CITY OF SOUTH ST. PAUL
MEETING AGENDA

WORK SESSION

Training Room
125 3rd Avenue North
South St. Paul, MN 55075

Monday, October 13, 2025
7:00 PM

1. CALL TO ORDER

2. DISCUSSION ITEMS

A. Cable Franchise Fee Memorandum of Agreement

B. Armour Gatehouse Relocation Planning & Budgeting Update

C. EDA Properties Discussion

3. COUNCIL COMMENTS & QUESTIONS

4. ADJOURNMENT

WORK SESSION AGENDA REPORT

DATE:	October 13, 2025
DEPARTMENT:	City Administrator
PREPARED BY:	Ryan Garcia
AGENDA ITEM NUMBER:	2.A.

MEETING TYPE
Regular Meeting

AGENDA ITEM
Cable Franchise Fee Memorandum of Agreement

ACTION TO BE CONSIDERED OR DESIRED OUTCOME
Discussion only; may inform a modified Memorandum of Understanding to be considered at a future regular Council Meeting.

OVERVIEW
In October 2024, the City Council approved a Memorandum of Agreement with Northern Dakota County Cable Communications Commission (NDC4) and its seven member cities which resulted in an agreed-upon reduction of franchise fee payments collected by each member City, including South St. Paul. As discussed in 2024, NDC4 continues to realize declining revenues largely due to the fact that Cable Franchise Fees, paid by the cable provider for use of the public right-of-way for their cable transmission infrastructure, continue to decline with each passing year as more households "cut the cord".

Franchise fees typically have accounted for more than 95% of all NDC4 revenues, and have been trending downward since at least 2018 at rates of 2% - 5% per year. In light of these trends, NDC4 has budgeted for continued and increasing reduction of franchise fee revenues for upcoming budget years. In 2023, cable franchise fees collected by NDC4 totaled $1,012,339, and that number declined to $935,262 in 2024. In 2024 (based on 2023 fees collected), South St. Paul received just under $50,000 as our share of franchise fees, based upon the longstanding joint powers agreement which allocated 25% of Franchise Fee Revenues collected to the seven NDC4 member communities (Inver Grove Heights, Lilydale, Mendota, Mendota Heights, South St. Paul, Sunfish Lake, and West St. Paul). The MOU approved last year reduced the amount of Franchise Fees payable to the communities to 12.5% for FY2024 (paid in April 2025) and to 6.25% for FY2025 (payable in April 2026). NDC4 Executive Director Beth Baumann has approached staff of the member communities with a request for an updated MOU that would decrease the FY2025 Franchise Fee payable to member communities to 5%, and to reduce (to 0%) the amount for FY2026 - FY2030. Based on current projections, the FY2025 fee amount would be reduced from a projected $8,620 (at 6.25%) to about $6,897 and would obviously shrink to $0 for FY2026 - FY2030 under this proposal.

NDC4 along with their trade association and the League of Minnesota Cities has spent considerable energy in recent legislative sessions to lobby for legislation that sought to "modernize" the funding structure impacting NDC4 and all other similar organizations throughout the state. To boil it down, currently franchise fees are only applied to cable providers on their cable revenues; there is no requirement that revenues generated by these same providers, in these same public rights-of-way, for broadband/internet services that they deliver be assessed a franchise fee. NDC4 and their partners ultimately have not found success with the state in passing new legislation to funding formulas for franchise fees. In summary, NDC4 and local access media companies in general are facing declining revenues, an antiquated funding formula, and the challenges of reducing expenditures.

Staff will welcome Executive Director Baumann to discuss these requests with Council at Monday's Worksession. I've tried to accurately represent the challenge NDC4 is facing as it relates to cable franchise fees and the impacts on their operations in enough detail to inform the Council's decision-making, but look forward to the opportunity for Ms. Baumann to share more detail about this topic.

SOURCE OF FUNDS

Cable Franchise fees collected by South St. Paul, which in 2025 are estimated at $18,853, are treated as franchise fee revenue in the City's General Fund Budget. Reducing this amount for 2026 by cutting it by about $12,000 would have a minor effect on the 2026 Budget.

