



# South St. Paul

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**WORKSESSION AGENDA**  
SSP City Hall  
125 3<sup>rd</sup> Avenue North  
Training room

Monday, January 8, 2024  
7:00 pm

AGENDA:

1. Wakota Crossing Update
2. Water Treatment Plant – Change Order Discussion
3. Boards & Commissions Discussion
4. Hardman Triangle Update
5. 200 Concord Exchange South
6. Council Comments & Questions



**AGENDA ITEM: Wakota Crossing Update**

**DESIRED OUTCOMES:**

- Review progress made towards the redevelopment of the Wakota Crossing site
- Identify and discuss potential impacts to public facilities in the general area of the proposed development
- Discuss key next steps/milestones

**BACKGROUND/SUMMARY:**

Since late 2021, Staff has engaged in ongoing dialogue with Capital Partners Development, LLC (“CP”) about the strategic, phased redevelopment of approximately 50 acres south of I-494 for light industrial land uses, which the City has termed “Wakota Crossing”. Approximately 16 acres of this proposed redevelopment area is comprised of a landlocked City-owned parcel which encompasses a portion of the former South St. Paul sewage treatment works property.

Since early 2023, the City and CP have been operating under an exclusive predevelopment agreement to address the many predevelopment hurdles present at this site. At various points in 2023, the EDA/City have pursued grant funding to assist with site cleanup and site preparation and improve the project’s financial viability. As we turn the calendar into 2024, Staff is pleased to report that these efforts have been wholly successful so far. With these successes, the Wakota Crossing project is becoming much more “real” and our focus and responsibility in 2024 shift to actively redeveloping this challenging site. In light of that, we wanted to have an update discussion with the Council about where we are, where we’re going, and how we get there.

*Grant Assistance*

Studies and site investigations conducted by the City, Met Council, and Developer over the past several years confirm that the MCES property is challenged by conditions including soil contamination, vapor impacted soils, and geotechnically unsuitable soils, with estimated costs to mitigate these site deficiencies exceeding \$6,000,000. Given these challenges, in 2023 the EDA applied for and was awarded the following grants:

- DEED Contamination and Cleanup Grant – Awarded **\$1,392,363** for contaminated soil and vapor remediation.
- Metropolitan Council Tax Base Revitalization Account (TBRA) – Recommended award of **\$814,700** for contaminated soil and vapor remediation; approval by full Met Council expected in January 2024.
- DEED Redevelopment Grant – Awarded **\$800,000** for utilities/infrastructure and stormwater management.

In addition, as Council is aware the City was awarded \$3,000,000 in 2022 through the federal Community Project Funding Initiative. Staff has submitted required documentation to HUD for this award and anticipate an executed grant agreement in early 2024. These funds will be used to offset any costs related to flowage easement release and for the extension of Verderosa Avenue to serve the site, including all utilities, streetlighting, and pedestrian connectivity.

#### *Army Corps of Engineers – Flowage Easement*

Another significant encumbrance impacting this site is the presence of a “Flowage Easement” to the benefit of the United States Government which lies over the eastern 75% or so of the site. This easement – recorded against the deed to the property – was put in place in the 1930s when the lock and dam system was under development along the Mississippi River and essentially gives the Army Corps of Engineers (ACOE) the rights to re-route or otherwise flood the easement area (through lock/dam manipulation) to aid in river navigation. Since the time of the easement’s recording, this right has never been exercised. However, the City (in partnership with ACOE) has invested millions in the construction and maintenance of a levee floodwall system, which happens to form the southern, eastern and western boundaries of this site and protects this site (and everything to the north) from flooding. In short, the flowage easement today serves no practical purpose (a point we have made to the ACOE). Good news – ACOE is actively reviewing our request for flowage easement and thus far has been responsive and helpful in navigating this federal process. We should have clear guidance from ACOE as to whether a release of the easement seems feasible within the 1<sup>st</sup> Quarter of 2024.

