CITY OF SOUTH ST. PAUL
MEETING AGENDA

WORK SESSION

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

Monday, January 12, 2026
7:00 PM

1. CALL TO ORDER

2. DISCUSSION ITEMS

A. Armour Gate Community Brick Project

B. Council Compensation Discussion

C. 316 Malden Street Discussion

D. 314 - 318 2nd Street N Discussion

E. 2026 Goal-Setting Process

F. Boards & Commissions Appointment Process

3. COUNCIL COMMENTS & QUESTIONS

4. ADJOURNMENT

WORK SESSION AGENDA REPORT

DATE: January 12, 2026
DEPARTMENT: Community Affairs
PREPARED BY: Deb Griffith
AGENDA ITEM NUMBER: 2.A.

MEETING TYPE
Regular Meeting

AGENDA ITEM
Armour Gate Community Brick Project

ACTION TO BE CONSIDERED OR DESIRED OUTCOME
Discuss and provide direction in response to the Armour Gate Community Brick Project Plan of Action presented by staff.

OVERVIEW

Armour Gates Community Brick Project

Background:
In November 2025, the South St. Paul City Council voted to de-construct the Armour Gates to make way for new development. Approximately 1,000 bricks were saved for the community project and distribution. The dated stones were saved as well. The bricks have been placed in a secure location until a plan is developed. City Administrator Ryan Garcia and I met to brainstorm on 2 objectives:

1. **Develop an organized distribution plan of bricks from the Armour Gates to interested community members.**
2. **Gather ideas to create a community memorial or monument using bricks from the Armour Gates.**

I propose the following Plan of Action:

1. **Develop an organized distribution plan of bricks of the Armour Gates to interested community members**:

- This can easily be done by using a Citizen Request for Service Form through the City's Website Form Center. A specific form will be developed for residents to complete to request bricks. In addition to the basic information of name, address, and contact information, we can ask for their story/history as to why they are interested in receiving a brick. Additionally, for those that do not use electronic forms, requests can be made by contacting my office.
- A date or dates will be set for residents to pick up bricks. This could be an evening and/or a Saturday morning. Volunteers will assist with brick distribution.

- Timeline: Brick Distribution Feb/March 2026
- I guesstimate anywhere from 500 to 800 bricks will be requested. I would recommend that only 2 bricks should be requested first. If additional bricks are available, a second request could be made.

Questions:

- Do we give the bricks away, ask for a donation or charge a pre-determined amount?
- Do we add a brass plate like when the Stockyard bricks were sold? If we add a brass plate, we would need to charge.

2. Gather ideas to create a community memorial or monument using bricks from the Armour Gates

I propose creating a Community Task Force to gather, create, discuss and make recommendations to the City Council.

- Seek proposals for assistance with design concepts and public engagement / facilitation
- Conduct open public design/planning workshops
- Ideally, looking for 9-11volunteer members
- Task Force will meet in the months of Feb/March/April
- Recommendation(s) would be made to the Council at a May 2026 Work Session

- Estimated project completed in December 2026 or early 2027 depending on whether grants are obtained.
- Questions?
    - **Timeline:**
        - January 2026
            - Plan presented to the City Council – if approved, will make a presentation at the January 20th City Council Meeting presenting the project and recruiting Task Force members.
            - Review grant opportunities
        - February 2026
            - Establish a Task Force
            - Distribution of bricks by volunteers, including Task Force Members
            - Meet as a Task Force to start discussions and brainstorming
        - March 2026
            - Meet as a Task Force
            - 2nd Distribution of bricks if needed
            - April 2026:

- Final Meeting of Task Force
- May 2026
- Make recommendations to City Council at a Worksession, if approved
- Make a presentation to the Community at the City Council Meeting
- June – December 2026 (or beyond if needed):
- Community memorial/monument created

- **Communication:**
- Will use all the tools in the toolbox, including website, Social Media, word of mouth, podcast, TSTV and community events if warranted.
- **Funding:**
    - We will apply for grants
    - Do we take donations for the bricks?
    - Do we sell the bricks?
    - Identify potential City sources of funding
- **Other information:**
- State grants (small) are available in amounts of $5,000 to $10,000. They are available quarterly. Large grants are available yearly. However, the deadline for 2026 has passed. I am reviewing the grant possibilities. Representative Rick Hansen has offered his assistance to help locate grant opportunities.
- Hold 20 bricks to offer as a Welcome to South St. Paul gift for new businesses coming to South St. Paul. It would include a brass plate in a nice box. Bricks from the closing of the stockyards in 2008 were offered to new businesses and were well received, especially in the Bridgepoint Business Park.
- Town Square TV will be documenting stories of residents receiving the bricks. They will be applying for a grant to produce this production. We will be working in tandem with this project.
- **Questions?**

This will be an exciting community project for South St. Paul.

SOURCE OF FUNDS

Pending Discussion and future plan development, a funding strategy will be discussed at a future date.

ATTACHMENTS

None

WORK SESSION AGENDA REPORT

DATE:	January 12, 2026
DEPARTMENT:	City Administrator
PREPARED BY:	Ryan Garcia
AGENDA ITEM NUMBER:	2.B.

MEETING TYPE
Regular Meeting

AGENDA ITEM
Council Compensation Discussion

ACTION TO BE CONSIDERED OR DESIRED OUTCOME
Discussion of City Council and Mayor compensation, and provide staff with direction. If a change is desired, an ordinance effecting the proposed changes would be drafted for consideration at a future regular City Council meeting.

