CITY OF SOUTH ST. PAUL
MEETING AGENDA

ECONOMIC DEVELOPMENT AUTHORITY

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

Monday, May 5, 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 City Council and will be approved by one motion. There will be no separate discussion of these items unless a Council member or citizens requests, in which case the item will be removed from the consent agenda and considered at the end of the Consent Agenda.

A. Minutes of the April 7th, 2025 EDA Meeting

5. GENERAL BUSINESS:

A. Termination of Development Agreement

B. EDA Annual Report

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:	May 5, 2025
DEPARTMENT:	City Clerk
PREPARED BY:	Deanna Werner
AGENDA ITEM NUMBER:	4.A.

MEETING TYPE
Regular Meeting

AGENDA ITEM
Minutes of the April 7th, 2025 EDA Meeting

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

OVERVIEW
Approval of meeting minutes for the South St. Paul EDA Meeting held on Monday, April 7, 2025.

SOURCE OF FUNDS
N/A

ATTACHMENTS
1. 04-07-2025 EDA Minutes (1)

SOUTH ST. PAUL ECONOMIC DEVELOPMENT AUTHORITY MINUTES OF APRIL 7, 2025

1. CALL TO ORDER

President Jimmy Francis called the regular meeting of the EDA to order at 7:51 PM on Monday, April 7th, 2025.

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
Kori Land, City Attorney

3. APPROVAL OF AGENDA

4. CONSENT AGENDA:

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

A. Meeting Minutes for the March 3, 2025, EDA Meeting

Moved by: Tom Seaberg / Lori Hansen
Moved: To Approve as presented.
Vote: 7 ayes / 0 nays, motion Passed

5. GENERAL BUSINESS:

A. 2025 Spring Grant Round Applications – Cleanup and Redevelopment of 843 Hardman Avenue South (Wakota Crossing South - Phase 1)

Moved by: Tom Seaberg / Todd Podgorski
Moved: To Resolution 2025-006, Application for theContamination & Clean-up Grant Program
Vote: 7 ayes / 0 nays, motion Passed

Moved by: Matt Thompson / Joe Kaliszewski
Moved: To Approve Resolution 2025-007, Application for Met Council Tax Base Revitalization Account (TBRA)
Vote: 7 ayes / 0 nays, motion Passed

B. Hardman Triangle South Phase 1 - Site Surcharge

Moved by: Pam Bakken / Matt Thompson

Moved: To Approve Designing Earth Contracting & Authorize execution of Stipulated Price Construction Agreement.
Vote: 7 ayes / 0 nays, motion Passed

Moved by: Matt Thompson / Joe Kaliszewski
Moved: To Motion to approve proposal from American Engineering Testing for surcharge monitoring.
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: To Adjourn
Vote: 7 ayes / 0 nays, motion Passed

The meeting was adjourned at 8:13 PM.

Deanna Werner

/s/: Deanna Werner
City Clerk

ECONOMIC DEVELOPMENT AUTHORITY AGENDA REPORT

DATE:	May 5, 2025
DEPARTMENT:	Economic Development
PREPARED BY:	Ryan Garcia
AGENDA ITEM NUMBER:	5.A.

MEETING TYPE
Regular Meeting

AGENDA ITEM
Termination of Development Agreement

ACTION TO BE CONSIDERED OR DESIRED OUTCOME
Motion to approve Resolution 2025 - 8.

OVERVIEW
On September 16, 2024 the EDA adopted Resolution 2024-20, approving a Development Agreement with Blue River Holdings, LLC for EDA-owned property located on the 400 Block of Concord Exchange South. As the developer continued in their efforts to find agreeable financing terms through a bank, an amendment to the agreement was approved by the EDA in March 2025. As currently amended, the Development Agreement requires that Closing is to occur on or before June 30, 2025. Staff and the developer agreed that if the project's financial viability could not be solidified by April 30, 2025, the Agreement should be terminated. As such, on May 1, 2025, after discussion with the developer, the EDA delivered notice to the developer of termination of the development agreement. While the developer remains interested, hopeful, and feels the need to relocate its business (South St. Paul Animal Hospital) to a new and larger facility, they have made the decision to suspend the current efforts to afford themselves the time to refine their plan and financial model.

Upon execution of the termination, the property is no longer under contract to Blue River Holdings and staff will redouble our efforts to market the property for sale and development with a use or uses that are aligned with the Concord Gateway Mixed-Use Zoning District and the City's comprehensive plan and economic development strategy.