#### *Impacts to Community Garden and Compost Area*

The proposed extension of Verderosa Avenue is intentionally aligned west of the Wakota Trailhead which is scheduled to open in 2024. The developer and staff agree that future industrial traffic should be segregated from any and all recreational traffic to the extent possible. This alignment does have a significant impact on the current location of the South St. Paul Community Garden (see current condition in photo to right), as that facility would need to be relocated entirely for this roadway alignment to work. At an earlier worksession, Council expressed a willingness to consider relocation of the



Community Garden. Staff’s proposed/preferred option would be to relocate, and potentially downsize, the community garden just to the south and east, generally replacing most if not all of the current compost site. The compost site, while it does function as a convenient yard waste disposal option for local residents, has consistently performed “in the red”, running deficits varying between approximately \$1,500 - \$8,500 annually over the past five years. Put bluntly, with this development concept’s emergence, there simply is not sufficient space to accommodate

the community garden (at any meaningful scale) and the municipal compost site (at any meaningful scale). Staff hopes for discussion and direction on this topic.

The Community Garden program has been in operation since the 1980s in SSP, with the current location established in 2014. Relocation of the Community Garden would require the City to undertake the following tasks:

- Additional soil testing
- Grading/fill
- New/relocation of fencing
- Extension of potable water

It would make sense to coordinate the preparation of the site for a relocated Community Garden with the larger Wakota Crossing construction project, from a timing and cost standpoint. However, this would likely mean that the Gardens would need to be closed for the 2025 growing season.

#### *Key Next Steps/Milestones*

Staff is encouraged by the meaningful progress and continued momentum that we've realized on this project. As the project comes into focus, tentative next steps in 2024 are (subject to adjustment):

- Decision from ACOE on Flowage Easement – early Q2 2024
- Purchase and Development Agreement w/ Capital Partners – by close of Q2 2024
- Begin site work/cleanup activities – Q2/Q3 2024
- Planning and Zoning Review – Q2/Q3 2024

#### **SOURCE OF FUNDS & OTHER FINANCIAL CONSIDERATIONS:**

Several grant programs for site redevelopment will be leveraged to assist with this project, with the developer providing any required match funding. Staff is hopeful that through a combination of these grant resources, other public funding such as TIF or Abatement can be minimized, but given the complexities of the site there is a reasonable expectation that some level of additional public assistance may be warranted. Any request for public assistance will be vetted by staff and independently by our financial consultants in the future and brought forward for consideration by the EDA/Council. The proposed development of a 182,700 square foot modern office warehouse facility should be anticipated to have an assessed value of at least \$65 - \$75 per square foot, or a total EMV of between \$11,875,500 - \$13,702,500. These values would translate to Pay 2024 estimated tax of between \$375,000 and \$430,000 in property taxes annually.

#### **ATTACHMENTS:**

Orientation Map  
Preliminary Site Concept (2018 – City)  
Developer's Preliminary Site Plan



# ATTACHMENT 1 – ORIENTATION MAP









**COUNCIL WORKSESSION REPORT**  
**DATE: JANUARY 8, 2024**  
**DEPARTMENT: ENGINEERING**  
**Prepared By: Nick Guilliams, City Engineer**  
**ADMINISTRATOR: RG**

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**AGENDA ITEM:** Change Order No. 1 - Well No. 3 Water Treatment Plant

**DESIRED OUTCOMES:**

Council discussion regarding Change Order No. 1

**OVERVIEW:**

**Background**

Construction on the water treatment plant at Well No. 3 began in November of 2023. During the first few months of construction, several issues have been encountered that have resulted in increased costs.

Change Order No. 1 is for additional costs for a temporary soil retention system, modified watermain alignment, additional cast-in-place concrete retaining wall system and bypass water main. The changes and associated costs are summarized below:

Earth Work, Concrete & Masonry Adjustments: \$311,435.96

This item provides for all labor and materials necessary to excavate the additional retaining wall work due to differing site grade between the project bid scope and that which was realized in the field. This work also includes the additional time and materials for the increased height of the cast-in-place building wall and retaining wall additions.

This is a result of a topographic survey issue that showed milder slopes on the plan where steeper slopes existed in the field. The survey work was completed by a different firm (Bolton and Menk) prior to preparation of the water treatment plans by SEH. The site required some replating, so it was decided to have the survey work completed at that time to reduce costs. Standard practice is to have the designer of the project perform the survey work to make sure all the data is captured. Surveyors from SEH checked the survey data completed by Bolton and Menk and used that data to create contours of the site. During grading operations and construction of the retaining wall system, it was discovered that survey data was missing that resulted in the plans not accurately depicting the steeper slopes in the field.

Earth Work, Concrete & Masonry Adjustments: \$106,178.10

This item provides for all labor and materials necessary to increase the amount of temporary soil retention structure due to differing site grading between the project bid scope and that which was realized in the field.