OVERVIEW
At the December 8, 2025 worksession, Council discussed Mayor and Councilmember salaries, which have not been changed in South St. Paul since 2017. Currently, the Mayor receives annual compensation of $12,500 ($1,025/month) and each Council Member receives annual compensation of $8,700 ($725/month). Council requested that Staff gather additional comparable data and return for further discussion on the topic. The information for Dakota County communities, as well as for a sampling of other Metro area communities, is included below:

Municipality	Mayor	Council
Apple Valley*	$16,632	$11,904
Burnsville*	$24,000	$18,000
Inver Grove Heights	$11,400	$8,200
Farmington	$8,040	$7,020
West St. Paul	$14,500	$12,500
Northfield	$13,736	$10,302
Rosemount	$10,400	$7,900
Lakeville	$15,000	$10,000
Hastings	$10,200	$7,700
Eagan*	$13,624	$10,005
**indicates city also provides health insurance*		
Average	$13,753	$10,353
Median	$13,680	$10,003
South St. Paul	*$12,500*	*$8,700*

Anoka	$11,340	$9,342
Crystal	$12,180	$9,360
Golden Valley	$14,916	$11,160
Hopkins	$15,000	$12,504
New Brighton	$8,640	$7,020
New Hope	$15,600	$11,400
Robbinsdale	$11,940	$9,540
Average	$13,362	$10,227
Median	$13,493	$10,003

As these data indicate, compensation for South St. Paul's Mayor is 7% - 9% below-average, while compensation for South St. Paul Council members' are about 15% below average. Minnesota Statutes Section §415.11 state that "the governing body of any... charter city... may by ordinance fix their own salaries as members of such governing body, and the salary of the chief elected executive officer... in such amount as they deem reasonable". The Statute goes on to state that "no change in salary shall take effect until after the next succeeding municipal election". Therefore, if the Council is interested in increasing compensation a, an ordinance would need to be enacted sometime before November of 2026, and the salaries wouldn't be in effect until Jaunary 2027.

Staff acknowledges that Council has previously indicated some level of interest in establishing (via ordinance) a COLA adjustment for these salaries that automatically adjusts Mayor and Council compensation at periodic intervals. Staff's research indicates that this approach is uncommon, with Staff able to identify only two metro area communities (Cottage Grove, Maple Grove) that employ such an approach at this time. While instituting an "automatic" increase at periodic intervals definitely streamlines the process, there is a possibility that this approach could actually serve to "over" compensate members eventually. It may be slightly more transparent to make an adjustment in 2026 (effective 2027) that better aligns with the current market, and continue to monitor whether/how future adjustments are necessary and act on them through an update process at such time as adjustments are deemed necessary to remain competitive in the market.

SOURCE OF FUNDS

General Fund. Any changes would need to take place by ordinance prior to November 2026, and would not go into effect until January 2027 at the earliest.

ATTACHMENTS

None

WORK SESSION AGENDA REPORT

DATE:	January 12, 2026
DEPARTMENT:	Economic Development
PREPARED BY:	Ryan Garcia
AGENDA ITEM NUMBER:	2.C.

MEETING TYPE
Regular Meeting

AGENDA ITEM
316 Malden Street Discussion

ACTION TO BE CONSIDERED OR DESIRED OUTCOME

- Review and Discuss the City-owned property at 316 Malden Street East.
- Discuss Council's expectations and desires for short-term and long-term use of the property, and if possible form consensus around expectations.

OVERVIEW
The City acquired the property located at 316 Malden Street in 2023, seeing an opportunity to address a longstanding concern about underutilization and blight at this property while also providing an alternative for consideration as we were in the early stages of planning for potential future location for the replacement of the City's Public Works facility. At that time, the EDA and Capital Partners Development were collaborating towards the development of a 180,000 square foot office-warehouse facility at the EDA-owned Wakota Crossing property, just south of the I-494 Wakota Bridge and east of Hardman Avenue. In the time since we acquired 316 Malden, it became clear that the private development market is unlikely to ever deliver an economically viable office-warehouse development at the EDA-owned Wakota Crossing site as we had originally hoped for. Thus, in 2025 the Council explored and ultimately resolved that locating the future Public Works campus within the eastern 1/2 of the EDA-owned Wakota Crossing property was preferable, in order to retain the highest potential for private redevelopment at the 316 Malden Street property and potentially spur additional development in the Wakota Crossing area more broadly. As articulated in the 2025 South Concord Corridor Study, there may be the potential for higher and better uses along Concord Street in the coming years. Staff would like to re-engage with Council as to expectations for the disposition of 316 Malden Street. In summary, we hope to discuss the following potential topics related to disposition:

- Site Conditions/Background - refresh and deepen the Council's understanding of the 316 Malden's history, context, and conditions.
- Market Forces/Factors - discuss market forces and other factors that impact the redevelopment of the site.
- Council Development Expectations - discuss and come to general consensus on Council's

development expectations for the site.

- Marketing Approach - assuming disposition (whether through sale or lease) of the property is the Council's prerogative, discuss how and when to approach the marketing of the property.

Site Conditions/Background

The 4-Acre property located at 316 Malden Street has long been viewed by the City as a potential redevelopment opportunity, since it has largely been a vacant storage lot with relatively modest improvements. The site is occupied by an approximately 12,000 square foot, vacant commercial office/garage building that was constructed in multiple phases with a 1920s-era office/garage building (former streetcar maintenance shop) of about 3,250 square feet on the northern portion of the site and a 1960s era warehouse/garage of about 9,000 square feet adjoining this original building running north-south along the property's western property line. Generally speaking, the consensus is that the existing building, while potentially reusable for a similarly situated business (truck, trailer, equipment, vehicle repair), is beyond its useful life and not a good candidate for adaptive reuse (for a more "desirable" use) and therefore would need to be demolished for the site to meet a higher and better use.