SOURCE OF FUNDS
A $10,000 earnest money payment made by the developer will be returned, consistent with the terms of the Development Agreement.

ATTACHMENTS
1. Resolution 2025-8

The South St. Paul Economic Development Authority
Dakota County, Minnesota

RESOLUTION NO. 2025 – 8

RESOLUTION RECOGNIZING THE TERMINATION OF THE CONTRACT FOR PRIVATE DEVELOPMENT BY AND BETWEEN SOUTH ST. PAUL ECONOMIC DEVELOPMENT AUTHORITY AND BLUE RIVER HOLDINGS, LLC

WHEREAS, the South St. Paul Economic Development Authority ("EDA") and Blue River Holdings, LLC a Minnesota limited liability company ("Developer") entered into a Contract for Private Development dated September 16, 2024, as amended by that certain First Amendment to Development Agreement dated March 3, 2025 (collectively "Contract"); and

WHEREAS, EDA has provided Developer with written notice dated May 1, 2025, of EDA's decision to terminate the Contract pursuant to Paragraph 6.2(A) ("Termination Notice") attached hereto as Exhibit A.

NOW, THEREFORE, the EDA hereby confirms the following:

1. The Contract is hereby terminated and released.

2. The Property identified in the Contract is hereby released from the Contract.

Adopted this 5th day of May, 2025.

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

EXHIBIT A

City of South St. Paul Economic Development

Blue River Holdings, LLC
c/o Dr. David Abramowicz
501 Concord Street North
South St. Paul, MN 55075

May 1, 2025

Re: Development Agreement by and Between South St. Paul Economic Development Authority and Blue River Holdings, LLC

Dear Dr. Abramowicz,

I am writing you today to notify you that the South St. Paul Economic Development Authority ("EDA") is exercising its right to terminate the Development Agreement with Blue River Holdings, LLC in accordance with Section 6.2 (A) of said Agreement, that was executed on September 16, 2024 and amended through Amendment to Development Agreement dated March 3, 2025. June 30, 2025 is the Amended Closing Date as identified in the Amendment to Development Agreement, and you have notified the EDA that Blue River Holdings will not proceed to Close on the property on or before that date.

Sincerely,

Ryan Garcia
Executive Director
South St. Paul Economic Development Authority

125 Third Avenue North | South St. Paul, MN 55075
Phone (651) 554-3270 | Fax (651) 554-3271
www.southstpaul.org

ECONOMIC DEVELOPMENT AUTHORITY AGENDA REPORT

DATE:	May 5, 2025
DEPARTMENT:	Economic Development
PREPARED BY:	Ryan Garcia
AGENDA ITEM NUMBER:	5.B.

MEETING TYPE
Regular Meeting

AGENDA ITEM
EDA Annual Report

ACTION TO BE CONSIDERED OR DESIRED OUTCOME
Motion to approve the 2024 EDA Annual Report and to forward to the City Council for acceptance.

OVERVIEW
The Economic Development Authority's (EDA's) Bylaws establish that the EDA provide a summary of its activities in an annual report to the City Council. The 2024 EDA Annual Report is enclosed and provides an overview of the EDA's activities in the past year. EDA efforts continued to be focused on business retention and expansion, redevelopment of vacant, blighted, and underutilized properties, and supporting small business development in SSP through various programs and partnerships. Congratulations to the EDA, City Council, and City Staff on a successful year!

SOURCE OF FUNDS
The EDA is funded through a special purpose property tax levy in accordance with Minnesota Statutes.

ATTACHMENTS
1. EDA Annual Report-2024

MEMORANDUM

To: South St. Paul Economic Development Authority

From: City Staff

Subject: 2024 EDA Annual Report

Date: May 5, 2025

Purpose

This report provides relevant information about the activities of the South St. Paul Economic Development Authority (EDA) during 2025 and fulfils the requirement stated in the EDA's bylaws to submit a report detailing annual activities to the City Council.

2024 EDA Members

Pam Bakken
Jimmy Francis
Lori Hansen
Joe Kaliszewski
Todd Podgorski
Tom Seaberg
Matthew Thompson

2024 EDA Officers
President- Jimmy Francis
Vice President- Tom Seaberg
Executive Director – Ryan Garcia
Secretary- Deanna Werner
Treasurer- Jimmy Francis
Assistant Treasurer- Clara Hilger

1. Permits for 2024

743 building permits were issued in the calendar year of 2024, representing a decrease of approximately 15% from 2023 and the lowest since 2020 when 664 Building Permits were issued. Total permit fees in 2024 eclipsed $22,500,000, down less than 4% from 2023 but still the fifth-highest total on record for the City. Included in these permits were the permits for Asian Mart, United Rentals, and the Lab (remodel), among others.