Bypass Watermain: \$17,500

This item provides for all labor and materials necessary to install a bypass watermain to keep the 17<sup>th</sup> Avenue ground storage tank in service while the permanent watermain is installed. This is due to unforeseen conflicts with the existing watermain.

The total cost of Change Order No.1 is \$435,114.06 which is eligible to be included in the low interest loan the City received from the Minnesota Public Facilities Authority Drinking Water Revolving Fund. Staff will bring this change order to the Council for consideration at the January 16, 2023, City Council meeting. Due to the substantial cost and complexity of the changes, this is being brought forward to a work session for discussion.

**ACTION NEEDED**

Council discussion regarding Change Orders No. 1 for the Well No. 3 Water Treatment Plant.



## COUNCIL WORKSESSION REPORT

DATE: January 8, 2024

ADMINISTRATOR: 

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### AGENDA ITEM: Boards & Commissions Discussion

#### DESIRED OUTCOMES:

- Discuss and determine schedule for 2024 Boards & Commissions appointment process

#### DISCUSSION:

The City Council has the authority and duty to appoint members to various Boards and Commissions, with the application and appointment process typically commencing in January-February of each year for board terms to begin effective in March of each year. For 2024, the following vacancies are sought to be filled through the appointment process:

- *Airport Advisory Commission* - 3 of 9 seats up for appointment in 2024: Airport Business Community, Airport User: Aircraft Owner/Hangar Owner, and Airport Non-Profit Organization
- *Lower Mississippi River Watershed Management Organization*
- *North Dakota County Cable Communications Commission (NDC4)*: Council Representative and Citizens Representative
- *Parks and Recreation Advisory Commission* – 2 of 7 seats up for appointment in 2024
- *Planning Commission* – 2 of 7 seats up for appointment in 2024
- *Police Civil Service Commission* – 1 of 3 seats up for appointment in 2024

In addition to these vacancies, the City's Charter Commission is (by Charter) required to have 9 members appointed to 4-year terms. Appointments to this Commission have not been made – it appears – since 2014 and the Commission has not met for several years. Staff suggests that at a minimum we should “check-in” with the last listed members of the Commission (of which there are 6) to gauge interest in continuing to serve on this commission, and make efforts to “refill” the commission through this appointment cycle. The appointments are actually made by the District Court, but typically these appointments originate with a recommendation from the elected body. As a Charter City, we are required to have a Charter Commission, although it is fine if they only meet “as needed”.

Beyond that bit of housekeeping, Staff would like to talk through the Council's preference as it relates to process and timing. Applications for boards and commissions are due February 5<sup>th</sup>, so the Council could:

- Hold a meet and greet at the 2/12 Worksession, and make appointments on 2/20. Terms would begin March 2024.
- Hold the meet and greet at the 2/26 Worksession, and make appointments on 3/4. Terms would still start in March, although this gives a little less notice/wiggle room.

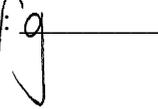
#### SOURCE OF FUNDS & OTHER FINANCIAL CONSIDERATIONS:

N/A



## COUNCIL WORKSESSION REPORT

DATE: January 8, 2024

ADMINISTRATOR: 

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### **AGENDA ITEM:** Hardman Triangle Update

#### **DESIRED OUTCOMES:**

- Update on Demolition at 139 Grand Avenue East (Twin City Pallet)
- Review status and potential implications of 2021 Special Appropriation relating to meat processing facility(ies)

#### **OVERVIEW:**

As discussed at previous Worksessions, the City's Economic Development Strategy identified an approximately 20-acre area lying between Concord Street, Hardman Avenue, and Grand Avenue as a key focus area for redevelopment. In early 2020, the City Council approved the Hardman Triangle Redevelopment Plan, which established a framework for development of a vital mixed-use district at this key location in the community. Following the Redevelopment Plan's approval, Community Development Staff and the EDA have made progress towards positioning the City for successful revitalization of the Hardman Triangle. As we approach the 4<sup>th</sup> Quarter of 2022, several interrelated opportunities warrant consideration in the context of the City's vision for the Hardman Triangle.

#### *139 Grand Avenue Demolition*

The EDA has owned the property at 139 Grand Avenue East, previously occupied by Twin City Pallet Company, since January 2021. Twin City Pallet Company vacated the site in July of 2023. As directed by the EDA in January 2023, now that the property is vacant Staff is proceeding with the solicitation of bids for the buildings at 139 Grand Avenue East. Bids are due this week Wednesday (1/10), and a pre-bid site walkthrough was held on Thursday, January 4 with over 22 different demolition contractors in attendance.

