | 14025 | | $3.06 | $85,815.47 |
| **A2010** | **Basement Excavation** | | | **$0.18** | **$5,021.65** |
| A20101104560 | Excavate and fill, 10,000 SF, 4' deep, sand, gravel, or common earth, on site storage | 14025 | | $0.18 | $5,021.65 |
| **B** | **Shell** | | **41.52%** | **$68.48** | **$1,920,895.59** |
| **B1010** | **Floor Construction** | | | **$31.79** | **$891,665.73** |
| B10102049913 | Cast-in-place concrete column, 12", square, tied, minimum reinforcing, 150K load, 10'-14' story height, 135 lbs/LF, 4000PSI | 219 | | $0.56 | $15,695.38 |
| B10102049918 | Cast-in-place concrete column, 16", square, tied, minimum reinforcing, 300K load, 10'-14' story height, 240 lbs/LF, 4000PSI | 167.9 | | $0.59 | $16,495.00 |
| B10102154450 | Concrete I beam, precast, 18" x 36", 790 PLF, 25' span, 6.44 KLF superimposed load | 1036.6 | | $13.93 | $390,759.85 |
| B10102642650 | Wood beam and joist floor, 14"x20" girder, 14"x16" beam, 2x10 joists @ 12", 15'x20' bay, 200 PSF LL, 234 PSF total load | 14025 | | $16.71 | $468,715.50 |
| **B2010** | **Exterior Walls** | | | **$25.48** | **$714,741.01** |
| B20101321201 | Brick wall, composite double wythe, standard face/CMU back-up, 8" thick, perlite core fill, 3" XPS | 16352 | | $25.48 | $714,741.01 |
| **B2020** | **Exterior Windows** | | | **$4.85** | **$136,181.23** |
| B20201066550 | Windows, aluminum, awning, insulated glass, 4'-5" x 5'-3" | 177.74 | | $4.85 | $136,181.23 |
| **B2030** | **Exterior Doors** | | | **$1.40** | **$39,137.20** |
| B20301106950 | Door, aluminum & glass, with transom, narrow stile, double door, hardware, 6'-0" x 10'-0" opening | 2.8 | | $0.74 | $20,744.24 |
| B20301107300 | Door, aluminum & glass, with transom, bronze finish, hardware, 3'-0" x 10'-0" opening | 2.8 | | $0.38 | $10,566.35 |
| B20302203450 | Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening | 2.8 | | $0.28 | $7,826.61 |
| **B3010** | **Roof Coverings** | | | **$4.37** | **$122,537.35** |
| B30101203400 | Roofing, single ply membrane, EPDM, 60 mils, loosely laid, stone ballast | 14025 | | $0.98 | $27,419.58 |
| B30103202700 | Insulation, rigid, roof deck, extruded polystyrene, 40 PSI compressive strength, 4" thick, R20 | 14025 | | $2.10 | $58,767.13 |
| B30104201400 | Roof edges, aluminum, duranodic, .050" thick, 6" face | 730 | | $0.78 | $21,747.94 |
| B30104300040 | Flashing, aluminum, no backing sides, .019" | 730 | | $0.15 | $4,248.34 |
| B30106305200 | Gravel stop, aluminum, extruded, 4", duranodic, .050" thick | 730 | | $0.37 | $10,354.36 |

| | | | | | |
|---|---|---|---|---|---|
| **B3020** | **Roof Openings** | | | **$0.59** | **$16,633.07** |
| B30202100300 | Roof hatch, with curb, 1" fiberglass insulation, 2'-6" x 3'-0", galvanized steel, 165 lbs | 5.61 | | $0.27 | $7,541.52 |
| B30202102100 | Smoke hatch, unlabeled, galvanized, 2'-6" x 3', not incl hand winch operator | 5.61 | | $0.32 | $9,091.55 |
| **C** | **Interiors** | | **16.66%** | **$27.48** | **$770,728.18** |
| **C1010** | **Partitions** | | | **$3.05** | **$85,483.42** |
| C10101265400 | Metal partition, 5/8"fire rated gypsum board face, no base,3 -5/8" @ 24" OC framing, same opposite face, no insulation | 7854 | | $1.32 | $36,928.57 |
| C10101265425 | Metal partition, 5/8"fire rated gypsum board face, no base,3 -5/8" @ 24" OC framing, same opposite face, sound attenuation insulation | 3366 | | $0.72 | $20,223.70 |
| C10101280700 | Gypsum board, 1 face only, exterior sheathing, fire resistant, 5/8" | 16352 | | $0.61 | $17,063.64 |
| C10101280960 | Add for the following: taping and finishing | 16352 | | $0.40 | $11,267.51 |
| **C1020** | **Interior Doors** | | | **$5.76** | **$161,707.67** |
| C10201022500 | Door, single leaf, wood frame, 3'-0" x 7'-0" x 1-3/8", birch, solid core | 62.93 | | $1.81 | $50,702.04 |
| C10201022600 | Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8" | 89.9 | | $3.96 | $111,005.63 |
| **C1030** | **Fittings** | | | **$0.28** | **$7,765.45** |
| C10301100420 | Toilet partitions, cubicles, ceiling hung, plastic laminate | 7.01 | | $0.28 | $7,765.45 |
| **C2010** | **Stair Construction** | | | **$4.20** | **$117,852.22** |
| C20101100720 | Stairs, steel, pan tread for conc in-fill, picket rail,12 risers w/ landing | 9.82 | | $4.20 | $117,852.22 |
| **C3010** | **Wall Finishes** | | | **$1.29** | **$36,289.14** |
| C30102300140 | Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats | 22440 | | $0.75 | $20,992.17 |
| C30102300140 | Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats | 16352 | | $0.55 | $15,296.97 |
| **C3020** | **Floor Finishes** | | | **$4.17** | **$116,846.34** |
| C30204100080 | Carpet tile, nylon, fusion bonded, 18" x 18" or 24" x 24", 35 oz | 16830 | | $2.06 | $57,758.37 |
| C30204101600 | Vinyl, composition tile, maximum | 8415 | | $0.93 | $26,106.95 |
| C30204101720 | Tile, ceramic natural clay | 2805 | | $1.18 | $32,981.02 |
| **C3030** | **Ceiling Finishes** | | | **$8.73** | **$244,783.94** |
| C30302106000 | Acoustic ceilings, 3/4" fiberglass board, 24" x 48" tile, tee grid, suspended support | 28050 | | $8.73 | $244,783.94 |
| **D** | **Services** | | **37.10%** | **$61.19** | **$1,716,472.25** |
| **D1010** | **Elevators and Lifts** | | | **$12.09** | **$339,078.50** |
| D10101108900 | Hydraulic passenger elevator, 3000 lb, 3 floors,12' story height, 2 car group,125 FPM | 2.8 | | $12.09 | $339,078.50 |
| **D2010** | **Plumbing Fixtures** | | | **$2.43** | **$68,075.82** |
| D20101102080 | Water closet, vitreous china, bowl only with flush valve, wall hung | 7.01 | | $0.90 | $25,239.92 |
| D20102102000 | Urinal, vitreous china, wall hung | 2.8 | | $0.14 | $4,030.21 |
| D20103101560 | Lavatory w/trim, vanity top, PE on CI, 20" x 18" | 5.61 | | $0.33 | $9,188.00 |
| D20104404340 | Service sink w/trim, PE on CI,wall hung w/rim guard, 24" x 20" | 4.21 | | $0.71 | $20,010.45 |
| D20108201920 | Water cooler, electric, wall hung, wheelchair type, 7.5 GPH | 4.21 | | $0.34 | $9,607.24 |
| **D2020** | **Domestic Water Distribution** | | | **$0.69** | **$19,286.09** |
| D20202501860 | Gas fired water heater, commercial, 100< F rise, 100 MBH input, 91 GPH | 1.4 | | $0.69 | $19,286.09 |
| **D2040** | **Rain Water Drainage** | | | **$0.84** | **$23,549.89** |
| D20402104200 | Roof drain, CI, soil,single hub, 4" diam, 10' high | 5.61 | | $0.45 | $12,684.35 |
| D20402104240 | Roof drain, CI, soil,single hub, 4" diam, for each additional foot add | 219 | | $0.39 | $10,865.54 |
| **D3050** | **Terminal & Package Units** | | | **$17.45** | **$489,417.80** |
| D30501553960 | Rooftop, multizone, air conditioner, offices, 25,000 SF, 79.16 ton | 28050 | | $17.45 | $489,417.80 |
| **D4010** | **Sprinklers** | | | **$3.91** | **$109,707.65** |
| D40104100600 | Wet pipe sprinkler systems, steel, light hazard, 1 floor, 5000 SF | 9537 | | $1.64 | $46,040.92 |
| D40104100720 | Wet pipe sprinkler systems, steel, light hazard, each additional floor, 5000 SF | 18513 | | $1.98 | $55,514.56 |
| D40104108930 | Standard High Rise Accessory Package 3 story | 1.4 | | $0.29 | $8,152.17 |

| | | | | | |
|---|---|---|---|---|---|
| **D4020** | **Standpipes** | | | **$1.19** | **$33,310.43** |
| D40203101540 | Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor | 1.68 | | $0.65 | $18,095.74 |
| D40203101560 | Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, additional floors | 6.31 | | $0.54 | $15,214.69 |
| **D5010** | **Electrical Service/Distribution** | | | **$2.75** | **$77,053.34** |
| D50101200440 | Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 1000 A | 1.25 | | $0.72 | $20,294.66 |
| D50102300440 | Feeder installation 600 V, including RGS conduit and XHHW wire, 1000 A | 100 | | $0.93 | $26,089.20 |
| D50102400320 | Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 1200 A | 1.2 | | $1.09 | $30,669.48 |
| **D5020** | **Lighting and Branch Wiring** | | | **$13.29** | **$372,911.70** |
| D50201100640 | Receptacles incl plate, box, conduit, wire, 16.5 per 1000 SF, 2.0 W per SF, with transformer | 28050 | | $5.15 | $144,393.27 |
| D50201350320 | Miscellaneous power, 1.2 watts | 28050 | | $0.37 | $10,362.79 |
| D50201400280 | Central air conditioning power, 4 watts | 28050 | | $0.73 | $20,376.08 |
| D50201452080 | Motor installation, three phase, 460 V, 15 HP motor size | 2 | | $0.19 | $5,203.90 |
| D50202100520 | Fluorescent fixtures recess mounted in ceiling, 1.6 watt per SF, 40 FC, 10 fixtures @32watt per 1000 SF | 32257.5 | | $6.87 | $192,575.66 |
| **D5030** | **Communications and Security** | | | **$6.56** | **$184,081.03** |
| D50303101020 | Telephone wiring for offices & laboratories, 8 jacks/MSF | 21037.5 | | $1.79 | $50,323.59 |
| D50309100454 | Communication and alarm systems, fire detection, addressable, 50 detectors, includes outlets, boxes, conduit and wire | 1.4 | | $2.18 | $61,238.48 |
| D50309100462 | Fire alarm command center, addressable with voice, excl. wire & conduit | 1.4 | | $0.67 | $18,711.35 |
| D50309200110 | Internet wiring, 8 data/voice outlets per 1000 S.F. | 21.04 | | $1.92 | $53,807.61 |
| **E** | **Equipment & Furnishings** | | **0.00%** | **$0.00** | **$0.00** |
| **E1090** | **Other Equipment** | | | **$0.00** | **$0.00** |
| **F** | **Special Construction** | | **0.00%** | **$0.00** | **$0.00** |
| **G** | **Building Sitework** | | **0.00%** | **$0.00** | **$0.00** |