	------------------ CURRENT RANGE ------------------ 1/1/2024 - 12/31/2024			
	QTY	**BASE FEE**	**VALUATION**	**PLAN REVIEW**
Building Subtotal	743	164,531.50	18,539,513.00	50,837.05
Electrical Subtotal	434	36,794.90	0.00	0.00
Mechanical Subtotal	327	36,172.78	708,554.00	0.00
Plumbing Subtotal	304	72,188.92	2,510,746.00	0.00
Point of Sale Subtotal	274	9,975.00	0.00	0.00
Sewer & Water Subtotal	40	6,400.00	0.00	0.00
Sign Subtotal	13	1,666.25	52,455.00	0.00
Zoning Subtotal	121	21,078.50	872,666.00	0.00
Total	**2,256**	**348,807.85**	**22,683,934.00**	**50,837.05**

2. Fund Transfers

In January 2024, the EDA passed a series of resolutions to formally close a number of "legacy" funds of the HRA that no longer had a programmatic purpose, but which continued to have cash balances. In the resolutions, the EDA transferred the fund balances to the EDA's Fund 20284 (Development) and Fund 20298 (Housing Reinvestment) in order to support programs and carry out initiatives that were identified in the City's Economic Development Strategy and Master Housing Strategy.

3. Mortgage Satisfactions

In 2024, the EDA approved the satisfaction of two (2) mortgages. When these loans are satisfied, the payoffs are either submitted to the Dakota County Community Development Agency (CDA) for redistribution through their Community Development Block Grant (CDBG) Home Improvement Loan programs, or retained in the EDA's Fund 20298 for redistribution through our Housing Reinvestment programs. CDA assumed fiduciary and administrative responsibility for three (of five) of the HRA's Home Improvement Loan funds in 2015.

Applicant #931- $40,000 (Submitted to CDA)

Applicant #960 - $16,800 (Retained by EDA)

4. Successful Launch of Home Improvement Loan Programs

While technically launched in November 2023, the EDA's Home Improvement Loan Programs were successful in expanding the availability of financial support that our homeowners and landlords are able to access to reinvest in their residential properties. In 2024, the program closed five (5) loans to homeowners at a fixed interest rate of 3.875% for a 15 year repayment period and twelve (12) loans to homeowners that were eligible for 0% interest, deferred repayment due to the fact that at least one of the applicants were aged 55 or older and the owner of their property for at least five consecutive years prior to applying. These programs, which complement programs offered by our partners at the County and State level, are critical tools in preserving, maintaining, and improving South St. Paul's housing stock.

5. Key Development and Redevelopment Activities:

- Difficult Year for Prospective Developments

There is no sugar-coating it: 2024 saw numerous South St. Paul development projects evaporate in the pipeline due to a persistently challenging interest rate and cost environment for small developers. The EDA approved numerous termination agreements in 2024, beginning with the April 2024 termination of purchase agreement for the "Vaquero" project, the May 2024 termination of development agreement for the 110 Bridgepoint Court project (Binder), the August 2024 termination of preliminary development agreement for the Wakota Crossing project (Capital Partners), the September 2024 termination of development agreement for the SSP Animal Hospital project, and the December 2024 termination of preliminary development agreement for a modified Wakota Crossing project (Interstate).

- TIF Districts

Tax Increment Financing ("TIF") is an economic development tool in which a City uses the increase in property taxes that a new real estate development generates to finance costs of the development. Cities and development authorities make a policy decision to utilize TIF in order to spur development or redevelopment that would not otherwise occur. The South St. Paul Economic Development Authority (the "EDA") is granted the power to utilize TIF in accordance with Minnesota Statutes §469.174 through 469.1791. In 2024, the following actions were taken with respect to TIF:

  - In June, the EDA adopted Resolution 2024 – 10, which modified the Tax Increment Financing Plan for the Grand Avenue Gateway Tax Increment Financing District by eliminating parcels south of Grand Avenue from the District's boundary. This action was taken after the Vaqureo housing project (adjacent to the Drover) failed to materialize and Staff and our TIF Consultants determined that the removal of these parcels from the Grand Avenue Gateway TIF was necessary to both consolidate the focus of the Grand Avenue Gateway TIF District and to best prepare the EDA to respond to future development interest and opportunities to the south of Grand Avenue.