The property was most recently owned by Thompson Properties LLC and used by Thompson Motors from the early 1970s through 2023, with minimal reinvestment in the building or grounds for decades. Thompson Motors was a truck and trailer repair and parts business that ceased South St. Paul operations in 2020, and since that time Thompson Properties (and now the EDA) leases the property to Capital Waste Systems for exterior storage on a "month-to-month" basis. In addition, there is a cell phone tower lease in place at the property which runs through 2039. The EDA effectively inherited both of these leases upon acquisition of the property, and we collect roughly $50,000 per year in lease payments.

Earlier in the property's history, the aforementioned streetcar repair shop (from approximately the 1920s to the 1930s) was the site's primary land use. A trucking/transit facility (Noble Transit) occupied the building from the 1930s to the early 1980s and a trucking and auto parts salvage company (Thompson’s Truck and Auto Parts) occupied the building from 1983 to 2023. This history of industrial uses, particularly uses reliant at least to some degree on chemicals, solvents, and lubricants, is obviously important to keep in mind when contemplating redevelopment of this site. Indeed, as part of our due diligence in acquiring the property, our environmental consultants identified soil and groundwater impacts at the property, including some limited impacts exceeding MPCA reuse and disposal criteria, which would require a response action plan and construction contingency plan to manage these conditions at the time of redevelopment. Unfortunately, it is premature to speculate what the environmental costs for a redevelopment of this site would be, as these costs are highly variable depending upon the size, location, and specific conditions encountered with soils that might be disturbed.

In addition to an assessment of environmental conditions, in 2023 we also enlisted WSB to complete a geotechnical engineering analysis and provide recommendations for the potential "Public Works" project at this site. In summary, this analysis indicated that "many" of the soils encountered in test holes were wet and of a composition (wet clay and silts) generally not suitable for support of structures. As such, WSB's recommendation (as it related to the Public Works project) was to excavate between 7 to 12 feet of existing soils throughout the building footprint and 4 feet in pavement areas - more than 3.5 acres of relatively significant excavation total - and replacing the organics and fill soils with compactable, non-frost susceptible material. In layman's terms, the geotechnical recommendation for our project was to undertake a pretty massive soil excavation and import/correction effort. At the scale suggested, such an effort would likely amount to a mid- to high six-figure addition to total project cost at a minimum. Unfortunately, WSB's analysis did not include any consideration of alternative methods (such as piers or piles) for supporting new structures, but it is fair to speculate that a private development at this site would at least want to look into alternatives to a soil correction due to economics. Depending upon the approach, a ground improvement approach (piers/piles) might add anywhere from $7 - $15 in development costs per building square foot to a development, based on recent examples in the community.

In summary, the site's background and conditions introduce both risk and likely some level of "extraordinary" cost to any future developer/owner of the property. Specifically: there is an existing building that for virtually any "higher and better use" will almost certainly require demolition, there are environmental conditions that at least have the potential of adding complexity, liability, risk, and cost for any use that includes disturbance of the soil, and there are geotechnical conditions that will require additional engineering for a structural engineer and architect to certify any new building for safe construction. It's important that we couch our expectations and approach to the site in an understanding of these conditions.

Market Forces / Factors
The City purchased the 316 Malden Street property for $2,000,000 in cash at closing in May 2023. The property was actively listed on the market at that time and we paid what, at that time, was near - if not a little low - market value for a fully entitled industrial service and maintenance facility with exterior storage. Since 2023, the demand for entitled property with similar entitlements has remained exceptionally high, pushing asking and settling prices, in the majority of cases, well beyond the $500,000 per acre that we paid. This demand has been evident in the numerous inquiries that staff has received since we acquired the property, all of which have been explicitly interested in the property almost entirely because of the large amount of exterior storage area the site is perceived to have a right to. To these parties, the building certainly has some utility, but there is not a viable interest in the market currently to pursue a redevelopment of the site for a use that is much different than the site's legacy. In any event, as it relates to the "market value" of 316 Malden for a similar use to its historic use, a reasonably good comparison would be the 424 Farwell Avenue property (Road Ready), just east of the Kwik Trip off Armour Avenue. This property is about 20% larger than 316 Malden at 5.2 acres, but is developed with a very similar land use to 316 Malden's previous use. The property sold in late December 2025 for $6,000,000 (about $1.25M per acre). While it may not be apples to apples, this sale is a good data point for contemplation. There are other similarly situated properties, in very close proximity to 316 Malden, that are under contract for purchase at what we speculate to be substantially higher per acre prices than the $500,000 that we paid for 316 Malden.

While South St. Paul has slowly, incrementally turned over underperforming sites in the past for new commercial/retail development, the Council and community should be clear-eyed about the realistic prospects for 316 Malden Street's redevelopment. Concord Street (which this property does not directly front) is unfortunately not positioned to be a thriving retail/commercial corridor in the near future. The former Bremer Bank property offers a reasonably good example for comparison. That property - privately owned, unencumbered by demolition and environmentally and geotechnically "clean" - was on the market with one of the metro area's most experienced and successful large commercial brokerages for office or retail development for more than four years. Only two potential buyer/developers advanced past the "tire kicking" stage: a truck dealership and a Holiday gas and convenience center. Holiday ultimately moved forward with the acquisition in late November 2025 (for a total price of $2,300,000 for the 3.2 acre property) and is approved for the development of a retail gas station at the site. Amongst realistic retail prospects for a four-acre site off a relatively low-volume roadway, a retail gas station is arguably at the high end of the purchase price spectrum, so the $735,000 / acre price Holiday paid would seem to be at best an optimistic but possibly attainable measuring stick for 316 Malden if we chose to attempt sell for retail development - bearing in mind the site conditions needing to be addressed would likely impact this price to a meaningful degree. That is to say nothing of whether the City actually wants to see the property developed with a retail gas station.