| | | | |
|---|---|---|---|
| **SubTotal** | **100%** | **$164.93** | **$4,626,324.16** |
| **Contractor Fees (General Conditions,Overhead,Profit)** | **15.0 %** | **$24.74** | **$693,948.62** |
| **Architectural Fees** | **0.0 %** | **$0.00** | **$0.00** |
| **User Fees** | **0.0 %** | **$0.00** | **$0.00** |
| **Total Building Cost** | | **$189.67** | **$5,320,272.78** |

# South Triangle Redevelopment TIF District

## Code Deficiency Cost Report

Parcel C - 135 Grand Ave East, South St Paul, Minnesota 55075 | Office and Warehouse Building
Parcel ID 36-03800-00-073

| Code Related Cost Items | Unit Cost | Units | Unit Quantity | Total |
|---|---|---|---|---|
| **Accessibility Items** | | | | |
| Parking | | | | |
| Create code required accessible parking | $ 100.00 | EA | 2 | $ 200.00 |
| Accessible Route | | | | |
| Create a code required accessible route into the building | $ 500.00 | Lump | 1 | $ 500.00 |
| Create a code required accessible route to all levels in the building | $ 12.09 | SF | 28,050 | $ 339,124.50 |
| Transaction Counter | | | | |
| Modify transaction counter to comply with code | $ 500.00 | Lump | 1 | $ 500.00 |
| Restroom | | | | |
| Modify restroom to comply with code | $ 0.35 | SF | 28,050 | $ 9,817.50 |
| **Structural Elements** | | | | |
| None | | | | $ - |
| **Exiting** | | | | |
| Glass Doors | | | | |
| Install code required 10-inch kick plates on glass doors | $ 100.00 | EA | 6 | $ 600.00 |
| Thresholds | | | | |
| Modify thresholds to comply with code for maximum height | $ 250.00 | EA | 10 | $ 2,500.00 |
| Door Hardware | | | | |
| Install code compliant door hardware | $ 250.00 | EA | 18 | $ 4,500.00 |
| Floor Tile | | | | |
| Repair/replace damaged missing floor tile to comply with code for an unimpeded means for emergency egress | $ 0.93 | SF | 500 | $ 465.00 |
| Carpeting | | | | |
| Repair/replace damaged missing carpeting to comply with code for an unimpeded means for emergency egress | $ 2.06 | SF | 5,000 | $ 10,300.00 |
| Concrete Flooring | | | | |
| Repair/replace damaged missing concrete flooring to comply with code for an unimpeded means for emergency egress | $ 3.06 | SF | 14,025 | $ 42,916.50 |
| Stairways | | | | |
| Install code compliant stairways | $ 4.20 | SF | 28,050 | $ 117,810.00 |
| Open Flooring | | | | |
| Protect open flooring to comply with code | $ 1,500.00 | Lump | 1 | $ 1,500.00 |

| Code Related Cost Items | Unit Cost | Units | Unit Quantity | Total |
|---|---|---|---|---|
| **Fire Protection** | | | | |
| Fire Caulking | | | | |
| Install fire caulking at all floor and wall penetrations per code | $ 500.00 | Lump | 1 | $ 500.00 |
| Emergency Notification System | | | | |
| Install a code required emergency notification system\ | $ 0.67 | SF | 28,050 | $ 18,793.50 |
| Emergency Lighting System | | | | |
| Install a code compliant emergency lighting system | $ 1.00 | SF | 28,050 | $ 28,050.00 |
| Building Sprinkler System | | | | |
| Install a code compliant building sprinkler system | $ 1.98 | SF | 28,050 | $ 55,539.00 |
| Building Smoke Detector System | | | | |
| Install a code compliant smoke detector system | $ 2.18 | SF | 28,050 | $ 61,149.00 |
| **Exterior Construction** | | | | |
| Windows | | | | |
| Replace failed windows to prevent water intrusion per code | $ 4.85 | SF | 28,050 | $ 136,042.50 |
| Graffiti | | | | |
| Remove graffiti per code | $ 500.00 | Lump | 1 | $ 500.00 |
| Brick and Mortar | | | | |
| Repair/replace damaged missing brick/mortar to prevent water intrusion per code | $ 1.00 | SF | 28,050 | $ 28,050.00 |
| Wood Trim | | | | |
| Replace/repair rotting wood trim to prevent water intrusion per code | $ 1,500.00 | Lump | 1 | $ 1,500.00 |
| Caulking | | | | |
| Remove/replace failed missing caulking to prevent water intrusion per code | $ 1,000.00 | Lump | 1 | $ 1,000.00 |
| Steel Lintels | | | | |
| Protect steel lintels from rusting per code | $ 500.00 | Lump | 1 | $ 500.00 |
| **Roof Construction** | | | | |
| None | | | | $ - |
| **Mechanical- Electrical** | | | | |
| Mechanical | | | | |
| Install code compliant HVAC system | $ 17.45 | SF | 28,050 | $ 489,472.50 |
| Electrical | | | | |
| Protect electrical transformer per code | $ 500.00 | EA | 2 | $ 1,000.00 |
| Install code compliant lighting system | $ 6.87 | SF | 28,050 | $ 192,703.50 |
| | | | **Total Code Improvements** | **$ 1,545,534** |

## Energy Code

# South Triangle Redevelopment TIF District | Parcel C

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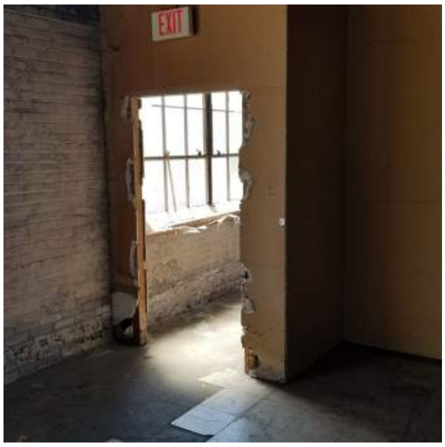


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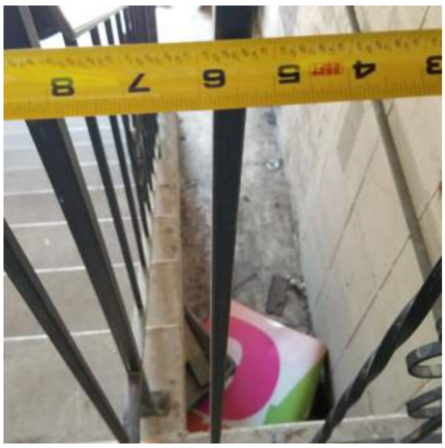

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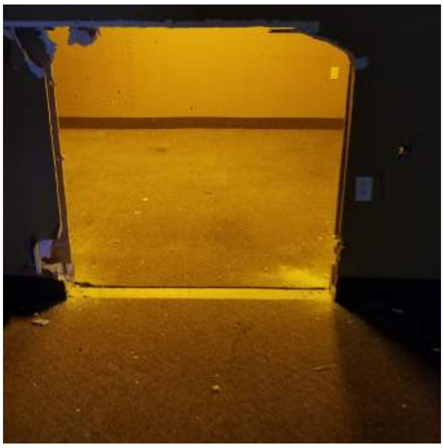

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# South Triangle Redevelopment TIF District | Parcel C

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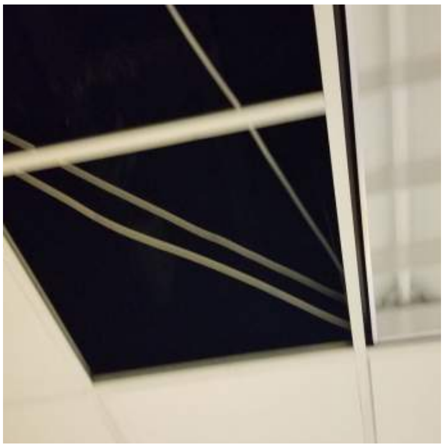
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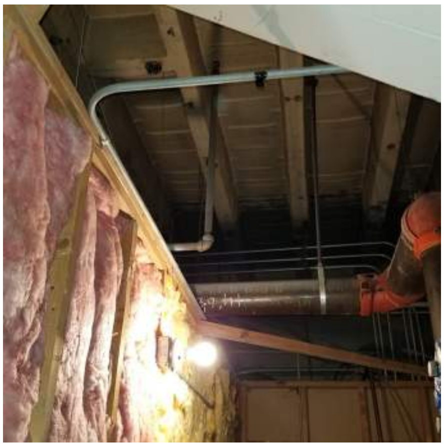
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# South Triangle Redevelopment TIF District | Parcel C