ATTACHMENTS

1. 2024 Cable Franchise MOU - NDC4

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is by and between Northern Dakota County Cable Communications Commission ("Commission") and the cities of Inver Grove Heights, Lilydale, Mendota, Mendota Heights, South St. Paul, Sunfish Lake, and West St. Paul, Minnesota ("Member Municipalities") (each individually a "Party" and collectively referred to as the "Parties").

RECITALS:

1. The Commission is governed by the Amended Joint and Cooperative Agreement adopted by the Member Municipalities ("JPA"); and

2. In the fall of 2020, the Member Municipalities each adopted an ordinance granting a cable franchise to Comcast of St. Paul, Inc. ("Comcast") for a ten (10) year term that obligates Comcast to submit a franchise fee of five percent (5%) of its quarterly gross cable service revenues.

3. Article X, Section 5 of the JPA provides that the Commission shall collect all franchise fees paid by Comcast and shall annually pay (payment remitted in April of the following year) the Member Municipalities twenty-five percent (25%) of the franchise fees received by the Commission ("Annual Contribution"); and

4. The number of Comcast cable subscribers in the Member Municipalities has decreased over the past decade and has resulted in lower franchise fee payments received by the Commission; and

5. The Commission contracted with Ashpaugh and Sculco ("A&S") to conduct a review of the franchise fees submitted by Comcast for the years January 1, 2015 through December 31, 2019 ("Review Period"); and

6. A&S submitted its findings to the Commission in a report dated, July 23,2021 ("Report"); and

7. The Commission and Comcast settled the findings contained in the Report resulting in the Commission receiving payments from Comcast for past due franchise fees and late penalties totaling Two Hundred Eighty Thousand Ninety-four Dollars and 72/100 ($280,094.72) ("Settlement Amount"); and

8. The Member Municipalities recognize that the Commission expended significant resources to achieve the Settlement Amount, the Settlement Amount was not budgeted for by the Parties and this one-time settlement would be beneficial to the Commission to address current financial needs resulting from the reduced franchise fee payments received from Comcast; and

9. The Parties further desire to reduce the Annual Contribution to further assist the Commission; and

10. This MOU has been negotiated in good faith by the Parties.

NOW THEREFORE, the Commission and the Member Municipalities agree as follows:

1. This MOU shall become effective on October 1, 2024.

2. The Settlement Amount shall not be subject to any Annual Contribution set forth in Article X. Section 5 of the JPA.

3. The Annual Contribution set forth in Article X. Section 5 of the JPA shall be reduced as follows:

   a. 12.5% for 2024 (received by the Member Municipalities in April 2025),

   b. 6.25% for 2025 (received by the Member Municipalities in April 2026),

4. The Annual Contribution amount for any years other than 2024 (received in 2025) and 2025 (received in 2026) shall not be reduced or otherwise modified except as may be approved in writing by the parties at a future date.

5. This MOU will be governed by and interpreted and construed in accordance with the laws of the State of Minnesota.

6. This MOU may be amended at any time by written agreement between the Parties.

7. This MOU may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this MOU delivered by e-mail or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this MOU.

IN WITNESS WHEREOF, this MOU has been executed by the duly authorized representatives of the Parties as set forth below.

Signature page to follow

NORTHERN DAKOTA COUNTY
CABLE COMMUNICATION COMMISSION

By: ______________________________ Dated: ________________ _____, 2024
Mickey Kieffer, Chair

CITY OF INVER GROVE HEIGHTS

By: ______________________________

Printed Name: ______________________

Title: ____________________________

Dated: ________________ _____, 2024

CITY OF LILYDALE

By: ______________________________

Printed Name: ______________________

Title: ____________________________

Dated: ________________ _____, 2024

CITY OF MENDOTA

By: ______________________________

Printed Name: ______________________

Title: ____________________________

Dated: ________________ _____, 2024

CITY OF MENDOTA HEIGHTS

By: ______________________________

Printed Name: ______________________

Title: ____________________________

Dated: ________________ _____, 2024

CITY OF SOUTH ST. PAUL

By: ______________________________

Printed Name: James P. Francis

Title: Mayor

Dated: October 7th, 2024

CITY OF SUNFISH LAKE

By: ______________________________

Printed Name: ______________________

Title: ____________________________

Dated: ________________ _____, 2024

CITY OF WEST ST. PAUL

By: ______________________________

Printed Name: ______________________

Title: ____________________________

Dated: ________________ _____, 2024

WORK SESSION AGENDA REPORT

DATE:	October 13, 2025
DEPARTMENT:	Economic Development
PREPARED BY:	Ryan Garcia
AGENDA ITEM NUMBER:	2.B.