Another primary option to consider is the possibility to position the site for redevelopment that would result in a higher FAR light industrial development (similar to the Mathias Die development, just to the north of 316 Malden, or any number of developments in the Bridgepoint Business Park). The market for improved industrial land at this size and scale is somewhat limited to owner-operators or a very limited pool of build-to-suit developers who would work with a very specific business that "needs" to be in this location, as merchant developers generally cannot make the economics of a site this small (which would yield about a 35,000 - 40,000 SF building to meet the industrial FAR) work. This becomes even more challenging given the site conditions (demolition, environmental/geotechnical challenges) at 316 Malden. A good comparable from a "market" perspective to this approach would be the recent Bonfe deal. In that case, we have a purchase agreement to sell the property at about $3.00 per square foot of land, with a requirement that we escrow about $385,000 from our closing proceeds to assist with soil conditions that might be encountered with the development (the geotechnical report recommends rammed aggregate piers and the environmental report/MPCA require vapor mitigation). It is probably reasonable to expect, in a best case scenario, a similar per square foot cost at 316 Malden (about $530,000), with the caveat that we would likely need to provide some cost share/assistance with demolition and site conditions as part of any agreement.

A final "market forces" angle to contemplate is the market/demand for leased land generally for exterior storage. In today's market, there is significant demand for essentially vacant land to store vehicles, equipment, utility and construction materials, etc. that don't necessarily require four walls and a roof. While taking this approach would not do much to improve the property, or support tax base or job growth, as an interim approach it may be worth considering. While we currently collect $27,000 per year in rent for exterior storage at the property, it is quite probable that if we marketed the property for lease we could increase that amount by 3 - 5 x, if not more.

Council's Development Expectations
Staff is interested in hearing what the City Council's general expectations for development (or continued ownership, if that's the case) of 316 Malden are. If nothing else, Staff wanted to

comprehensively review some key conditions and factors that are likely to influence the future use and/or development of the property so that Council could contextualize any expectations. Specifically, staff is curious for Council's feedback on:

- Are there specific uses (eg, "Full-service Restaurant") or even general classes of uses (eg, "Manufacturing/Office/Warehouse with limited exterior storage") that the Council believes are both desirable and realistic to try and target for 316 Malden?
- Are there specific uses or even general classes of uses that are "off the table" entirely from Council's perspective?
- Does Council value any development outcomes over others? For example, is "maximizing development density" more important than "maximizing sales proceeds"?
- What is the Council's appetite for development incentives (eg, TIF) as a tool to compel redevelopment of the site?
- Is Council inclined to take a wait-and-see approach with the property, versus attempting to dispose of the property for sale in the near term? Would continued ownership, and potentially pursuing a medium-term (1, 3, 5, x years) lease at market rate be an option worth considering?

Marketing Approach
Assuming that the Council's objective is to sell or lease the 316 Malden Street property for private reuse or redevelopment there are a few ways the City could go about "marketing" the opportunity, which are not necessarily mutually exclusive:

- <u>Informal</u> - We could attempt to leverage existing networks and connections in the business and real estate community to solicit interest in the property. It should be acknowledged that this would likely yield the most limited exposure of the options presented and arguably would be the most time intensive for such an approach to be successful.
- <u>Issue a Public RFP</u> - City staff could prepare and distribute a Request for Proposal for the site that is broadcast to the real estate, business, and development community through commercially available channels. Monday's worksession discussion could go a long way to inform the fundamental content of the RFP. This approach may provide a broader reach than a more "informal" approach, but we (and other communities) have found mixed success with this approach historically, particularly for challenging sites.
- <u>Engage a Commercial Real Estate Broker</u> - I know that there are multiple brokers that would love to have an opportunity to represent the City on the 316 Malden Street property. Of the options presented, this approach likely casts the widest net, likely yields the highest sales / lease proceeds, but also likely comes with the greatest cost in the form of a real estate commission. It should be understood that even the best commercial broker can't be expected to overcome some of the site's fundamental challenges and constraints related to redevelopment, so alignment on expectations with a broker would be key from the onset and throughout marketing.

SOURCE OF FUNDS

While there are certain economic development tools that could be considered as it relates to 316 Malden, this discussion is not recommending any specific course of action. Depending upon Council's expectation, future analysis will include an identification of any sources of city/EDA funding to support future development, as applicable.

ATTACHMENTS

1. 316 Malden Site Location Map

SITE LOCATION MAP

WORK SESSION AGENDA REPORT

DATE: January 12, 2026
DEPARTMENT: Economic Development
PREPARED BY: Ryan Garcia
AGENDA ITEM NUMBER: 2.D.

MEETING TYPE
Regular Meeting

AGENDA ITEM
314 - 318 2nd Street N Discussion

ACTION TO BE CONSIDERED OR DESIRED OUTCOME

- Review and Discuss the City-owned property at 314 - 318 2nd Street North.
- Discuss Council's expectations and desires for short-term and long-term use of the property, and if possible form consensus around expectations.

OVERVIEW
The Economic Development Authority (EDA) acquired the property located at 314 - 318 2nd Street North in December 2025 from Guild, Inc. Staff is seeking Council input on both short-term and long-term goals for this property. Because the properties are vacant and require utilities and maintenance, they do represent a financial and operational liability for the EDA while sitting idle, so staff feels it's important to understand the Council's expectations for the property so that we can begin to move in that direction.