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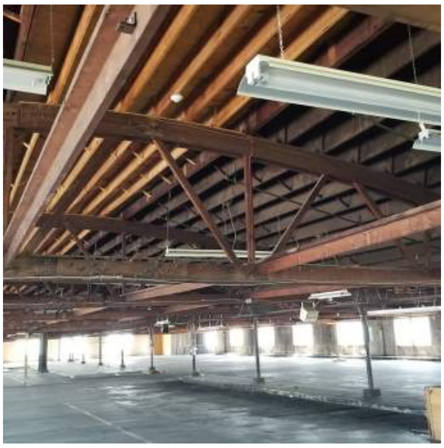
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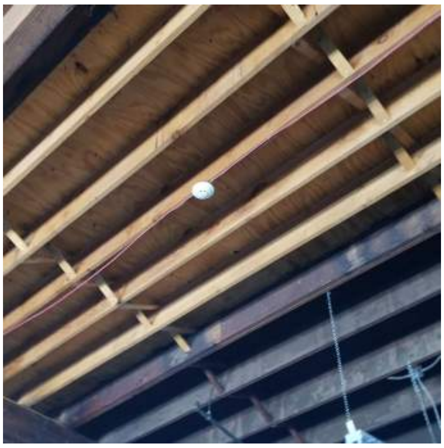
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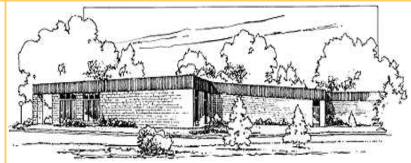
# South Triangle Redevelopment  TIF District

## Replacement Cost Report

| RSMeans data from GORDIAN | Square Foot Cost Estimate Report | Date: | 8/16/2021 |
|---|---|---|---|
| Estimate Name: | 139 Grand Ave E | | |
| Building Type: | Factory, 1 Story with Concrete Block / Bearing Walls | | |
| Location: | SOUTH SAINT PAUL, MN | | |
| Story Count: | 1 | | |
| Story Height (L.F.): | 20.00 | | |
| Floor Area (S.F.): | 12800 | | |
| Labor Type: | OPN | | |
| Basement Included: | No | | |
| Data Release: | Year 2021 Quarter 1 | | |
| Cost Per Square Foot: | $131.50 | | |
| Building Cost: | $1,683,212.47 | | |



Costs are derived from a building model with basic components.
Scope differences and market conditions can cause costs to vary significantly.

| | | Quantity | % of Total | Cost Per S.F. | Cost |
|---|---|---|---|---|---|
| **A** | **Substructure** | | **12.56%** | **$14.37** | **$183,901.36** |
| **A1010** | **Standard Foundations** | | | **$5.98** | **$76,535.98** |
| A10101051560 | Foundation wall, CIP, 4' wall height, direct chute, .148 CY/LF, 7.2 PLF, 12" thick | 547.2 | | $3.75 | $48,021.45 |
| A10101102700 | Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity 6 KSF, 12" deep x 24" wide | 547.2 | | $1.91 | $24,488.02 |
| A10102107200 | Spread footings, 3000 PSI concrete, load 50K, soil bearing capacity 6 KSF, 3' - 0" square x 12" deep | 2.56 | | $0.04 | $521.65 |
| A10102107410 | Spread footings, 3000 PSI concrete, load 100K, soil bearing capacity 6 KSF, 4' - 6" square x 15" deep | 7.68 | | $0.27 | $3,504.86 |
| **A1030** | **Slab on Grade** | | | **$8.19** | **$104,852.10** |
| A10301203400 | Slab on grade, 5" thick, light industrial, reinforced | 12800 | | $8.19 | $104,852.10 |
| **A2010** | **Basement Excavation** | | | **$0.20** | **$2,513.28** |
| A20101105740 | Excavate and fill, 30,000 SF, 4' deep, sand, gravel, or common earth, on site storage | 12800 | | $0.20 | $2,513.28 |
| **B** | **Shell** | | **25.49%** | **$29.15** | **$373,119.81** |
| **B1020** | **Roof Construction** | | | **$9.28** | **$118,791.94** |
| B10201204100 | Roof, steel joists, joist girder, 1.5" 22 ga metal deck, on columns/bearing wall, 40'x40' bay, 40 PSF superimposed load, 40.5" deep, 61 PSF total load | 12800 | | $8.90 | $113,911.04 |
| B10201204150 | Roof, steel joists, joist girder, 1.5" 22 ga metal deck, on columns/bearing wall, 40'x40' bay, 40 PSF superimposed load, 40.5" deep, 61 PSF total load, add for column | 12800 | | $0.38 | $4,880.90 |
| **B2010** | **Exterior Walls** | | | **$5.43** | **$69,528.05** |
| B20101103250 | Concrete block (CMU) wall, lightweight, hollow, 4 x 8 x 16, 85 PCF | 6840 | | $5.43 | $69,528.05 |
| **B2020** | **Exterior Windows** | | | **$4.89** | **$62,560.14** |
| B20201066900 | Windows, aluminum, sliding, insulated glass, 8' x 4' | 71.25 | | $4.89 | $62,560.14 |
| **B2030** | **Exterior Doors** | | | **$1.66** | **$21,200.57** |
| B20301106950 | Door, aluminum & glass, with transom, narrow stile, double door, hardware, 6'-0" x 10'-0" opening | 0.43 | | $0.25 | $3,155.39 |
| B20302203450 | Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening | 4.27 | | $0.93 | $11,905.00 |
| B20302204600 | Door, steel 24 gauge, overhead, sectional, electric operator, 10'-0" x 10'-0" opening | 1.71 | | $0.48 | $6,140.18 |
| **B3010** | **Roof Coverings** | | | **$7.25** | **$92,818.87** |
| B30101051400 | Roofing, asphalt flood coat, gravel, base sheet, 3 plies 15# asphalt felt, mopped | 12800 | | $3.51 | $44,892.54 |
| B30103203090 | Insulation, rigid, roof deck, composite with 2" EPS, 1" perlite | 12800 | | $2.03 | $25,949.95 |
| B30104201400 | Roof edges, aluminum, duranodic, .050" thick, 6" face | 456 | | $1.06 | $13,585.02 |
| B30104300040 | Flashing, aluminum, no backing sides, .019" | 456 | | $0.21 | $2,653.76 |
| B30106305100 | Gravel stop, aluminum, extruded, 4", mill finish, .050" thick | 456 | | $0.45 | $5,737.60 |

| | | | | | |
|---|---|---|---|---|---|
| **B3020** | **Roof Openings** | | | **$0.64** | **$8,220.24** |
| B30202100300 | Roof hatch, with curb, 1" fiberglass insulation, 2'-6" x 3'-0", galvanized steel, 165 lbs | 2 | | $0.21 | $2,688.60 |
| B30202102100 | Smoke hatch, unlabeled, galvanized, 2'-6" x 3', not incl hand winch operator | 3.41 | | $0.43 | $5,531.64 |
| **C** | **Interiors** | | **7.61%** | **$8.71** | **$111,443.20** |
| **C1010** | **Partitions** | | | **$2.00** | **$25,615.97** |
| C10101021300 | Partition, concrete block, 6" thick | 2560 | | $2.00 | $25,615.97 |
| **C1020** | **Interior Doors** | | | **$2.06** | **$26,340.59** |
| C10201022600 | Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8" | 21.33 | | $2.06 | $26,340.59 |
| **C1030** | **Fittings** | | | **$0.84** | **$10,757.57** |
| C10301100460 | Toilet partitions, cubicles, ceiling hung, stainless steel | 8.53 | | $0.84 | $10,757.57 |
| **C3010** | **Wall Finishes** | | | **$2.71** | **$34,741.87** |
| C30102202000 | 2 coats paint on masonry with block filler | 6840 | | $1.91 | $24,509.91 |
| C30102300320 | Painting, masonry or concrete, latex, brushwork, primer & 2 coats | 5120 | | $0.80 | $10,231.96 |
| **C3020** | **Floor Finishes** | | | **$0.31** | **$3,971.11** |
| C30204101600 | Vinyl, composition tile, maximum | 1280 | | $0.31 | $3,971.11 |
| **C3030** | **Ceiling Finishes** | | | **$0.78** | **$10,016.09** |
| C30302107400 | Acoustic ceilings, 3/4"mineral fiber, 12" x 12" tile, concealed 2" bar & channel grid, suspended support | 1280 | | $0.78 | $10,016.09 |
| **D** | **Services** | | **54.33%** | **$62.12** | **$795,198.65** |
| **D1010** | **Elevators and Lifts** | | | **$5.85** | **$74,827.20** |
| D10101102200 | Hydraulic, passenger elevator, 3000 lb, 2 floors, 100 FPM | 1 | | $5.85 | $74,827.20 |
| **D2010** | **Plumbing Fixtures** | | | **$5.84** | **$74,724.09** |
| D20101102080 | Water closet, vitreous china, bowl only with flush valve, wall hung | 8.45 | | $2.38 | $30,406.68 |
| D20102102000 | Urinal, vitreous china, wall hung | 1.41 | | $0.16 | $2,023.01 |
| D20103101600 | Lavatory w/trim, vanity top, PE on CI, 19" x 16" oval | 19.71 | | $2.09 | $26,775.80 |
| D20104101960 | Kitchen sink w/trim, countertop, stainless steel, 33" x 22" double bowl | 0.72 | | $0.13 | $1,721.29 |
| D20104404300 | Service sink w/trim, PE on CI,wall hung w/rim guard, 22" x 18" | 0.72 | | $0.26 | $3,375.35 |
| D20107101680 | Shower, stall, baked enamel, terrazzo receptor, 36" square | 1.41 | | $0.36 | $4,555.51 |
| D20107101840 | Shower, stall, fiberglass 1 piece, three walls, 36" square | 1.41 | | $0.19 | $2,426.03 |
| D20108202080 | Water cooler, electric, floor mounted, dual height, 14.3 GPH | 1.41 | | $0.27 | $3,440.42 |
| **D2020** | **Domestic Water Distribution** | | | **$1.74** | **$22,327.22** |
| D20202501900 | Gas fired water heater, commercial, 100< F rise, 115 MBH input, 110 GPH | 1.69 | | $1.74 | $22,327.22 |
| **D2040** | **Rain Water Drainage** | | | **$2.56** | **$32,807.07** |
| D20402104280 | Roof drain, CI, soil,single hub, 5" diam, 10' high | 8.45 | | $1.80 | $22,988.61 |
| D20402104320 | Roof drain, CI, soil,single hub, 5" diam, for each additional foot add | 175 | | $0.77 | $9,818.46 |
| **D3010** | **Energy Supply** | | | **$10.36** | **$132,546.16** |
| D30105301920 | Commercial building heating systems, terminal unit heaters, forced hot water, 10,000 SF bldg,100,000 CF, total, 2 floors | 14080 | | $10.36 | $132,546.16 |
| **D3030** | **Cooling Generating Systems** | | | **$11.49** | **$147,025.19** |
| D30301102800 | Packaged chiller, air cooled, with fan coil unit, factories, 40,000 SF, 133.33 ton | 14080 | | $11.49 | $147,025.19 |
| **D4010** | **Sprinklers** | | | **$4.47** | **$57,182.08** |
| D40104101100 | Wet pipe sprinkler systems, steel, ordinary hazard, 1 floor, 50,000 SF | 12800 | | $4.47 | $57,182.08 |
| **D4020** | **Standpipes** | | | **$0.72** | **$9,210.80** |
| D40203101580 | Wet standpipe risers, class III, steel, black, sch 40, 6" diam pipe, 1 floor | 0.43 | | $0.57 | $7,329.76 |
| D40203101600 | Wet standpipe risers, class III, steel, black, sch 40, 6" diam pipe, additional floors | 0.43 | | $0.15 | $1,881.04 |
| **D5010** | **Electrical Service/Distribution** | | | **$2.77** | **$35,434.63** |
| D50101200360 | Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 600 A | 1 | | $0.79 | $10,105.45 |
| D50102300360 | Feeder installation 600 V, including RGS conduit and XHHW wire, 600 A | 50 | | $0.64 | $8,170.68 |
| D50102400240 | Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 600 A | 1 | | $1.34 | $17,158.50 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **D5020** | **Lighting and Branch Wiring** | | | | **$14.73** | **$188,517.96** |
| D50201100200 | Receptacles incl plate, box, conduit, wire, 2.5 per 1000 SF, .3 watts per SF | | 12800 | | $2.06 | $26,383.87 |
| D50201350280 | Miscellaneous power, 1 watt | | 12800 | | $0.32 | $4,137.73 |
| D50201400280 | Central air conditioning power, 4 watts | | 12800 | | $0.73 | $9,298.18 |
| D50202281640 | HID fixture, 20' above work plane, 100 FC, type G, 6 fixtures per 1800 SF | | 14080 | | $11.62 | $148,698.18 |
| **D5030** | **Communications and Security** | | | | **$1.61** | **$20,596.25** |
| D50309100454 | Communication and alarm systems, fire detection, addressable, 50 detectors, includes outlets, boxes, conduit and wire | | 0.34 | | $1.16 | $14,903.91 |
| D50309100462 | Fire alarm command center, addressable with voice, excl. wire & conduit | | 0.43 | | $0.44 | $5,692.34 |
| **E** | **Equipment & Furnishings** | | | **0.00%** | **$0.00** | **$0.00** |
| **E1090** | **Other Equipment** | | | | **$0.00** | **$0.00** |
| **F** | **Special Construction** | | | **0.00%** | **$0.00** | **$0.00** |
| **G** | **Building Sitework** | | | **0.00%** | **$0.00** | **$0.00** |