- In July, the EDA approved Resolution 2024 – 13, rescinding previous EDA Resolutions that were adopted in 2022 to effectuate the creation of the Vaquero Tax Increment Finance District. Essentially, this was another “housekeeping” action made necessary by the failure of the Vaquero project to advance.

- The Backyards Tax Increment Financing (TIF) Note

In August, the EDA approved Resolutioni 2024 – 15, approving a Tax Increment Revenue Note for the Backyards Project. The Backyards is a 111-unit, 4-story building with under-building parking at the site of a former bi-level surface parking lot (built into the bluff). The EDA approved a Pay-as-you-go TIF Note in an amount not to exceed $2,500,000 to support the project, which had a total development cost of approximately $27,000,000 and a partial-year taxable value (for 2025) of almost $19,000,000.

- 139 Grand Avenue East Demolition

The EDA purchased 139 Grand Avenue East, formerly occupied by Twin City Pallet Company, in 2021 as a strong step forward in pursuing the implementation of the Hardman Triangle Redevelopment Plan. Due to vandalism, blight and other hazards of the building, the decision was made to demolish the existing building and a call for bids was placed in January of 2024. The low bid was awarded to Fitzgerald Excavating and Contracting in February 2024, with demolition completed in June of 2024.

- Gap Loan – Hrvatski Dom

In October, the EDA approved Resolution 2024 – 23 to provide a zero-interest, deferred gap loan to Hrvatski Dom Association (Croatian Hall). This unique arrangement sees the EDA serving as a bridge so that the Cro can complete improvements at the historic community landmark, to be reimbursed by a grant through the State of Minnesota. Funds are being utilized to update HVAC, Fire Suppression, and Kitchen facilities as well as to make ADA improvements and other needed structural and cosmetic improvements at the Croatian Hall.

- Payoff of Quick-Serv License Center Loan

In November, the EDA approved Resolution 2024 – 24, which acknowledges the payoff of a $149,500 loan to Quick-Serv License Center. The loan was instrumental in helping Quick-Serv relocate from space in South St. Paul City Hall to its current location at 820 Southview Boulevard, providing funding for tenant improvements and technology and helping Quick-Serv expand its job count by 20%.

- Hardman Triangle – Preliminary Development Agreement

In November, the EDA approved a Preliminary Development Agreement with ZAS, LLC for a dramatic redevelopment of an approximately 5.6-acre site at the northeast corner of Grand Avenue East and Concord Street North. The developer’s proposed concept seeks to transform the site, which is currently vacant but was previously developed with industrial uses including the Dakota County Technical College's meat-cutting school, 20/20 Brand Solutions, yard space for

Twin City Pallet Co., and more historically several ag-industrial buildings of the former Swift & Co. packinghouse campus. The EDA and Developer's vision aligns closely to the mixed-use, walkable, livable vision for this area as identified in numerous City plans over the past 25 years: they propose adding an independent restaurant, "destination retail" (currently vetting an indoor pickleball center), and nearly 200 units of market-rate housing at the site in a two-phase development program. Pre-development work is slated to commence with surcharge for the destination retail and restaurant sites in Q2 2025, with site work for the first phase residential building anticipated Q4 2025/Q1 2026.

- TBRA Investigation Grant Application

In November, the EDA approved Resolution 2024 – 25, supporting an application to the Metropolitan Council's Tax Base Revitalization Account for the completion of environmental due diligence activities at property owned by the Danner Family Limited Partnership at 843 Hardman Avenue South. The property owner is proposing the adaptive reuse of an existing building at the property and the construction of a new 80,000 square foot modern office-warehouse building to be marketed to light industrial tenants. Ultimately, the grant was approved in late 2024 and environmental due diligence completed in early 2025, indicating the need for environmental remediation as a part of future development. More to come on this one in the 2025 report!

5. Key Policy Actions

- Renewal of Open to Business Joint Powers Agreement

In March, the EDA approved the continuation of a Joint Powers Agreement with the Dakota County Community Development Agency (CDA), and other Dakota County municipalities, for the "Open to Business" program. Through the program, MCCD provides technical assistance and access to capital for small businesses and entrepreneurs. The program's designated business advisor is available on-call for consultations in South St. Paul through staff and community referrals as well as their external marketing efforts. The Open to Business program has been successful in South St. Paul, and our local Open to Business Advisor, Natalie Mouilso, has been an invaluable resource to our local small business community.