About the Property
The property is comprised of three platted 40' x 125' lots (running E-W), measuring 0.4 acres in total. The property is zoned "R-3, General Residence District" which permits by right single-family homes, duplexes, triplexes, townhomes up to 8 units, and small multi-family structures up to 12 units. State-licensed residential care facilities (up to 16 persons) and adult day care facilities (between 13 to 16 persons) are permitted through a conditional use permit process.

The property had been used as a transitional residential care home for vulnerable adults for more than 40 years, until Guild constructed and moved into a new facility in West St. Paul in mid-2025. The property consists of three modified two-story single-family homes (with basements) on a single lot and a four-stall detached garage structure on a separate lot. The homes are currently vacant and being maintained by the City's facilities team, while the garages are currently being utilized by our public works department for seasonal storage needs.

The structures all appear to have been built between the 1920s and 1940s, and while they have been reasonably well-maintained they are in at best "fair" condition for re-habitation. One of the structures (314 2nd) has what can only be described as a commercial kitchen, while another of the structures (318 2nd) has no kitchen at all. By most accounts, none of the buildings would be "move-in ready" if there were an intention to try and utilize or sell the properties for use as a single-family home. In addition, the aforementioned issues related to multiple structures on a single lot and the "shared" detached garage also serve as impediments to a straightforward reuse of the properties. There is a single shared driveway along the west side of the property (4th Avenue North) and it would be generally infeasible for either 316 or 318 to obtain legal access to a public street or alley if the property were to be re-platted.

Potential Options for Discussion
Staff has not analyzed any particular repositioning or redevelopment strategy in great detail, but has completed some very basic due diligence on a small number of potential options in order to start a conversation about what's next with the property. These options are introduced below as a way to prime some thoughts and conversation at the Worksession:

- <u>Retain, rehabilitate, and market the structures for sale</u>: A broker's opinion of value was completed for the property which suggests that the property could sell for between $400,000 - $600,000 if sold as a "bundle" (likely attractive to a group residential home operator or similar), or as much as $675,000 - $975,000 if sold as individual homes, although the BOV notes that an estimated $200,000 in renovations would likely be necessary to market the properties as single-family homes. Staff did engage an experienced, locally-based "flipper" to walk through each home and see if there was an interest in partnering. While they expressed some intrigue and were moderately charmed by the 314 2nd Street home in particular, this party felt that the location, the neighboring property to the north, and the weird access situation all hindered the property enough that they probably wouldn't want to assume the risk.
- <u>Retain and renovate/rehabilitate the structures for publicly owned housing</u>: Theoretically, the City could renovate or rehabilitate the properties with the intention of either occupying or managing the property for some public purpose. Very cursory suggestions have been made that the homes could be offered as "corporate" housing (ie, housing for City employees) or that our HRA could "manage" the homes as public housing. While these are both interesting ideas, the level of effort to pursue either of these options - particularly public housing - would likely be substantial and may outweigh the ultimate benefit of taking either approach. Admittedly, almost no homework has been completed on either concept but if there is a strong sense from Council that such a mission is worth additional exploration, we can look more deeply into this option.
- <u>Retain and adaptively reuse (one or more of) the structure(s)</u>: Staff did float the idea of using one or more of the residential structures for a non-residential purpose, potentially as recreation-directed program space or something akin to an art studio or gallery space. At a very high level, a change in use to anything non-residential introduces the high potential of code-required changes that may be rather significant, such as sprinkler systems, ADA compliant doorways, restrooms, and entries, and more. It is also notable that the property is zoned R-3 and most likely any non-residential use would require a comp plan amendment and zoning change (the property is adjacent to C-1 zoned property).
- <u>Demolish the structures and engage a development partner to redevelop the site</u>: Staff has had numerous conversations with the Dakota County CDA about these properties as a

potential redevelopment play. Although no deep analysis was conducted, CDA has expressed that the property is not large enough to realistically accommodate a CDA project at a scale that would make any sense financially. In staff's opinion, if CDA isn't interested, there is a very low likelihood that a private, for-profit developer would take interest unless significantly more density would be allowed on the site, or development standards were loosened.

- Demolish the structures and hold the property: The recently completed Facilities Master Plan identified a need for additional space for certain City functions/departments (PD, SMFD, Public Works) that cannot be accommodated within the current footprint of city hall. While the Plan introduced a concept of a future City Hall campus within Kaposia Park, Council has expressed some concern recently about the feasibility of that option. With this as subtext, there may be some wisdom in clearing and holding the 314 - 318 2nd Street north property to accommodate an expanded or re-imagined City Hall at the current location. On paper, the 314 - 318 property could serve as a replacement for the existing surface parking lot on the west side of City Hall, if City Hall were to expand in the future. Or, the properties could be developed as surface parking in the more near-term to provide additional parking in proximity to the former Library (which is inching towards a sale and redevelopment in 2026) and Lawshe Museum. While we haven't formally solicited quotes for demolition, based upon a currently underway demolition project of a similar type of structure in South St. Paul, it would be safe to anticipate a total demolition cost in the $115,000 - $175,000 range.

SOURCE OF FUNDS

The Development Fund (20284) was the source for acquisition costs. At this time, no specific action is suggested. Depending upon the Council's preferences for the property, future action items will identify funding sources as applicable.

ATTACHMENTS

1. Site Overview Map - 314 - 318 2nd Street N

314 – 318 2nd Street North

WORK SESSION AGENDA REPORT

DATE:	January 12, 2026
DEPARTMENT:	City Administrator
PREPARED BY:	Ryan Garcia
AGENDA ITEM NUMBER:	2.E.