| | | | |
|---|---|---|---|
| **SubTotal** | **100%** | **$114.35** | **$1,463,663.02** |
| **Contractor Fees (General Conditions,Overhead,Profit)** | **15.0 %** | **$17.15** | **$219,549.45** |
| **Architectural Fees** | **0.0 %** | **$0.00** | **$0.00** |
| **User Fees** | **0.0 %** | **$0.00** | **$0.00** |
| **Total Building Cost** | | **$131.50** | **$1,683,212.47** |

# South Triangle Redevelopment TIF District

## Code Deficiency Cost Report

Parcel D - 139 Grand Ave East, South St Paul, Minnesota 55075 — Twin City Pallet Company
Parcel ID 36-03800-00-072

| Code Related Cost Items | Unit Cost | Units | Unit Quantity | Total |
|---|---|---|---|---|
| **Accessibility Items** | | | | |
| Parking | | | | |
| Install accessible parking per code | $ 100.00 | EA | 1 | $ 100.00 |
| Accessible Route | | | | |
| Create accessible route into the building | $ 500.00 | Lump | 1 | $ 500.00 |
| Create accessible route to all levels of the building | $ 5.85 | SF | 12,800 | $ 74,880.00 |
| Restooms | | | | |
| Modify restrooms to comply with code | $ 3.22 | SF | 12,800 | $ 41,216.00 |
| Drinking Fountain | | | | |
| Install code required drinking fountain | $ 0.27 | SF | 12,800 | $ 3,456.00 |
| **Structural Elements** | | | | |
| Wooden Columns | | | | |
| Install wooden columns supporting elevated offices per code | $ 12,000.00 | Lump | 1 | $ 12,000.00 |
| Wooden Beams | | | | |
| Install wooden eams supporting elevated offices per code | $ 5,000.00 | Lump | 1 | $ 5,000.00 |
| Steel Lintels | | | | |
| Protect steel lintels from rusting per code | $ 800.00 | Lump | 1 | $ 800.00 |
| **Exiting** | | | | |
| Door Hardware | | | | |
| Install code compliant door hardware | $ 250.00 | EA | 12 | $ 3,000.00 |
| Thresholds | | | | |
| Modify thresholds to comply with code for maximum height | $ 1,000.00 | Lump | 1 | $ 1,000.00 |
| Stairway | | | | |
| Modify stairway to comply with code | $ 0.75 | SF | 12,800 | $ 9,600.00 |
| **Fire Protection** | | | | |
| Smoke Detector System | | | | |
| Install code required smoke detector system | $ 1.16 | SF | 12,800 | $ 14,848.00 |
| Emergency Lighting System | | | | |
| Install a code required emergency lighting system | $ 0.98 | SF | 12,800 | $ 12,544.00 |
| Emergency Notification System | | | | |
| Install code required emergency notification system | $ 0.44 | SF | 12,800 | $ 5,632.00 |
| Building Sprinkler System | | | | |
| Install code required building sprinkler system | $ 5.19 | SF | 12,800 | $ 66,432.00 |

| Code Related Cost Items | Unit Cost | Units | Unit Quantity | Total |
|---|---|---|---|---|
| Fire Caulking | | | | |
| Install code required fire caulking in wall and floor penetrations | $ 500.00 | Lump | 1 | $ 500.00 |
| **Exterior Construction** | | | | |
| Wood Siding | | | | |
| Repair/replace rotting/damaged wood siding to prevent water intrusion per code | $ 5,000.00 | Lump | 1 | $ 5,000.00 |
| Windows | | | | |
| Replace failed windows to prevent water intrusion per code | $ 4.89 | SF | 12,800 | $ 62,592.00 |
| **Roof Construction** | | | | |
| Roofing Material | | | | |
| Remove failed roofing material | $ 0.25 | SF | 12,800 | $ 3,200.00 |
| Install roofing material to prevent water intrusion per code | $ 7.89 | SF | 12,800 | $ 100,992.00 |
| **Mechanical- Electrical** | | | | |
| Mechanical | | | | |
| Install code compliant HVAC system | $ 10.36 | SF | 12,800 | $ 132,608.00 |
| Electrical | | | | |
| Protect electrical transformer per code | $ 500.00 | Lump | 1 | $ 500.00 |
| Install a code compliant lighting system | $ 11.62 | SF | 12,800 | $ 148,736.00 |
| Install code compliant electrical wiring | $ 2.06 | SF | 12,800 | $ 26,368.00 |
| | | | Total Code Improvements | $ 731,504 |

## Energy Code

# South Triangle Redevelopment TIF District | Parcel D

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# South Triangle Redevelopment TIF District | Parcel D


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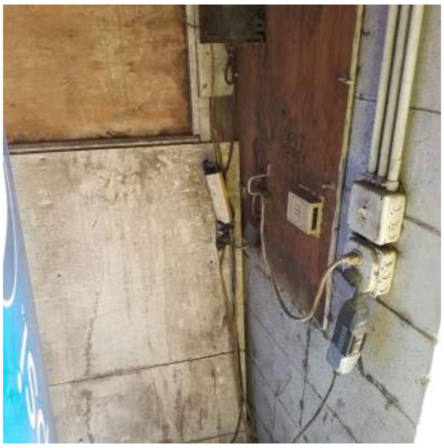

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# South Triangle Redevelopment TIF District | Parcel D

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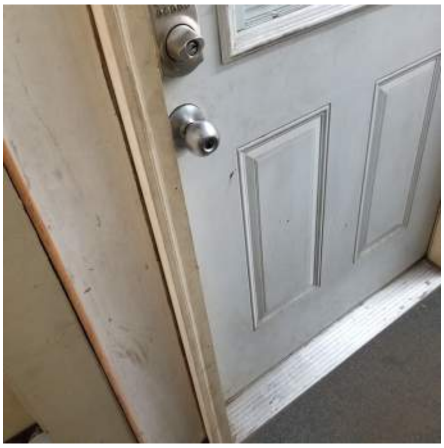

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# South Triangle Redevelopment TIF District | Parcel D


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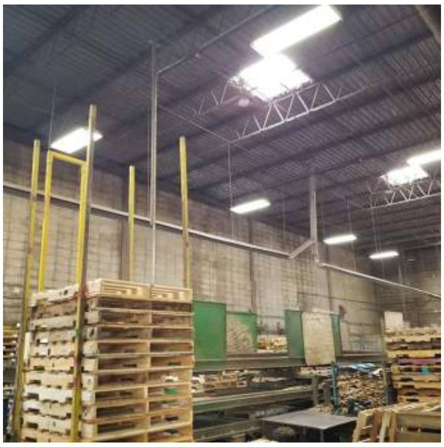

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# South Triangle Redevelopment TIF District | Parcel D

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Prepared by:

701 Washington Avenue North, Suite 200, Minneapolis, MN 55401

LHBcorp.com

LHB Project No. 210426.00

## Appendix E: Resolution Designating Buildings as Structurally Substandard

South St. Paul Economic Development Authority
Dakota County, Minnesota

# RESOLUTION NO. 2021-28

## RESOLUTION FINDING THAT PARCELS ARE OCCUPIED BY STRUCTURALLY SUBSTANDARD BUILDINGS

**WHEREAS,** the South St. Paul Economic Development Authority (the "EDA") is considering the establishment of a new Tax Increment Financing ("TIF") District located generally north of Grand Avenue East, east of Concord Street North, and west and south of Hardman Avenue North, including EDA-owned property with Dakota County Tax Parcel Identification Numbers 36-03800-00-073 and 36-03800-00-072 and located at 135 Grand Avenue East and 139 Grand Avenue East as well as private property with Dakota County Tax Parcel Identification Number 36-03800-00-041 and located at 302 Hardman Avenue North (collectively, "Properties"); and

**WHEREAS,** on the Properties are buildings ("Buildings") consisting of a structure or structures; and

**WHEREAS**, Minnesota Statutes, Section 469.174, Subdivision 10, Clause (d), preserves the right to establish a TIF District which is a "redevelopment district" within three years, if certain findings are made and actions taken; and

**WHEREAS**, such findings and actions do not obligate the EDA to create a Tax Increment Financing District, but preserve the opportunity to do so; and

**WHEREAS,** the EDA engaged LHB, Inc. ("LHB") to independently inspect and evaluate the existing conditions at the Properties and within the Buildings for compliance with Minnesota Statutes regarding establishment of a redevelopment TIF District; and

**WHEREAS,** LHB conducted a physical inspection of the properties and submitted a letter to report its findings dated October 28, 2021.

