



CITY OF SOUTH ST. PAUL MEETING AGENDA

WORK SESSION

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

Monday, January 26, 2026
7:00 PM

- 1. CALL TO ORDER**
- 2. DISCUSSION ITEMS**
 - A. Legislative Update
 - B. Public Works Central Maintenance Facility - Schematic Design Milestone
 - C. 106 3rd Avenue North - Cornica/Minneapolis Gymnastics Update
- 3. COUNCIL COMMENTS & QUESTIONS**
- 4. ADJOURNMENT**



WORK SESSION AGENDA REPORT

DATE: January 26, 2026
DEPARTMENT: City Administrator
PREPARED BY: Ryan Garcia
AGENDA ITEM NUMBER: 2.A.

MEETING TYPE

Regular Meeting

AGENDA ITEM

Legislative Update

ACTION TO BE CONSIDERED OR DESIRED OUTCOME

Discussion Only.

OVERVIEW

State Representative Rick Hansen will attend the worksession to discuss the upcoming legislative session, specifically focusing on topics that have the potential to directly impact South St. Paul.

SOURCE OF FUNDS

N/A

ATTACHMENTS

None



WORK SESSION AGENDA REPORT

DATE: January 26, 2026
DEPARTMENT: City Administrator
PREPARED BY: Ryan Garcia
AGENDA ITEM NUMBER: 2.B.

MEETING TYPE

Regular Meeting

AGENDA ITEM

Public Works Central Maintenance Facility - Schematic Design Milestone

ACTION TO BE CONSIDERED OR DESIRED OUTCOME

- Review of Schematic Design Presentation by Staff, HCM, and Kraus-Anderson team
- Opportunity for Council discussion, feedback, and questions
- Council discussion and direction on next steps

OVERVIEW

In late-June 2022, the City Council directed staff to complete a [Master Plan for key City Buildings and Facilities](#) as a part of their Action Strategy to implement the 2023 Council Goals. Throughout 2023 and early 2024, the Study Team – including Kraus Anderson Construction Company in a primary planning and estimating role - collaborated with City departments to define immediate and long-term space needs, evaluate the condition, resiliency, and functionality of current City Facilities, and prepare recommendations for future facility and building investments (and in some cases, divestments). The Study concluded that the City should place a high priority on the replacement of the public works operations currently housed at 400 Richmond Street with a new facility.

On November 4, 2024, [Council authorized the retention of Kraus Anderson Construction Company \(KA\) as a Construction Management Advisor](#) (CMA) in order to help manage the preliminary design, design, and construction phases of this important project. As part of KA's scope of work, they facilitated a pre-design process with the Council and Staff to arrive at a general project scope and budget with an eye towards reducing the Master Plan's \$32,000,000 price tag for the project. The pre-design effort concluded with a presentation at the [City Council's May 27, 2025 Worksession](#) where Council reviewed [pre-design alternatives](#) and directed KA and Staff to proceed with solicitation for design of the project with a "better-best" scope target.

On August 4, 2025, following a formal Request for Proposal process, [Council authorized the retention of HCM Architects for full design and construction phase architectural services for the project](#) through the adoption of [Resolution 2025-87](#). Since that time, HCM and City staff

(administration, public works, engineering with as-appropriate integration of other departments) have collaborated to develop a schematic design package, including pricing, which will be presented for discussion and further direction at the Worksession. In summary, the schematic design suggests the following high-level characteristics:

- Total building square footage of 76,601 square feet (current 35,285 square feet)
 - Indoor Vehicle and Equipment Storage: 51,913 square feet (current 20,000 square feet)
 - Vehicle Maintenance/Shops/Mezzanine/Wash Bay: 18,917 square feet (current 14,835 square feet, no dedicated wash bay)
 - Office: 5,771 square feet (current 3,500 square feet on 2 floors - 2nd floor not accessible)
- Total Site Size of 6.5 Acres (current 4.0 Acres)
- Dedicated/secured staff access and parking, and separate dedicated public parking and entry
- Police Department Storage as an Add Alternate
- Schematic Design Estimate: \$26,818,830
 - Approximately \$14.5M Construction Cost; May 2025 Predesign Estimate was \$14.3M ("Better") to \$17.1M ("Best")
 - Approximately \$4.8M Site Costs ; May 2025 Predesign Estimate was \$1.15M
 - Approximately \$4.3M Soft Costs; May 2025 Predesign Estimate was \$3.9M ("Better") to \$4.5M ("Best")
 - Approximately \$3.3M in contingencies, escalation, general conditions (similar to predesign "Better" estimate; \$450,000 less than predesign "Best" estimate)

SOURCE OF FUNDS

The 2026 - 2030 Capital Improvement Plan, Adopted via Resolution 2026-10, identifies funding the construction of the project through a combination of sale proceeds (400 Richmond Street East), the sale of General Obligation Bonds, and (if a 2026 Bonding Request is successful) State Capital Investment funding.