MEETING TYPE
Regular Meeting

AGENDA ITEM
Armour Gatehouse Relocation Planning & Budgeting Update

ACTION TO BE CONSIDERED OR DESIRED OUTCOME
Staff will provide an update on the planning and budgeting work that has been undertaken in response to Council's July 2025 motion to proceed with the planning, budgeting, and bidding for the relocation of the Armour Gatehouses to the area of Grand Avenue and Concord Street North. Staff is seeking further direction from the Council in light of these updates, which may include direction to pursue one of five options presented in this memo through formal RFP and/or Public Bidding processes.

OVERVIEW
At the July 7 City Council meeting, Council directed Staff to proceed with the planning, budgeting and bidding for the relocation of the Armour Gatehouses to the Grand/Concord area. Between July and September, Staff engaged with a diverse array of specialists (Urban Ecosystems, Jepsen Structure Movers, American Engineering Testing, Acme Restoration, and RJ Ryan) to plan for and establish budget expectations for the potential relocation of the Armour Gatehouses into a proposed public open space within the Hardman Triangle. Through this additional concept-level planning and budgeting work, Staff has gained a better understanding not only of the costs associated with this proposition, but also with the practical challenge of pursuing the relocation on a relatively near-term horizon.

Not that Council needs a reminder, but a purchase agreement has been executed that encompasses the current "Armour Gates" site at Hardman Avenue and Armour Avenue and the agreement includes a condition that the EDA remove or cause to be removed the gatehouses from that property by 12/31/2025. This timeline does not align with an achievable timeline to complete all of the civil design necessary to realize the Hardman Triangle public realm plan. To this point, it should be understood that any effort to move the structures to the Hardman Triangle public realm prior to the completion of civil design of the surrounding park space, streets, and utilities is something of a shot in the dark as it relates to foundation/slab elevation; it is not yet known whether (and if so, how much) the ground elevation for the roads, utilities, and park space in the Hardman Triangle will need to change to "work" and "tie in/tie together" from a civil engineering standpoint. In other words, there is risk that if the structures were to be placed on permanent footings/foundations at the envisioned location based on current site topography/ground level they could become sunken (or elevated) - possibly by a number of feet - in their future context as the roads and park surrounding them would need to be raised (or, less likely, lowered) in elevation to accommodate tying in to surrounding utilities and streets/sidewalks/paths, managing stormwater, avoiding environmental issues and debris, etc.

In reality, the only way to avoid this risk is to complete a full civil design package for the Hardman Triangle prior to the permanent placement of the structures in their envisioned location. Certainly, civil design is an effort that Staff has been preparing for and plans to recommend to council in the coming months, but in and of itself the civil design effort will come at a significant cost (six figures) and has no chance of wrapping up by the end of 2025. Acknowledging this challenge and finding ourselves at another key decision point, Staff wanted to reengage the Council to discuss desired next steps.

Setting aside for a moment the Civil Design aspects, the following summary relates specifically to the relocation of the Armour Gatehouses from their current location to the proposed public realm within the Hardman Triangle:

- *Structure Moving* - to complete this task, a structure moving professional would need to perform extensive steel bracing of the structures, excavate existing footings/foundations and cut off the main structure from historic foundations/footings, use hydraulic lift/jacking equipment to place the structures on a trailer, transport the structures from Point A to B, use hydraulic equipment to remove the structures from a trailer, and place the structures at the new site. Ideally, this last step would mean placing the structures on newly constructed footings/foundations (see below), but there is an option wherein the structures could be kept essentially in braces/on steel supports only to be permanently set in place on foundations at a currently undefined future date when the park is ready. This obviously all introduces some risk, every step of the way, and keeping the structures temporarily braced only heightens the element of risk the longer they sit sort of "free floating" rather than on permanent foundations. Budget estimate for relocating both structures from Jepsen is $225,000 - $250,000 (permanent placement), with a potential markup of 25% or more if two mobilizations are necessary to relocate the structures.
- *Footings/Foundations* - ultimately, the structures will need to be supported on new foundations, and based on the geotechnical analysis provided by AET a deep foundation or ground improvement (piles/piers) would be required to support the weight of the structures against differential settlement. While we haven't yet undertaken a structural engineering effort to design footings and foundations (but we do have a proposal to do so for $13,200), RJ Ryan estimates the footing/foundation construction cost to be about $200,000 for both structures, based on recent project pricing experience of similar scope.

- *Masonry Repair and Restoration* - The EDA has no historic record of any masonry repair, maintenance or restoration on the 100+ year-old gatehouses, and the structures do exhibit signs of wear, deterioration, and age. If the structures are to be relocated, repairs are necessary to preserve the integrity of the structures into the future. A budget estimate of $185,000 was provided by Acme Tuckpointing & Restoration to fully tuckpoint all brick, replace approximately 350 deteriorated/cracked bricks, rebuild exterior withe of brick on the south elevation of the north structure, replace and patch limestone, complete caulking and cleaning after mortar cure.

Staff has intentionally taken incremental steps in this process, to avoid incurring too significant an expense in exploring this uniquely complex project without checking in with Council as we reach milestones or to share additional detail gained through our planning process. However, we are at a point where any next steps will require a formal preparation of bidding documents and a commitment of significant expenditure to move the project forward. Staff does not take this lightly, and believes it is our duty to review all options as it relates to the gatehouse structures, including those that were previously dismissed as undesirable:

- **Option 1 (the current path, fully realized)**: Proceed from the concept and budget-level framework we've completed to relocate the Armour Gatehouses to the planned public open space within the Hardman Triangle redevelopment site. As discussed above, this is not as straightforward as hire a structure mover, patch up the bricks, and set the structures in place. To pursue Option 1, realistically we would need to remove the structures intact in the relatively near-term and place them temporarily off-site, and may want confirmation from Riverside Holdings that they are willing to exercise the clause in the PA that allows us until Closing to relocate that structures in case mobilizing this work is not possible before the end of the year. It is not likely that storing the structures temporarily on the Hardman Triangle site would work, as presumably they would be in the way of future construction. Thus, to pursue this option we will need to identify an alternative temporary location to store the structures. We'd likely want to accelerate, to the extent possible, the civil design work - ultimately preparing biddable construction documents - for the Hardman Triangle Public Realm so that we can advance with the permanent placement of the structures as part of that (significant) construction project. Option 1 will set in motion a waterfall of significant public improvement efforts that must take place to move the structures: remove the structures from the current site and temporarily shore them up at a different location; complete full civil design (utilities, streets, stormwater management, park space) for the Hardman Triangle; bid the public improvements (including permanent placement of gatehouses); construct the public improvements (including placement of the gatehouses). There isn't really a feasible option that just entails moving the structures to their permanent location in the Hardman Triangle. Option 1 introduces a meaningful level of risk and cost to the EDA, likely above and beyond any other option, but ultimately assures that the EDA can honor the Purchase Agreement with Riverside Holdings LLC (Bonfe) for the current site and see that property developed to its highest and best use while repurposing the Armour Gatehouses within a designated and permanent public space. Realistically, all of this work (building out the future park, utilities, stormwater features, and roads) should be expected to easily exceed $5,000,000 to complete, even if the simplest of designs is pursued, but it is far too early to estimate with any level of certainty what the cost for those improvements will be. The EDA would have the ability to bond for public improvements to support the redevelopment through the Hardman Triangle TIF as needed, if that is the direction, but to reiterate, Option 1 has some compounding implications that we should all be aware of and is not an immediate solution.
- **Option 2**: It bears repeating that on the other end of the spectrum, we do have the option