**NOW THEREFORE BE IT RESOLVED,** by the Board of Commissioners of the South St. Paul Economic Development Authority, as follows:

1. The EDA has engaged LHB to inspect the Properties and the Buildings located on the Properties and to prepare a report as to the Properties and the conditions of the Buildings situated thereupon. A letter of findings from LHB dated October 28, 2021 (the "LHB Findings", Exhibit A), has been presented to and reviewed by the Board of Commissioners. It is expected that one or more of the Buildings located on the Properties will be demolished and removed prior to the creation of the TIF District. It is also expected that the costs of such demolition and removal can and will be financed by the EDA in its current capacity.

2. The Board of Commissioners hereby finds as follows:

   (a) That Properties are "occupied" because more than fifteen percent (15%), specifically between eighty (80%) and ninety-eight (98%) percent of each of the Properties, are occupied by buildings, streets, utilities, or paved or gravel drives or parking lots;
   (b) That three of the three Buildings – equaling one hundred percent (100%) of the Buildings - located on the Properties are structurally substandard within the meaning of Minnesota Statutes, Section 469.174, Subd. 10(b), since they contain defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance;
   (c) That three of the three Buildings – equaling one hundred percent (100%) of the Buildings - located on the Properties are not in compliance with the building code applicable to new buildings and require substantial renovation and could not be modified to satisfy the building code at a cost of less than 15% of the cost of constructing a new structure of the same square footage and type on the Properties;
   (d) That the conditions described in (a), (b), and (c) above are reasonably distributed throughout the geographic area of the proposed TIF District;
   (e) That after demolition and removal of one or more of the buildings on the Properties, the EDA intends to include the Properties within a Redevelopment TIF District. In making the findings under (a) through (d) above, the EDA is relying on the LHB Findings.

Adopted this 1st day of November, 2021.

| | |
|---|---|
| President, James P. Francis | Executive Director, Ryan Garcia |

# EXHIBIT A

# LHB FINDINGS LETTER

PERFORMANCE
DRIVEN DESIGN.
LHBcorp.com

October 28, 2021

Ryan Garcia,
Director of Economic and Community Development
City of South St. Paul
125 3rd Avenue North
South St. Paul, MN 55075

## TIF ANALYSIS FINDINGS FOR 135 AND 139 GRAND AVENUE EAST AND 302 HARDMAN AVENUE NORTH

LHB was hired to inspect two buildings at 135 and 139 Grand Avenue East and one building at 302 Hardman Avenue North in South St. Paul, Minnesota, to determine if they meet the definition of "Substandard" as defined by *Minnesota Statutes, Section 469.174, subdivision 10*. The building parcels may potentially be part of a future Redevelopment TIF District, so will need to be compliant with all the statutes pertaining to a Redevelopment District.

The parcels are located at in a triangular block bounded by Concord Street North, Hardman Avenue North, and Grand Avenue East (see Diagram 1).


*Diagram 1*

## CONCLUSION

After inspecting and evaluating the buildings on August 12, 2021 and applying current statutory criteria for a Redevelopment District under *Minnesota Statutes, Section 469.174, Subdivision 10*, it is our professional opinion that the buildings qualify as substandard.

The remainder of this letter and attachments describe our process and findings in detail.

## MINNESOTA STATUTE 469.174, SUBDIVISION 10 REQUIREMENTS

The properties were inspected in accordance with the following requirements under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, which states:

### INTERIOR INSPECTION

*"The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property..."*

### EXTERIOR INSPECTION AND OTHER MEANS

*"An interior inspection of the property is not required, if the municipality finds that*

*(1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and*

*(2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard."*

### DOCUMENTATION

*"Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3, clause (1)."*

### QUALIFICATION REQUIREMENTS

*Minnesota Statutes, Section 469.174, Subdivision 10 (a) (1)* requires two tests for occupied parcels:

1. **Coverage Test**

   *"...parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or paved or gravel parking lots..."*

   The coverage required by the parcel to be considered occupied is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which states:

   *"For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures."*

   The LHB team reviewed the following parcels:

   **Parcel A (302 Hardman Avenue North)**

   - The parcel is approximately 79,092 square feet and is 80 percent covered by buildings, parking lots or other improvements.

**Parcel B (135 Grand Avenue East)**

- The parcel is approximately 77,582 square feet and is 96 percent covered by buildings, parking lots or other improvements.

**Parcel C (139 Grand Avenue East)**

- The parcel is approximately 227,009 square feet and is 98 percent covered by buildings, parking lots or other improvements.

**Findings**

The parcels are covered by buildings, parking lots or other improvements, exceeding the 15 percent parcel requirement.

2. **Condition of Buildings Test**

*Minnesota Statutes, Section 469.174, Subdivision 10(a)* states:

> *"...and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;"*

Structurally substandard is defined under Minnesota Statutes, Section 469.174, Subdivision 10(b), which states:

> *"For purposes of this subdivision, 'structurally substandard' shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance."*

We do not count energy code deficiencies toward the thresholds required by *Minnesota Statutes, Section 469.174, Subdivision 10(b))* defined as "structurally substandard", due to concerns expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

**Findings**

The three buildings located at 302 Hardman Avenue North, 135 Grand Avenue East, and 139 Grand Avenue East exceed the criteria required to be determined substandard buildings (see the attached Building Code, Condition Deficiency and Context Analysis Reports).

Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in *Subdivision 10(c)* which states:

> *"A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence."*
>
> *"Items of evidence that support such a conclusion [that the building is not disqualified] include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence."*

LHB counts energy code deficiencies toward the 15 percent code threshold required by *Minnesota Statutes, Section 469.174, Subdivision 10(c))* for the following reasons:

- The Minnesota energy code is one of ten building code areas highlighted by the Minnesota Department of Labor and Industry website where minimum construction standards are required by law.

- Chapter 13 of the *2015 Minnesota Building Code* states, "Buildings shall be designed and constructed in accordance with the International Energy Conservation Code." Furthermore, *Minnesota Rules, Chapter 1305.0021 Subpart 9* states, "References to the International Energy Conservation Code in this code mean the Minnesota Energy Code..."
- Chapter 11 of the *2015 Minnesota Residential Code* incorporates *Minnesota Rules, Chapters, 1322 and 1323 Minnesota Energy Code.*
- The Senior Building Code Representative for the Construction Codes and Licensing Division of the Minnesota Department of Labor and Industry confirmed that the Minnesota Energy Code is being enforced throughout the State of Minnesota.
- In a January 2002 report to the Minnesota Legislature, the Management Analysis Division of the Minnesota Department of Administration confirmed that the construction cost of new buildings complying with the Minnesota Energy Code is higher than buildings built prior to the enactment of the code.
- Proper TIF analysis requires a comparison between the replacement value of a new building built under current code standards with the repairs that would be necessary to bring the existing building up to current code standards. For an equal comparison to be made, all applicable code chapters should be applied to both scenarios. Since current construction estimating software automatically applies the construction cost of complying with the Minnesota Energy Code, energy code deficiencies should also be identified in the existing structures.

**Findings**
The buildings have code deficiencies exceeding the 15 percent building code deficiency criteria required to be determined substandard (see the attached Building Code, Condition Deficiency and Context Analysis Reports).

## TEAM CREDENTIALS

### MICHAEL A. FISCHER, AIA, LEED AP - PROJECT PRINCIPAL/TIF ANALYST

Michael has 33 years of experience as project principal, project manager, project designer and project architect on planning, urban design, educational, commercial, and governmental projects. He has become an expert on Tax Increment Finance District analysis assisting over 130 cities with strategic planning for TIF Districts. He is an Architectural Principal at LHB and currently leads the Minneapolis office.

Michael completed a two-year Bush Fellowship, studying at MIT and Harvard in 1999, earning Masters degrees in City Planning and Real Estate Development from MIT. He has served on more than 50 committees, boards, and community task forces, including a term as a City Council President and as Chair of a Metropolitan Planning Organization while living in the Duluth/Superior area. He served as Chair of the Edina, Minnesota planning commission and most recently served a four-year term on the Edina city council. Michael has also managed and designed several award-winning architectural projects, and was one of four architects in the Country to receive the AIA Young Architects Citation in 1997.

### PHIL FISHER – INSPECTOR

For 35 years, Phil Fisher worked in the field of Building Operations in Minnesota including White Bear Lake Area Schools. At the University of Minnesota he earned his Bachelor of Science in Industrial Technology. He is a Certified Playground Safety Inspector, Certified Plant Engineer, and is trained in Minnesota Enterprise Real Properties (MERP) Facility Condition Assessment (FCA). His FCA training was recently applied to the Minnesota Department of Natural Resources Facilities Condition Assessment project involving over 2,000 buildings.

## ATTACHMENTS

We have attached a Building Code, Condition Deficiency and Context Analysis Report, Replacement Cost Report, Code Deficiency Report, and thumbnail photo sheets of the building.

Please contact me at (612) 752-6920 if you have any questions.

LHB, INC.

MAFischer

MICHAEL A. FISCHER, AIA, LEED AP

c: LHB Project No. 210426.00

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# Hardman Triangle Redevelopment TIF District

Building Code, Condition Deficiency and Context Analysis Report

| **Parcel A** | **Quality Service Corp.** |
|---|---|
| Address: | 302 Hardman Ave North, South St Paul, Minnesota 55075 |
| Parcel ID: | 36-03800-00-041 |
| Inspection Date(s) & Time(s): | August 12, 2021 10:00 am |
| Inspection Type: | Interior and Exterior |
| Summary of Deficiencies: | It is our professional opinion that this building is Substandard because:<br>- Substantial renovation is required to correct Conditions found.<br>- Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies. |

| | |
|---|---|
| Estimated Replacement Cost: | $633,854 |
| Estimated Cost to Correct Building Code Deficiencies: | $153,369 |
| Percentage of Replacement Cost for Building Code Deficiencies: | 24.2% |

### DEFECTS IN STRUCTURAL ELEMENTS

1. Steel lintels should be protected from rusting per code.

### COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
   a. The restroom does not comply with accessibility code.
   b. There is no code required accessible route into the building
   c. There is no code required accessible route to all levels of the building.