MEETING TYPE
Regular Meeting

AGENDA ITEM
2026 Goal-Setting Process

ACTION TO BE CONSIDERED OR DESIRED OUTCOME

- Review and confirm Goals as Approved in May 2026
- Update on proposed Department Engagement in 2026 Goal-Setting
- Set Expectations for Council Engagement in 2026 Goal-Setting

OVERVIEW
Historically, the City has held Goal-Setting sessions in the year following City elections (so, typically in odd-numbered years), and followed these sessions in even-numbered years with more informal status-check discussions about the adopted goals. As Council will recall, in early2025 we enlisted the services of David Drown Associates to facilitate a strategic goal-setting process, with Council, Department Heads, and DDA collaborating to identify the following goals that were adopted at the May 19, 2025 City Council meeting:

- Provide accessible, resilient and welcoming City Buildings and Facilities to support the community's service and recreational needs.
- Continue to recruit and retain a skilled and service-oriented workforce.
- Maintain a healthy, viable and stable housing stock.
- Continue to facilitate the redevelopment of under-improved, unimproved, and distressed properties to support the growth of the property tax base and private employment.

For 2026, the Administration is planning to engage our department heads in a focused session to reflect on each department's 2025 and also to reflect on individual department and city-wide goals and priorities for the coming year, within the context of the Council's goals as stated above. This session is planned for late January. Following that session, the intention would be to "report-out" to City Council at a future worksession and identify those points of synergy that are uncovered through the process.

As we move forward with this approach, Staff would like to confirm that Council continues to identify the May 2025 goals as continued priorities. Further, we are seeking confirmation that Council feels comfortable with the approach proposed to be taken, or whether Council would like to modify or supplement the approach with a more intensive level of Council engagement in early 2026.

SOURCE OF FUNDS
N/A

ATTACHMENTS
1. 2025 South St. Paul Goal Setting Report

2025 Goal Setting Process Report

April 17, 2025

Prepared by DDA Human Resources, Inc.

Process

The City of South St. Paul undertook a goal setting process in March of 2025. The process included the consultant having individual meetings with the Mayor, City Council, and City Management Team as well as a facilitated group session on Saturday, March 15th. The session included:

- An Ice-Breaker/Team Building Exercise
- Mayor, Council, and Management Team presentations on recent accomplishments and priorities
- Discussion on priorities, strategies, and projects
- Discussion on actionable steps to move the priorities, strategies, and projects forward

This report summarizes the discussions from the individual meetings and facilitated session. It is intended to be a working document that is fluid as it elicits continued discussion on the priorities, strategies, projects, and action steps for the City of South St. Paul.

Participants

South St. Paul Officials

- Mayor James Francis
- Council Member Pam Bakken
- Council Member Lori Hansen
- Council Member Joe Kaliszewski
- Council Member Todd Podgorski
- Council Member Tom Seaberg
- Council Member Matthew Thompson
- City Administrator Ryan Garcia
- Asst. City Administrator/HR Director Shelly Anderson
- Airport Manager Andrew Wall
- City Clerk Deanna Werner
- Building Official Joe Heimkes
- City Planner Michael Healy
- City Engineer Nick Guilliams
- Finance Director Clara Hilger
- IT Director Ian Hardie
- Parks & Rec Director Shannon Young
- Police Chief Brian Wicke
- Public Works Director Howie Steenberg
- Community Affairs Liaison Deb Griffith
- Deputy Fire Chief Terry Johnson
- Housing Program Administrator Tiffany Greene

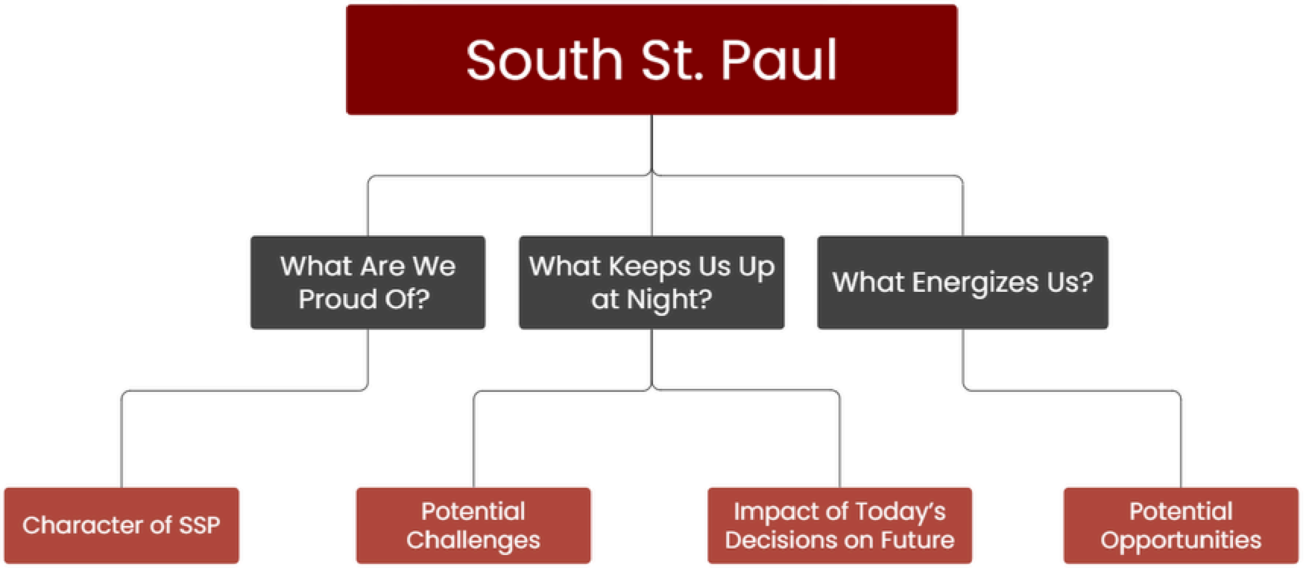
Consultants

- Bart Fischer, DDA Human Resources, Inc.
- Liza Donabauer, DDA Human Resources, Inc.