of leaving the gatehouses in place, restoring them, and changing our development expectations for the site. This comes with a moderate level of expenditure by the EDA (~$200,000 just to restore the structures; additional site improvements if desirable may increase this cost) but also most likely comes at the most significant opportunity cost, as the current buyer and multiple potential buyers over the past 30+ years have expressed an inability or lack of desire to try to "work around" the structures. It is true that the EDA has fielded interest in the past for development that would be oriented so as to retain the gatehouses in their current location, but to do so would almost certainly only be possible by significantly decreasing the total building square footage below the 0.2 FAR Standard requiring a minimum of about 34,000 square feet. The proposals to accommodate the retention of the gatehouses that have been presented historically are speculatively expected to yield between $125,000 to $150,000 less per year in property tax payments than the proposed Bonfe development. The EDA previously discussed tapping in to fund balance of the HRA and/or EDA for the gatehouse project, but it should be noted that since that time we've also discussed utilizing these fund balances as a potential source for the acquisition of the former Guild South property as well as for a leverage loan for the Energy Performance Contract with HUD for improvements at the Highrises. There is likely not sufficient fund balance to support all three of these projects.

- **Option 3**: Other relocation sites could be considered. However, those discussed previously lack any real synergy with existing or planned park space (136 Grand Ave E - east of Burger King) and/or would likely be significantly harder to access and relocate to (Kaposia Landing) potentially increasing the costs and risk or introducing additional unique challenges to the feasibility of the project. In any event, if an alternative site was to be pursued, we'd likely still need to confirm that Bonfe is willing to let us delay removal until Closing, as at a minimum footing and foundation design work would be necessary prior to relocation. From a cost standpoint, this option would exclusively encompass the relocation/restoration costs noted above, although in the big picture it's likely no less expensive, as ultimately the Harmdan Triangle public realm work will be before us in time. Unlike Option 1, the Hardman Triangle TIF District could not be a source of funding for Option 3.
- **Option 4**: As an alternative to physically moving the structures intact from their current location to a new location, the structures could be sensitively deconstructed, essentially brick by brick, and repurposed/reused in some future structure or installation. It is difficult to accurately predict what something like this would cost without having a defined repurposing plan. On the low end, just to meticulously deconstruct, clean, catalog, and palletize all of the presumed salvageable masonry we've received a rough estimate of between $400,000 - $450,000. This is a labor-intensive approach. If the bricks were to be meticulously reconstructed as essentially exact replicas, that cost would increase significantly, potentially by as much as $1,000,000. This does not seem like a financially viable approach. Possibly, there is a middle-ground approach that involves selective preservation of some of the materials and demolition/disposal of others, with the preserved elements being integrated into a smaller-scale installation or replica. Pursuing Option 4 (or 5, below) in the near-term would seem to be more likely than options 1 - 3 to meet the 12/31/2025 deadline found in the Riverside Holdings purchase agreement.
- **Option 5**: Finally, the structures could be demolished, with explicit instruction to a demolition contractor to be sensitive enough in approach to preserve individual masonry

elements that could be distributed to interested residents/businesses as keepsakes, or could be compiled for a smaller-scale public art installation using the retained elements. Among the options presented, this is the least costly with an estimated cost of about $25,000 - $30,000. Staff doesn't intend to be insensitive with this suggestion, but it is worth mentioning that this approach is exactly the approach that was taken when Interstate Partners Development purchased and demolished the final 27 acres of the South St. Paul Stockyards (from Central Livestock Association - the City / HRA did not own the property) in 2008. It is also worth noting that at various points in the City's redevelopment journey all of the structures within the Armour and Swift packing plants were demolished, for better or worse, as they reached obsolescence and to make way for future economic development.

Ultimately, Staff and Council have dedicated an extraordinary amount of time and resources to the exploration of alternative disposition options for the Armour Gatehouse structures over the last decade (and really, beyond). There is no easy answer, and reasonable arguments can be made for each of the presented options. Staff respects and acknowledges the Council's direction to conduct additional diligence on the possibility of relocation of the structures to the Hardman Triangle. We believe that option is still possible, but it is essential that we convey the financial, practical, and timeline considerations that must be taken into account in order to continue down that road. As presented in worksession this June, the City has many capital improvements competing for a finite amount of dollars in the coming years, and we feel it is important to consider this project in that larger context as we determine next steps.