2. Light and Ventilation
   a. Exterior lighting is damaged and should be repaired.

3. Fire Protection/Adequate Egress
   a. Thresholds do not comply with code for maximum height.
   b. Emergency lighting does not comply with code.
   c. There are no code required smoke detectors.
   d. There is no code required emergency notification system.
   e. There is no code required building sprinkler system.
   f. Concrete flooring is damaged creating an impediment to emergency egress which is contrary to code.
   g. Stairway is not code compliant.
   h. Door hardware does not comply with code.

4. Layout and Condition of Interior Partitions/Materials
    a. Carpeting is damaged/stained and should be replaced.
    b. Interior walls should be repainted.

5. Exterior Construction
    a. Windows are failing allowing for water intrusion which is contrary to code.
    b. Exterior concrete surfaces should be repainted.
    c. Exterior metal doors should be repainted.
    d. Caulking is failing allowing for water intrusion which is contrary to code.
    e. Concrete block is cracked allowing for water intrusion which is contrary to code.
    f. Exterior metal doors are rusting and should be repainted.

## DESCRIPTION OF CODE DEFICIENCIES

1. Steel lintels should be protected from rusting per code.
2. Restroom should be modified to comply with accessibility code.
3. A code required accessible route into the building should be created.
4. A code required accessible route to all levels of the building should be created.
5. Thresholds do not comply with code for maximum height.
6. Emergency lighting does not comply with code.
7. There is no code required emergency notification system.
8. There are no code required smoke detectors.
9. There is no code required building sprinkler system.
10. Damaged concrete flooring should be repaired to create an unimpeded means for emergency egress.
11. Stairway does not comply with code.
12. Door hardware does not comply with code.
13. Failing windows should be replaced to prevent water intrusion per code.
14. Cracked concrete block should be repaired/replaced to prevent water intrusion per code.
15. Failed caulking should be replaced to prevent water intrusion per code.

## OVERVIEW OF DEFICIENCIES

This 1980 building is currently used as a large vehicle repair shop. There is no code compliant accessible route into the building and to each level. Door hardware does not comply with code. Concrete flooring is damaged creating an impediment to emergency egress which is contrary to code. The interior and exterior block walls should be repainted. Windows are failing allowing for water intrusion which is contrary to code. The steel lintels should be protected from rusting per code. The stairway does not comply with code. The restroom is not code compliant. Failed caulking and concrete block should be replaced to prevent water intrusion per code. Life safety systems should be installed per code.

## ENERGY CODE DEFICIENCIES

In addition to the building code deficiencies listed above, the existing building does not comply with the current energy code. These deficiencies are not included in the estimated costs to correct code deficiencies and are not considered in determining whether the building is substandard:

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## SOUTH ST. PAUL ECONOMIC DEVELOPMENT AUTHORITY

## RESOLUTION NO. 2025 - 1

**A RESOLUTION ADOPTING MODIFICATION TO THE REDEVELOPMENT PLAN FOR THE CONCORD STREET REDEVELOPMENT PROJECT AREA AND A TAX INCREMENT FINANCING PLAN FOR SOUTH TRIANGLE TAX INCREMENT FINANCING DISTRICT**

BE IT RESOLVED by the South St. Paul Economic Development Authority as follows:

Section 1. Recitals.

1.01. In 2009, the South St. Paul Housing and Redevelopment Authority (the "HRA") and the City of South St. Paul (the "City") established the Concord Street Redevelopment Project Area (the "Redevelopment Project") and adopted a Redevelopment Plan (the "Redevelopment Plan") related thereto.

1.02. In 2015, the City created the South St. Paul Economic Development Authority (the "EDA"). The EDA is the successor to the HRA and now exercises authority over the Redevelopment Project.

1.03. The EDA's goals include recognizing the practical impediments to development and redevelopment within the Redevelopment Project and offering public assistance for projects which advance its goals.

1.04. In response to a proposal to redevelop a site within the Redevelopment Project with a mixed-use development including residential and commercial buildings, the EDA authorized the preparation of a modification of the Redevelopment Plan and a tax increment financing plan (the "TIF Plan") for the South Triangle Tax Increment Financing District (the "TIF District"), which are contained in a document entitled "Modification to the Redevelopment Plan, Concord Street Redevelopment Project Area and Tax Increment Financing Plan, South Triangle Tax Increment Financing District (a redevelopment district)" and which is on file with the EDA.

Section 2. Authority Approval.

2.01. Copies of the modified Redevelopment Plan and the TIF Plan were transmitted to the board of Special School District No. 6 (South St. Paul Public Schools) and the board of commissioners of Dakota County for review and comment and said public bodies were notified of the public hearing to be held on the modified Redevelopment Plan and TIF Plan by the City on February 3, 2025.

2.02. The EDA finds that its objectives of encouraging development and redevelopment within the Redevelopment Project Area will be advanced by adoption of the modified Redevelopment Plan and the TIF Plan.

2.03. The EDA also finds that the modified Redevelopment Plan and the TIF Plan are consistent with the City's comprehensive plan.

2.04. The modified Redevelopment Plan and the TIF Plan are hereby adopted.

Section 3. Further Proceedings.

3.01. The EDA requests that the City hold a public hearing on the modified Redevelopment Plan and the TIF Plan pursuant to Minnesota Statutes, section 469.175 and recommends that the modified Redevelopment Plan and TIF Plan be approved by the City.

3.02. Upon approval of the modified Redevelopment Plan and the TIF Plan by the City, the EDA's Executive Director is authorized and directed to request that the original tax capacity of the parcels within the TIF District be certified to the EDA by Dakota County and to file the Plans with the Minnesota Department of Revenue and the Office of the State Auditor.

Dated: February 3, 2025

______________________________
James P. Francis, President

ATTEST:

______________________________
Ryan Garcia, Executive Director

**SOUTH ST. PAUL ECONOMIC DEVELOPMENT AUTHORITY**

**RESOLUTION 2025 – 02**

**RESOLUTION AUTHORIZING INTERFUND LOAN FOR ADVANCE OF CERTAIN COSTS IN CONNECTION WITH THE SOUTH TRIANGLE TAX INCREMENT FINANCING DISTRICT**

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

Section 1. Background.

1.01. The EDA has established the South Triangle Tax Increment Financing District (the "TIF District") pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the "TIF Act").

1.02. The EDA has or will incur certain costs (the "Preliminary Costs") related to the TIF District prior to such time as tax increment will be available to pay for such costs.

1.03. Pursuant to Section 469.178, subdivision 7 of the TIF Act, the EDA is authorized to advance or loan money from its general fund or any other fund from which such advances may be legally authorized to finance the Preliminary Costs.

1.04. The EDA will loan funds from its general fund (the "General Fund") or any other fund designated by the EDA's Executive Director to finance the Preliminary Costs (the "Interfund Loan") in accordance with the terms of this resolution.

Section 2. Interfund Loan Authorized.

2.01. The EDA hereby authorizes the advance of up to $500,000 from the General Fund or other funds or so much thereof as may be required to pay the Preliminary Costs. The EDA shall reimburse itself for such advances together with interest at the rate stated below. Interest accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 and Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate shall be 5.0 percent and will not fluctuate.

2.02. Principal and interest (the "Payments") on the Interfund Loan shall be paid semiannually on each February 1 and August 1 (each a "Payment Date"), commencing on the first Payment Date on which the EDA has Available Tax Increment (defined below), or on any other dates determined by the EDA's Executive Director, through the date of last receipt of tax increment from the TIF District.

2.03. Payments on the Interfund Loan are payable solely from Available Tax Increment, which shall mean, on each Payment Date, tax increment available after other obligations of the

TIF District have been paid, or as determined by the EDA's Executive Director, generated in the preceding six months with respect to the property within the TIF District and remitted to the EDA by Dakota County, Minnesota, all in accordance with the TIF Act. Payments shall be applied first to accrued interest, and then to unpaid principal. Payments on the Interfund Loan may be subordinated to any outstanding or future bonds or notes issued by the EDA and secured in whole or in part with tax increment from the TIF District.

2.04. The principal sum and all accrued interest payable under the Interfund Loan are prepayable in whole or in part at any time by the EDA without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under the Interfund Loan.

2.05. The Interfund Loan is evidence of an internal borrowing by the EDA in accordance with Section 469.178, subdivision 7 of the TIF Act, and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. The Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the EDA or the city of South St. Paul. Neither the State of Minnesota nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on the Interfund Loan or other costs incident hereto. The EDA shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the final Payment Date.

2.06. The EDA may at any time make a determination to forgive the outstanding principal amount and accrued interest on the Interfund Loan to the extent permissible under law.

2.07. The EDA may from time to time amend the terms of this resolution to the extent permitted by law, including without limitation amendment to the payment schedule and the interest rate; provided, however, that the interest rate may not be increased above the maximum specified in Section 469.178, subdivision 7 of the TIF Act.

2.08. The EDA officials and consultants are hereby authorized and directed to execute any documents or take any actions necessary or convenient to carry out the intent of this resolution.

Section 3. Effective Date. This resolution is effective upon approval.

Adopted by the Board of Commissioners of the South St. Paul Economic Development Authority this 3rd day of February, 2025.

____________________________________

James P. Francis, President

ATTEST:

____________________________________

Ryan Garcia, Executive Director

# ECONOMIC DEVELOPMENT AUTHORITY AGENDA REPORT

| | |
|---|---|
| **DATE:** | February 3, 2025 |
| **DEPARTMENT:** | Economic Development |
| **PREPARED BY:** | Ryan Garcia |
| **AGENDA ITEM NUMBER:** | 5.B. |

**MEETING TYPE**
Regular Meeting

**AGENDA ITEM**
Approval of a Subgrant Agreement with Danner Family Limited Partnership, Resolution 2025-3

**ACTION TO BE CONSIDERED OR DESIRED OUTCOME**
Motion to adopt Resolution 2025 - 3.

**OVERVIEW**
In January 2025, the EDA was awarded a $44,400 grant through the Metropolitan Council's ("Met Council") "Tax Base Revitalization Account Contamination Cleanup Site Investigation Grant" program for the purposes of aiding in the redevelopment of the property located at 843 Hardman Avenue South. The grant program functions as a reimbursement program for eligible environmental site investigation costs – borne by either the City (as applicant) or a developer (as a "subgrantee") – and in this case is targeted at completing Phase I and Phase II Environmental Site Assessments, preparation of Response Action Plan(s), and environmental oversight and reporting at this approximately 30-acre site to identify environmental conditions that may impede its development prospects.