Discussion Themes

The input from the individual meetings with participants as well as the presentations of expectations by Council and Staff led to a discussion around three main themes and topics.

Themes from Pre-Session Meetings



Priorities/Strategies/Projects

This chart represents the priorities, strategies, and projects that came out of the group discussion during the strategic planning session. This list is in no order of importance and is meant to be fluid and adaptable. It is recommended that the South St. Paul Team regularly discuss target timelines and lead people/persons for each priority, strategy, and project.

For more information surrounding each PRIORITY/STRATEGY/PROJECT, please see the Supplemental Information section at the end of this report.

PRIORITY/STRATEGY/PROJECT	TARGET TIMELINE	LEAD
BUDGET FORECAST 1. Research the Pros & Cons of a rolling or biennial two-year budget and have a policy discussion/ decision with the Council regarding these options 2. Take an in-depth review of the CIP process including the infrastructure fund and capital programs fund. Projects to focus on include roads/streets and aging water system		Finance Director, City Engineer, and City Administrator
STAFF & TECHNOLOGY 1. Determine the City's pay philosophy and approach to compensation 2. Obtain salary and benefit data annually from appropriate comparable organizations to analyze trends 3. Research and evaluate effective recruitment and retention trends 4. Explore opportunities to enhance the diversity of staff to mirror the community 5. Update and streamline technology across all departments. (e.g., utilize GIS system/data across multiple departments) 6. Regularly schedule staff team-building opportunities 7. Schedule quarterly meetings with the entire leadership team – Council and Management Team		HR Director, City Administrator, IT Director, and Fellow Department Heads as needed
CODE ENFORCEMENT AND RENTAL INSPECTION PROGRAM 1. Have a policy discussion with Council to provide direction on pro-active vs re-active code enforcement 2. Based on the results of #1, discuss options such as utilizing a contracted WSB inspector, coordinated code enforcement inspections by zone, and the public's involvement in submitting complaints 3. Have a policy discussion with Council regarding rental density 4. Consider the hiring of an in-house rental inspector		City Clerk, Building Official, City Administrator

Priorities/Strategies Cont'd

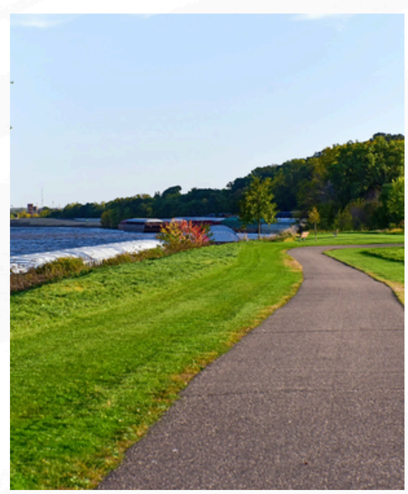
PRIORITY/STRATEGY/PROJECT	TARGET TIMELINE	LEAD
COMMUNICATIONS 1. Review Communications Strategy to identify and standardize priorities for internal and external communications 2. Seek ways to utilize external communications to empower a community of "givers" 3. Exercise increased communication methods to educate taxpayers (see supplemental information) 4. Establish a bi-monthly "Communications Update" on City Council Worksession Agendas		Communications Coordinator working with all Department Heads
FACILITIES 1. City Council to have discussions on and determine whether to move forward as well as the cost/risk of not moving forward with the Public Works Building and pool 2. Determine the future of the old library building. 3. Determine the need for a public safety (Police and Fire) facility 4. Consider a space/layout study of City Hall to address perceived silos of operation 5. Come to a decision on the Armour Gates – remove or re-locate		City Council, City Administrator, Finance Director, Public Works Director, Parks & Rec Director, Police Chief, Fire Chief
ECONOMIC DEVELOPMENT AND REDEVELOPMENT 1. Continue economic development and re-development efforts and opportunities as well as business retention and attraction efforts 2. Have a conversation and make a part of the communications strategy the realistic expectations around business types		City Administrator and City Planner
PUBLIC SAFETY 1. Pursue development of a Risk Assessment Study and Plan 2. Continue to explore enhanced and effective recruitment and retention efforts to maintain and develop an effective Public Safety Team		Fire Chief and Police Chief

Summary/Conclusion

The key takeaways from the session, as shared by the participants, are as follows:

- There is enthusiasm about the Public Safety Team further exploring a Risk Assessment Plan.
- There is excitement around focusing on employee retention initiatives.
- The Council and Management Team engaged in respectful and productive conversations, which allowed the Council to gain valuable insights from the Management Team.
- The Leadership Team (Council and Management Team) collaboratively defined actionable next steps.
- The City's Building Official, who interacts with 8-10 residents daily in their homes, shared valuable feedback regarding residents' concerns, needs, and expectations for City services and amenities.
- There is unanimous agreement on the need for improved communication – internal and external.
- All participants have acknowledged and committed to the action steps discussed.
- The action steps were formulated around the questions, "What would happen if we don't take action?" and "What would be the cost of inaction?"
- There is a recognition that much work remains to be done.
- The group is largely aligned in its goals and priorities.
- A clear priority hierarchy for tasks has been established.
- The Council recognizes and appreciates the work staff does.
- Action is the next step, with a concrete plan in place.
- The group is committed to moving forward with a decision: "We are done with the can we? Let's move ahead."
- The open and constructive conversations between the Council and the Management Team have been valuable.
- The group is united in how to proceed.
- Both the Management Team and Council are invested and ready to take action.
- South St. Paul is a highly functional Leadership Team.