ATTACHMENTS

1. Perspective View-Proposed Public Works Central Maintenance Facility

Current Overall





WORK SESSION AGENDA REPORT

DATE: January 26, 2026
DEPARTMENT: Economic Development
PREPARED BY: Ryan Garcia
AGENDA ITEM NUMBER: 2.C.

MEETING TYPE

Regular Meeting

AGENDA ITEM

106 3rd Avenue North - Cornica/Minneapolis Gymnastics Update

ACTION TO BE CONSIDERED OR DESIRED OUTCOME

- Confirmation of terms as approved in the LOI for integration into a Purchase and Development Agreement.
- Discussion and direction related to the funding source for the Base Building Scope budget and any fixturing loan.

OVERVIEW

In Closed Session on November 10, 2025, the City Council reviewed a letter of intent (LOI) to purchase, renovate, and re-purpose the City-owned building at 106 3rd Avenue North - the former City Library. While the Holiday season and the buyer's end-of-year business demands and travels slightly slowed progress on moving forward with the drafting of a purchase and development agreement, both Staff and the development team are eager to begin work on formal agreements based upon the agreed upon general terms as defined in the LOI:

- *Purchase Price:* \$250,000, payable as \$5,000 in earnest money and the balance at closing.
- *Due Diligence Period:* Ninety days from execution of a purchase and development agreement.
- *Closing:* Thirty days after the end of the Due Diligence Period.
- *Restoration:* City agrees to budget for the restoration costs identified as the "base building scope" of work identified in the [2025 Library Reuse Study](#), and to use funds available through its EDA to finance restoration costs, essentially as a grant to the project. See bottom of Page 3.2 of the 2025 Study for the preliminary definition of the base building scope.
- *Use:* Buyer agrees to improve the facility for the purpose of using the property as an interactive family play center (including discounted rates for City residents and/or students enrolled in the SSD). Buyer also agrees to reserve a usable portion of the building for City programming and use at no cost to the City.

- *Prohibition on Sale and Right of First Refusal:* Buyer is prohibited from selling the property without City's approval for a period of five years after closing, and if Buyer does sell the property to an unrelated entity is obligated to repay to the City all actual restoration costs. City is granted an exclusive right-of-first refusal for a period of ten years following closing.
- *Fixturing Loan:* In the event that the City budget for restoration costs (see "Restoration", above) is not fully expended for actual costs of restoration, City (through its EDA) agrees to extend to Buyer financing to assist with the fixturing of the property for the Use. Only in the event that there is remaining budget once all restoration costs are incurred, and only from that remaining budget, will the Fixturing Loan have any effect in the Development Agreement. The parties agree that the loan will be amortized based upon a 10-year amortization schedule, and a five-year interest only period. If all interest-only payments are made and other standard loan conditions are satisfied for the duration of the five-year interest-only period, an amount not to exceed \$100,000 in outstanding principal would be forgiven on the fifth anniversary date, with the remainder of the outstanding principal converting at that time to a deferred loan for an additional five-year period. On each anniversary date thereafter, if all loan conditions are satisfied 20% of the outstanding principal will be forgiven until all remaining principal and interest is either paid or fully forgiven.

Staff is poised to begin preparation of the appropriate formal agreements and seeks to confirm that we have consensus on moving the project forward. Next steps would include undertaking any transfer of title to the property over to the EDA, identifying and formally approving any necessary transfers of funds within the City/EDA's purview, and ultimately drafting and approving formal agreements following a public hearing and formal Council action. It is likely these actions could be completed within 90 days.

SOURCE OF FUNDS

The City's 2026 - 2030 Capital Improvement Program identifies the Capital Programs Fund as the source for the "Renovation of Library Building" at the budget defined in the 2025 Library Reuse Study (\$2,300,000). Staff will be prepared to discuss reallocating funds to an appropriate source, such as the EDA's Development Fund, for the project.

ATTACHMENTS

None