In recent months, Danner Family Limited Partnership/Danner, Inc. has assembled a development team and engaged City Staff in an effort to work towards the redevelopment of the site, which the developer proposes to develop for office-warehouse development of between 300,000 - 400,000 square feet total. The developer is seeking to leverage the grant funds to offset some of the costs associated with their necessary due diligence to identify and plan for the management of environmental conditions that may be present at the site.

The attached agreement has been drafted as a "Subgrant Agreement" which effectively commits the developer to proceeding with the cleanup activities and meeting all other applicable provisions of the EDA's contract with the Met Council. EDA staff will administer the grant, effectively acting as a "pass-through" agent for the grant funding.

**SOURCE OF FUNDS**
All funds related to this agreement will be derived from the 2024 Contamination Cleanup Grant award. Any matching funds will be the responsibility of the developer, not the EDA or the City, per the terms of the Agreement.

**ATTACHMENTS**

1. Resolution 2025-03
2. Wakota Crossing Subgrant Agreement
3. 843 Hardman Site Map

South St. Paul Economic Development Authority
Dakota County, Minnesota

# RESOLUTION NO. 2025 - 3

## RESOLUTION APPROVING A SUBGRANT AGREEMENT WITH DANNER FAMILY LIMITED PARTNERSHIP.

**WHEREAS,** the South St. Paul Economic Development Authority (the "EDA") applied for and was awarded a Tax Base Revitalization Account Contamination Cleanup Site Investigation Grant ("Grant") from the Metropolitan Council, through its Livable Communities Program ("Met Council") in the amount of forty-four thousand and four hundred dollars ($44,400) ("Grant Award"), with such Grant to be used for the purposes of aiding in the investigation of known or suspected environmental soil and groundwater contamination and soil vapors in property at 843 Hardman Avenue South, pursuant to an executed Metropolitan Livable Communities Act Grant Agreement ("Grant Agreement"); and

**WHEREAS,** the Grant Agreement authorizes the EDA to utilize the funding for "Phase I and Phase II Environmental Site Assessments (ESA), Response Action Plan (RAP) and related environmental oversight" for a proposed private redevelopment project at the property located at 843 Verderosa Avenue ("Property"); and

**WHEREAS,** Danner Family Limited Partnership ("Developer") is the owner of the Property and intends to redevelop some or all of the Property for industrial uses consistent with the City's Comprehensive Plan; and

**WHEREAS,** the Developer has agreed to the terms of a Subgrant Agreement ("Agreement"), attached hereto as Exhibit A, which provides financial assistance to the Developer for the purposes of undertaking environmental investigations and assessments at the Property, and commits the Developer to committing any and all matching funds required in accordance with the terms of the Grant Agreement.

**NOW, THEREFORE, BE IT RESOLVED** that the EDA hereby approves of the Agreement with the Developer, with such grant funds being derived from the proceeds of a 2025 Contamination Cleanup Site Investigation Grant awarded by Met Council and subject to the Grant Agreement thereof.

**BE IT FURTHER RESOLVED**, that the EDA Executive Director, or his/her designee, is hereby authorized to execute the Agreement, substantially in the form of Exhibit A attached hereto, with Danner Family Limited Partnership for the expenditure of granted funds, subject to the provision of the local matching amount by Danner Family Limited Partnership.

Adopted this 3rd day of February, 2025.

| | |
|---|---|
| ______________________________ | ______________________________ |
| James P. Francis<br>President | Ryan Garcia<br>Executive Director |

**SUB-RECIPIENT FUNDING AGREEMENT**
**VERDEROSA AVENUE PROJECT**
**METROPOLITAN COUNCIL TAX BASE REVITALIZATION ACCOUNT**
**SITE INVESTIGATION GRANT NO. XXXXXXX**
(South St. Paul, MN)

**THIS AGREEMENT** (**Agreement**) is entered into as of February 3, 2025, by and between **Danner Limited Family Partnership,** a Minnesota Limited Partnership (**Subgrantee**), and the **South St. Paul Economic Development Authority**, a public body corporate and politic organized and existing under the laws of the State of Minnesota (**EDA)**

## RECITALS

**WHEREAS**, in cooperation with the Subgrantee, the EDA applied for and was awarded a Tax Base Revitalization Account Site Investigation Grant (**Investigation Grant**) from the Metropolitan Council, acting through the Livable Communities Program (**MC-LC)** in the amount of forty-four thousand four hundred and no/100ths dollars ($44,400.00) (**Grant Amount**) to be used for the purposes specified in the EDA's Grant Application (**Project**) pursuant to the terms and requirements of the Investigation Grant Contract (**Grant Contract**) between MC-LC and the EDA; and

**WHEREAS,** the EDA desires to award proceeds of the Investigation Grant in the amount of forty-four thousand four hundred and no/100ths dollars ($44,400.00) (**Subgrant**) to be used for the Project pursuant to the terms and requirements of the Grant Contract to assist the Subgrantee with the investigation of the site on the real property described on the attached **Exhibit A** (**Property)** by funding a portion of the costs of the Wakota Crossing Project identified in the Investigation Grant Application and Agreement to MC-LC described below (**Project**); and

**WHEREAS**, it shall be the exclusive responsibility of the Subgrantee to provide any and all funds constituting the required local match (**Match Funds**) under the Grant Contract, and any amendments thereto, toward the total Project costs. In the event that the Subgrantee, the EDA, or the City of South St. Paul apply for and are successful in attaining additional grant funds for the Project, such additional grant funds may be utilized, in the sole discretion of the EDA or the City of South St. Paul, by Subgrantee as part of its required Match Funds for purposes of the Grant Contract.

**NOW THEREFORE,** for good and valuable consideration, the receipt of which is acknowledged, and in consideration of the covenants and agreements made herein, the parties agree as follows:

1. **Award**. Subject to the terms of this Agreement, the EDA awards the Subgrant to Subgrantee for the activities described in the Grant Contract entered into as of January xx, 2025 by the EDA and the MC-LC and attached hereto as **Exhibit B** and the Investigation Grant Application to MC-LC submitted on November 1, 2024 attached hereto as **Exhibit C**, both of which are incorporated into this Agreement (**Documents**). In the event of a conflict between the Grant Contract, this Agreement and the Grant Application, the documents shall be deemed to be

controlling in the following order: 1) the Grant Contract 2) this Agreement, and 3) the Grant Application. The Subgrant and Match Funds must be used exclusively to pay or reimburse only expenses authorized under the Grant Contract. Administrative costs incurred by the Subgrantee are not eligible for reimbursement under this Agreement. Notwithstanding anything to the contrary, the Subgrantee understands and agrees that any reduction or termination of the Investigation Grant will result in a like reduction or termination of the Subgrant, and that any material change in the timeline or scope of the Project as set forth in the Documents must be approved in writing by the EDA and MC-LC.

2. **Performance.** The Subgrantee must comply with all requirements applicable to the EDA in the Grant Contract. Any action or inaction of Subgrantee which could result in a default under the Grant Contract will constitute noncompliance with this Agreement. If the EDA finds that there has been a failure to comply with the provisions of this Agreement or that reasonable progress on the Project has not been or will not be made, the EDA may take action to protect its interests, including refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed. If action to correct substandard performance is not taken by the Subgrantee within thirty (30) calendar days, or such longer period specified by the EDA's Executive Director ("Director") after written notice by the EDA, the EDA may terminate this agreement.

3. **Time of Performance.** Subgrantee must complete the components of the Project for which the Subgrant proceeds will be used on or before June 30, 2026. In order to ensure that all funds are drawn prior to the Grant Contract term end date, all payment requests from the Subgrantee to the EDA must be received by the EDA at least thirty (30) days prior to said term end date and a Payment Request as outlined in Section 4.2 . The EDA is not obligated to provide funds for any Project costs incurred after that date or any earlier termination date, whichever occurs first.

4. **Conditions Precedent to Disbursement.** Subgrantee acknowledges that the sole source of the Subgrant funds is the Grant Amount from MC-LC and that the EDA is not obligated to commit any additional funds to the Project. The following requirements are conditions precedent to the EDA's disbursement of any of the Subgrant proceeds to Subgrantee.

4.1. The Subgrantee must have provided evidence satisfactory to the Director showing that Subgrantee has title in fee simple and site control of the Property.

4.2 The Subgrantee must have provided to the Director such evidence of compliance with all of the provisions of this Agreement and the Grant Contract as the EDA may reasonably request.

5. **Disbursement**. It is expressly agreed and understood that the total amount to be disbursed to Subgrantee by the EDA under this Agreement shall not exceed forty-four thousand four hundred and no/100ths dollars ($44,400.00). The EDA will make disbursements only upon receipt of a written disbursement request in the form provided by MC-LC (**Disbursement Request**) and all necessary supporting invoices from Subgrantee acceptable to the EDA and MC-LC. Payment requests must be accompanied by invoices supporting the reimbursement of the Subgrantee for the Approved Project Costs shown in Section 4.1 of the Grant Contract in the amount approved in Section 4.1(b) of the and such other documentation related thereto as shall

be reasonably requested by the Director. The EDA will, upon its approval of a Disbursement Request, forward the same to MC-LC for approval. Upon MC-LC approval of the Disbursement Request and receipt by the EDA of the approved amounts of Investigation Grant funds, the EDA will disburse the approved amount of Subgrant funds in accordance with the information provided in the Disbursement Request. In order to ensure that all funds are drawn prior to the EDA's Investigation Grant Contract term end date, all payment requests must be received at least forty-five (45) days prior to said term end date. The Subgrant dollars are grant funds only and cannot be used, treated or converted into any type of loan.

6. **Notices**. Communication and details concerning this Agreement must be directed to the following Agreement representatives:

**If to Subgrantee:**
Danner Family Limited Partnership
843 Hardman Ave. S, Suite 1
South St. Paul, MN 55075
Attn: Bryan Chirhart

**If to EDA**
South St. Paul Economic Development Authority
125 Third Avenue North
South St. Paul, Minnesota 55075
Attn: Executive Director

7. **General Conditions**.

7.1 **General Compliance**. The Subgrantee agrees to comply with all applicable federal, state, county, and local laws and regulations governing the Project and Subgrant funds provided under this Agreement, including without limitation all applicable OSHA regulations, especially the federal Hazardous Waste Operations and Emergency Response Standards (29 C.F.R. 1910.120 and 29 C.F.R. 1926.65), Minnesota Statutes §§ 116J.551-.559, and all federal Davis-Bacon Act and related act requirements.