- Establishing a Housing Reinvestment Fund

While administration of the HRA's Home Rehab Loan Program was shifted to Dakota County CDA in 2015 and CDA continues to offer this program in SSP for low- to moderate- income households, the City Council identified a need to expand the resources available for a broader swath of households in South St. Paul that wish to reinvest in their homes, including seniors on fixed incomes and new working families. In February the EDA established the Housing Reinvestment Fund, in order to administer low-interest loan programs to facilitate reinvestment in the City's stable but aging housing stock, a policy decision made in late 2023 to establish a more inclusive renovation and rehabilitation loan program within South St. Paul to complement and supplement the offerings already available through the CDA and Minnesota Housing Finance Agency (MHFA).

- Public Housing Assessment by Nan McKay & Associates

In August, the EDA authorized a professional services agreement with Nan McKay & Associates to conduct an assessment of the organizational function and operation of the City's public housing program. Concluded in early 2025, the assessment revealed opportunities for slight modification to the organizational chart, additional training and certifications necessary for staff proficiency and growth, and updates to key policy documents (such as the Admissions and Continuing Occupancy Policy). In addition, the consultant provided guidance on a number of best practices that the public housing program should implement to improve accounting, recordkeeping, and program management.

- Public Housing Project Development Agreement with Johnson Controls, Inc.

In September, the EDA authorized a project development agreement with Johnson Controls to develop a proposed solution and infrastructure plan utilizing the most efficient resources possible, at the lowest cost to us, in order to complete these projects. The project development agreement represented a key first step to allow the EDA (through the HRA) to enter a new Energy Performance Contract (EPC) with HUD, along with the Rate Reduction Incentives (RRI) that the HRA received annually through a previous contract. Identified projects are found in the HRA's Annual Plan and Capital Plan, and represent key investments into the public housing properties to ensure the longevity of the properties for our senior residents to continue to have quality, safe, and affordable homes.

6. Upcoming Development Prospects:

- Wakota Crossing

  Mentioned above, Danner Family Limited Partnership (DFLP) is advancing a multiple-phase light industrial development that is envisioned to add three new buildings with more than 300,000 SF of leasable flex office, warehouse, and production space to the market. Stated to begin in Q2/Q3 2025, phase one of this development encompasses the repurposing of the existing Danner Fleet Maintenance and office facility for a new tenant, removal of the retail fueling facility, construction of a speculative 80,000 square foot office-warehouse building, and the construction of a new roadway and utilities extension (Verderosa Avenue) to provide through connection from Hardman Avenue South through the Wakota Crossing Industrial Park to existing Hardman Avenue, just under the Wakota Bridge.

  Concurrently, the EDA continues to explore the development potential of the EDA-owned site immediately north of DFLP's property, the former "MCES Site". While efforts to find a private development partner did not bear fruit due to site conditions, the EDA has a unique opportunity to support the potential relocation of existing Hardman Triangle businesses as well as to reserve a future home for the Central Maintenance Facility within this site. Continued due diligence and planning for this concept continues, with the potential to begin site work in mid- to late-2025.

- Hardman Triangle

  Alluded to above, the EDA and ZAS, LLC are collaborating on a catalytic redevelopment of the southern portion of the Hardman Triangle with a mix of residential, commercial, and public uses that will redefine the Concord/Grand gateway. The EDA will be surcharging the restaurant/retail building pad in 2025, with construction anticipated to begin on the residential, restaurant/retail, and stormwater/public space features as soon as late 2025.

- Armour Gate Property

  After seeing another development prospect back away in 2024, the Armour Gate property continues to be a frequent discussion topic with businesses and developers for new light industrial development. Staff anticipates that by early summer at least one potential development proposal will be presented for EDA consideration. Meanwhile, Staff continues to work cross-departmentally to identify a purposeful reuse and relocation option for the Armour Gates. Council's consensus has been to identify a relocation option, with a strong favorite being integration into Kaposia Landing, for these important symbols of the community's heritage.

- Concord/Villaume

  True North Investments, owner of the former "Bremer Bank" property at Concord and Villaume, continues to market the site for commercial redevelopment. A serious suitor has emerged (Circle K/Holiday) with a preliminary concept, and it is possible that a formal application for site plan approval will be presented sometime in Q2 2025.

7. Property Acquisition:

In July, the EDA acquired two parcels comprising 240 Concord Street North. This property, previously home to Concord Poultry Processing/Concord Fresh Meat and prior to that home to the Shipper's Club, was a strategic acquisition to advance the implementation of the Hardman Triangle Redevelopment vision. The negotiated purchase price of $3,750,000 was funded through the Concord TIF District Fund and Development Fund, and included estoppel payments to buy out the remaining 20-year lease and sublease at the property.