SOURCE OF FUNDS

Sources of funding and other financial assumptions and implications are discussed in the memo.

ATTACHMENTS

None

WORK SESSION AGENDA REPORT

DATE: October 13, 2025
DEPARTMENT: Economic Development
PREPARED BY: Ryan Garcia
AGENDA ITEM NUMBER: 2.C.

MEETING TYPE
Regular Meeting

AGENDA ITEM
EDA Properties Discussion

ACTION TO BE CONSIDERED OR DESIRED OUTCOME
Staff is seeking Council discussion on near-term approach to City/EDA-owned property 316 Malden Street, 417 Concord Street, and 314 - 318 2nd Street North.

OVERVIEW
Recently, the EDA agreed to acquire properties at 417 Concord Street North (Jiffy Gas) and 314 - 318 2nd Street North (Guild South) for future redevelopment. Neither of these properties have been explicitly identified for near-term redevelopment and are likely more long-term land holds. Both properties have existing structures on them, so staff would like to confirm that demolition of all existing structures is desirable. In addition, the City is the owner of 316 Malden Street. This property was initially identified as a potential relocation option for the City's Public Works/Central Maintenance facility, but we have since identified a larger site within the Wakota Crossing redevelopment site for Public Works. Staff would like to discuss each of these properties briefly and receive high-level guidance and expectations from the Council.

417 Concord Street North
The EDA closed on this property in late-September, and has solicited bids for the removal of underground fuel storage tanks/fueling infrastructure and demolition of the fueling canopy. Staff would like to clarify whether the EDA/Council would prefer to demolish the existing small commercial building or hold off on that component of the site clearance. The only reason to hold off on demolishing the building would be to retain maximum flexibility in the future, by retaining the ability to utilize the building to justify the use of Redevelopment Tax Increment Financing at the site (and most likely, the adjacent parking lots to the south) in the future. While retaining the building affords us the maximum flexibility for future redevelopment tools, it also encumbers us with the burden of maintaining a vacant commercial building that exhibits a blighting condition at the property. Because the adjacent parking lots to the south are leased to Concord Lanes (for another 50+ years), and the current owners of Concord Lanes have resisted overtures to modify that lease and allow the EDA to explore redevelopment, it is likely to be a very long time before the 417 Concord Street N property is ripe for redevelopment. As such, it may be that the building sits empty/idle/deteriorating for decades, unless we program a reuse or budget for ongoing maintenance and upkeep.

314 - 318 2nd Street North
The EDA is still in the due diligence period on this acquisition, our agreement with Guild has us closing before the end of 2025. The properties are improved with three residential structures that have been modified for group housing and a detached garage structure. Previous Council/EDA discussions lead staff to believe that the intention is to see the structures demolished shortly after closing, but if Council's thinking has changed on this we're open to discussion at the Worksession so that we can prepare for how to approach the property after closing.

316 Malden Street
The former Thompson Motors site is currently utilized for a small amount of public works equipment storage in the off-season, and we have also maintained a month-to-month tenant (a leftover from Rod Thompson's ownership) in Capital Waste Systems for yard storage in the eastern portion of the fenced lot. To date, Staff has held the property "off-market" so that we can retain flexibility as we work through our public works design process in case of any unforeseen hiccups. Recently, we have fielded some general interest/inquiry in the property that probably does not align with what we perceive to be the Council's long term goals, as envisioned in the South Concord Corridor Plan. Before responding to these inquiries, we wanted to check-in with Council to confirm expectations.

SOURCE OF FUNDS
N/A at this time.

ATTACHMENTS
1. Orientation Map - 417 Concord
2. Orientation Map - 314 - 318 2nd St N
3. Orientation Map - 316 Malden

ATTACHMENT 1 - 417 Concord St. N

ATTACHMENT 2 - 314 -318 2ND St. N

ATTACHMENT 3 - 316 MALDEN STREET