7.2 **Subcontracts**. The Subgrantee shall require that contractors performing work being paid with the Subgrant funds comply with all applicable federal, state, and local laws and regulations governing the Project. Subgrantee shall require that contractors performing work being paid with the Subgrantee funds be in compliance with all applicable OSHA regulations, especially the Federal Hazardous Waste Operations and Emergency Response Standards (29 C.F.R. 1910.120 and 29 C.F.R. 1926.65).

7.3 **Termination**. In the event the Grant Contract is terminated, this Agreement shall contemporaneously terminate. Upon termination, Subgrantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed from any available Investigation Grant funds.

7.4 **Independent Contractor**. Nothing contained in this Agreement is intended to, or may be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. The Subgrantee will at all times remain an independent contractor with respect to the services to be performed under this Agreement. The EDA is exempt from payment of all unemployment compensation, FICA, retirement, life and/or medical insurance and workers' compensation insurance because the Subgrantee is an independent contractor.

7.5 **Indemnification and Hold Harmless**. The Subgrantee shall hold harmless, defend and indemnify the EDA and MC-LC from any and all liability, claims, actions, suits, charges, damages, losses, costs, expenses, and judgments whatsoever, including reasonable attorneys' fees, that arise directly or indirectly out of the Subgrantee's, its contractor's, or subcontractors' performance or nonperformance under this Agreement. Claims included in this indemnification include any claims asserted pursuant to the Minnesota Environmental Response and Liability Act (MERLA), Minnesota Statutes, Chapter 115B; the Federal Comprehensive Environmental Response Compensation and Liability Act of 1980 (CERCLA) as amended, United States Code Title 42, Sections 99601 et. seq.; and the Federal Resource Conservation and Recovery Act of 1976 (RCRA) as amended, United States Code Title 42, Sections 6901 et. seq.

7.6 **Redevelopment of Site.** Subgrantee shall redevelop the Property as proposed in the Grant Application and any material change in the development plans for the Property must be presented to and approved by MC-LC.

8. **Insurance**.

8.1 **Insurance Required**. During the term of this Agreement, Subgrantee and its contractors and subcontractors rendering services being paid with funds from this Agreement shall procure and maintain Public Liability and Automobile Liability Insurance written on an "occurrence" basis under a Comprehensive General Liability Form with "Broad Form" property damage liability coverage, with XCU exclusion removed, in limits of not less than $1,500,000 per occurrence for personal injury, bodily injury and death, and limits of $1,500,00 for property damage liability, and twice the limits provided when a claim arises out of the release or threatened release of a hazardous substance. If per person limits are specified, they shall be for not less than $1,500,000 per person and be for the same coverages. Coverages of Subgrantee and its contractors/subcontractors shall include:

a. Public liability including premises and operations coverage;
b. Independent contractors' protective contingent liability;
c. Personal injury;
d. Owned, non-owned, and hired vehicles;
e. Contractual liability covering customary construction contract and subcontract indemnity provisions;
f. Products-completed operations; and
g. Workers' Compensation coverage in required statutory limits. Policy shall carry an "all states" endorsement.

8.2 **Subgrantee Insurance Policies**. All insurance required in this Section shall be obtained and continuously maintained in responsible insurance companies organized under the laws of the United States and licensed to do business in Minnesota. The EDA shall be named as an additional insured under the Public Liability and Automobile Liability Insurance. The use of an "ACORD" form as a certificate of insurance shall be accompanied by: 1) ISO Additional Insured Endorsement (CG-1010 pre-2004) and 2) Notice of Cancellation Endorsement (IL 7002). The EDA does not represent or guarantee that the types of limits or coverages provide above are adequate to protect Subgrantee's interests and liabilities. Certificates showing the above-described insurance is carried in the specified amounts shall be furnished to EDA prior to the disbursement of any of the Subgrant proceeds, and a certificate showing continued maintenance of such insurance shall be on file with the EDA during the term of this Agreement. The form of each certificate of insurance shall contain an unconditional requirement that the insurer notify the EDA not less than thirty (30) days prior to any cancellation, non-renewal or modification of the policy or coverages evidenced by said certificate and shall further provide that failure to give such notice to the EDA will render such change or changes in said policy or coverages ineffective as against the EDA The Subgrantee must not commence work until any and all contractors/subcontracts have obtained the required proof of insurance which clearly evidences required insurance coverages. If the Subgrantee fails to furnish proof of insurance coverages from contractors/subcontractors when requested by the EDA, the EDA may withhold payments and/or pursue any other rights or remedies allowed under this Agreement, law, equity, and/or statute.

9. **Administrative Requirements**.

9.1 **Accounting Standards**. The Subgrantee agrees to maintain the necessary source documentation and enforce sufficient internal controls as dictated by generally accepted accounting practices to properly account for expenses incurred under this Agreement. Subgrantee agrees to follow the audit requirements in MC-LC Policies and Procedures Manual 5098.

9.2 **Records**.

9.2.1 *Retention.* The Subgrantee shall maintain adequate financial records consistent with generally accepted accounting principles. Audits and records, including but not limited to all financial and environmental documents related to the funds provided under this Agreement, shall be accessible to authorized representatives of the EDA for purposes of examination and audit. In addition, the Subgrantee shall give the EDA, the Legislative Auditor, and the State Auditor's Office, through any authorized representatives, access to and the right to examine all records, books, papers and documents related to this Agreement for a minimum of six (6) years from the end of the Grant Contract term end date.

9.2.2 *Close out.* The Subgrantee's obligation to the EDA does not end until all close-out requirements are completed. Activities during this close-out period include making final payments, disposing of program assets, determining the custodianship of records, providing evidence to MC-LC that the cleanup and/or investigation has been completed and approved by the Minnesota Pollution Control Agency, and resolving audit findings.

9.3 **Procurement.** The Subgrantee must maintain an inventory record of all nonexpendable personal property procured with funds provided under this Agreement. Program income is income generated form grant-funded activities, including interest earned on grant funds. All unexpended program income must revert to the EDA upon termination of this Agreement.

10. **Miscellaneous**.

10.1 **Assignability**. The Subgrantee may not assign or transfer any interest in this Agreement (whether by assignment or novation) without the prior written consent of the Director; provided, however, that claims for money due or to become due to the Subgrantee from the EDA under this Agreement may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer must be furnished promptly to the EDA.

10.2 **Antitrust.** The Subgrantee hereby assigns to the State of Minnesota any and all claims for overcharges for goods and/or services provided in connection with this contract resulting from antitrust violations which arise under the antitrust laws of the United States and the State of Minnesota.

10.3 **Governing Law and Venue**. This Agreement will be governed by, and construed in accordance with, the laws of the State of Minnesota. The appropriate venue and jurisdiction for any litigation hereunder shall be in a court located in Dakota County, Minnesota.

10.4 **Counterparts**. This Agreement may be executed in two or more counterparts, each of which is deemed an original, but all of which taken together constitute one and the same agreement.

10.5 **Survival.** Any terms of this Agreement which by their nature extend beyond termination of this Agreement shall survive and bind the parties and their successors and assigns.

10.6 **Job Listing Agreement.** Minnesota Statutes § 116L.66, subd. 1, requires a business or private enterprise to list any vacant or new positions with the state workforce center if it receives $200,000 or more a year in grants from the State of Minnesota. If applicable, the Subgrantee shall list any job vacancy in its personnel complement with Minnesota Works.net at www.minnestoaworks.net as soon as it occurs.

10.7 **Government Data Practices.** The Subgrantee must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided to the EDA under this Agreement and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Subgrantee under this Agreement, The civil remedies of Minnesota Statutes § 13.08 apply to the release of the data referred to in this clause. If the Subgrantee receives a request to release the data referred to in this clause, the Subgrantee must immediately notify the EDA. The EDA will give the Subgrantee instructions concerning the release of the data to the requesting party before the data is released. The Subgrantee's response to the request shall comply with applicable law.

10.8 **Intellectual Property Rights.** In the event that Subgrantee secures a copyright protection any of the materials, reports, or data created as part of the Project, the Subgrantee agrees to and does hereby grant to the State of Minnesota and its officers, agents, and employees, acting within the scope of their official duties, a royalty-free, non-exclusive, and irrevocable license to publish, translate, reproduce, deliver, perform, dispose of, and to authorize others to do so for use by the State, its divisions, instrumentalities and local subdivisions, all material now or hereafter covered by any such copyright.

10.9 **Publicity.** Any publicity regarding the subject matter of this Agreement must identify the State of Minnesota as the sponsoring agency. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Subgrantee individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this Agreement.

10.10 **Payment of Contractors and Subcontractors.** The Subgrantee must ensure that all contractors and subcontractors performing work covered by this Agreement are paid for their work that is satisfactorily completed.

10.11 **Severability**. In the event any provision herein shall be deemed invalid or unenforceable, the remaining provisions shall continue in full force and effect and shall be binding upon the parties to this Agreement.

10.12 **Entire Agreement**. This Agreement, including Exhibits A, B, & C constitutes the entire agreement between the EDA and Subgrantee and supersedes all prior written and oral agreements and negotiations between the parties relating to the subject matter hereto.

**[remainder of page intentionally left blank]**

**IN AGREEMENT**, the parties hereto have hereunto set their hands as of the date hereinbefore first written.

**South St. Paul Economic Development Authority**

By: ______________________________
Name: James P. Francis
Its: President

By: ______________________________
Name: Ryan Garcia
Its: Executive Director

**Danner Family Limited Partnership**

By: ____________________________
Name: _________________
Its: ________________

EXHIBIT A

**LEGAL DESCRIPTION OF THE PROPERTY**
(South St. Paul, MN)

Real property located in Dakota County Minnesota legally described as follows:

**PID: 36-83200-01-010**

Lot 1, Block 1, Wakota Addition

*(Torrens Property)*

**PID: 36-83200-01-020**

Lot 2, Block 1, Wakota Addition

*(Abstract Property)*

**EXHIBIT B**
**CONTAMINATION INVESTIGATION GRANT CONTRACT**

(The remainder of this page intentionally left blank.)

**EXHIBIT C**
**CONTAMINATION INVESTIGATION GRANT APPLICATION**

(Remainder of this Page intentionally left blank.)

Existing Danner Property (total +/- 33.5 acres)