The 2025 South St. Paul Goal Setting Process allowed the City Council and Management Team to discuss priorities, strategies, projects, and actionable steps for South St. Paul. The process allowed for listening and better understanding of individual goals in an effort to collaborate and move forward with a list of group strategies, priorities, projects, and action steps. It is recommended that opportunities are created throughout the year for updates and continued discussion by the South St. Paul Leadership Team (Council and Management Team) on the priorities, strategies, projects, and action steps as laid out in this document. This will be vital in keeping the lines of communication open for collaboration, understanding, the building of trusting relationships, and the continued momentum in maintaining and creating a successful future for the Community of South St Paul.



Supplemental Information

This section includes notes that were taken during the afternoon session where the group discussed priorities, strategies, and projects and explored action steps for each.

STAFF & TECHNOLOGY

- Is there a potential for a shared software/tech platform across departments? This could help break down silos between departments and provide better customer service (internal/external). This would require quite a bit of staff time on the front end which will be a heavy lift for many, but the benefits could be exponential.
- Investigate whether the City can utilize the GIS platform for:
  - Address location
  - Property records
  - Inspection notes and records
  - Building permits
  - Fire module
  - Front-end for customers to submit complaints, access forms, process building permits
  - Assist the City in becoming more paperless
- In an effort to demonstrate that staff is valued, the City needs to determine a pay philosophy, compensation, training and development, provide additional employee events such as the summer picnic, determine the City's niche as a recruitment tool, explore and be open to offering other employee benefits (e.g. summer hours, wellness programs, flexible hours).
  - Staff asked the City Council to allow for failure when trying new programs and endeavors.
  - Council asked staff to compile vetted comparables and data for discussion to determine pay philosophy and monitor trends.

BUDGET FORECAST

- The group expressed interest in moving forward with a two-year budget cycle/forecast. A two-year budget process will help the City Council to identify trends and plan ahead for future deficits. Staff asked Council to understand that the second year of the budget will likely be estimates.
- The group discussed taking a closer look at how the CIP is developed and whether there is a re-allocation that needs to be done in the Infrastructure or Maintenance Reserve Fund to be used to maintain the life of equipment and infrastructure.

Supplemental Information - Cont’d

COMMUNICATION (External/Internal)

- The group discussed how they have been utilizing the newly appointed Communications Coordinator position and the successes the departments have had as a result. There was an agreement amongst the group to utilize the Communications Coordinator more and effectively.
- The group discussed developing communication campaigns for the following:
  - Communicate results from the Space Study out to the public
  - Develop messaging about the Public Works Building
  - Educate the public on the Infrastructure Fund/CIP
  - Develop a video on what is under the street/pavement as an educational tool for the public
  - Utilize cable tv more on various city topics
- As a long-term goal, is there a potential to create a Legislative Commission which would include community members who could be a voice for the City on various initiatives?

FACILITIES

- There are many potential facility projects: Pool, Public Works, Police/Fire, Old Library, City Hall.
- The City is waiting to hear the results of a feasibility study on the pool. The City Council needs to determine when it will act - at failure or on a specific date.
- Discussion was had on what the associated costs and risks for not moving forward with new construction on the Public Works Building, Pool, Police/Fire, Old Library and City Hall would be.

Supplemental Information - Cont'd

CODE ENFORCEMENT PROGRAM

- Discussion was had on pro-active vs re-active code enforcement. Currently, the City is unable to be pro-active due to a lack of staffing power.
- The following ideas were brought forth for exploration:
  - Public involvement in submitting complaints
  - In-house rental inspector
  - How to address rental density
  - More needs to be learned about coordinated zone code inspections/enforcement – Rosemount was brought up as an example
  - A plan should be developed for license inspectors
  - Can the services of WSB be utilized more in the area of code enforcement
  - Can code enforcement become some sort of revenue source

ECONOMIC DEVELOPMENT AND RE-DEVELOPMENT

- The group touched on the future of the Hardman Triangle, Wakota Crossing, and Marie/Southview as well as other re-development opportunities for some of the city's older and more run-down properties.

PUBLIC SAFETY

- The Deputy Fire Chief discussed the Department's initial work on a risk assessment study and developing a plan to reduce risks. This study could include environmental assessments, fire, crime, and health issues within a community and identify risks that affect community members, such as falls, mental health, substance abuse, diabetes, cardiac arrest and other health issues. The plan would identify the need for resources such as social workers and assigning a specialist with an EMT.

RELATIONSHIPS

- There was a brief discussion on the City continuing to enhance its relationships with various community and regional partners including state legislators.

WORK SESSION AGENDA REPORT

DATE:	January 12, 2026
DEPARTMENT:	City Administrator
PREPARED BY:	Ryan Garcia
AGENDA ITEM NUMBER:	2.F.

MEETING TYPE
Regular Meeting

AGENDA ITEM
Boards & Commissions Appointment Process

ACTION TO BE CONSIDERED OR DESIRED OUTCOME
Council to provide staff direction on preferred Boards & Commissions appointment process.

OVERVIEW
In March of each year, Council appoints citizen members to various City boards and commissions. Generally, applications are accepted from December through early February, Council hosts a "meet & greet" with candidates at a February worksession, and recommendations for appointments are considered at the first Council business meeting in March. Staff is seeking to confirm Council's preferred approach for 2026 Board and Commission appointments. A few calendar notes:

- Applications are due February 2, 2026
- Worksessions are currently scheduled for February 9 and February 23
- The first business meeting in March is March 2.

SOURCE OF FUNDS
N/A

ATTACHMENTS
None