As the EDA discussed during the development of the Hardman Triangle Strategy, it is highly likely that redevelopment of the Hardman Triangle area will require the use of specifically tailored Economic Development Tools including Redevelopment Tax Increment Financing, County and State Redevelopment Grants, and State Contamination Cleanup Dollars in order for private development to be feasible in this area. Given the statutory framework influencing many of those tools, we need to think methodically about when and how to undertake activities (such as demolition and site restoration) within the Hardman Triangle.

With this in mind, the Demolition Bid Specification includes only the demolition and disposal of the main building, the lumber sheds lining the west property line, the loading dock, and any footings/foundations found generally within the footprints of these features. All paved surfaces (98% of the site is hard surface or building), generally speaking, will be undisturbed in the course of this demolition. The site will be restored only with gravel, not topsoil/seeding. This is a strategic approach – it retains our ability to utilize the aforementioned redevelopment tools *at the time of future redevelopment* to pay for these costs, rather than absorb them now. As owners of the property, we will be actively involved in the future redevelopment and will be transparent with future developers upfront about the need for additional site demolition and preparation work at this site. This approach is similar to how the 125 Grand Avenue and 135 Grand Avenue sites were handled in their demolitions.

### *2021 Special Appropriation – Meat Processing Uses*

As discussed previously, the Omnibus Tax Bill authorized by Governor Walz in July 2021 included language that authorizes the Minnesota Department of Employment and Economic Development (DEED) to provide \$6,000,000 in grant funding for facility planning and construction to South St. Paul-based businesses engaged in the meat processing industry and operating out of facilities that are at least 75 years old. At the time, it was determined that three South St. Paul businesses (Concord Fresh Meat, Concord Poultry, and Long Cheng), all located within the Hardman Triangle, met the criteria outlined in the legislation. Since the Bill's passage, much has changed:

- Concord Fresh Meat ceased operation at 240 Concord Street North in 2022, and the business moved to the Winona area.
- Concord Poultry continues to occupy 240 Concord Street North on a long-term lease, essentially having picked up the slack of the departing Concord Fresh Meat by beginning to sell hogs and goats in addition to poultry.
- The 2023 legislative session saw the passage of a revisions and corrections bill which altered the July 2021 language relating to meat processing uses. The bill as signed into law is narrower in scope than the original bill, and would have the effect of making only Long Cheng eligible for any grant funding.

Encouragingly, DEED and Long Cheng's representatives have been in communication since fall 2023 about the process needed to encumber the special appropriation, and progress is being made on that front (albeit somewhat slow). Long Cheng has engaged an architect and legal counsel to begin the process of preliminarily designing a replacement facility and to navigate the DEED grant agreement and administration process. As needed, Staff continues to provide information and support to both DEED and Long Cheng to try and keep this process on track. Concurrently, our Economic Development Consultant, Lee Kreuger, has been working closely with Hardman Triangle property owners to lay the groundwork for further advancement of the EDA and City's redevelopment vision. We anticipate having Lee and Ron Barze provide an update and discussion at a February meeting.

### **SOURCE OF FUNDS & OTHER FINANCIAL CONSIDERATIONS:**

Staff estimates that the demolition of 139 Grand Avenue East will cost between \$200,000 - \$300,000, given the site's complexities and "lessons learned" at 135 Grand Avenue East. 139 Grand Avenue East is located within the Concord Street Redevelopment Project Area and Concord Street Tax Increment Finance District. Demolition is an eligible expenditure of Tax Increment, and the TIF Fund has sufficient resources to support the demolition of 139 Grand Avenue East.

While it is very much speculative, the Council should fully anticipate that some combination of the various publicly available funding tools for site acquisition, cleanup and redevelopment will be leveraged to assist with all future redevelopment in the Hardman Triangle. The 2020 Redevelopment Plan included a financial analysis component conducted by Ehlers, and given the site's complexities and market realities at the time Ehlers concluded that Redevelopment TIF should be expected to be a piece of the future financial puzzle for the Hardman Triangle. Obviously, any request for public assistance by developers will be vetted by staff and independently by our financial consultants in the future and brought forward for close consideration by the EDA/Council.



**CITY COUNCIL WORKSESSION AGENDA REPORT**

**DATE: January 8, 2024**

**DEPARTMENT: ECONOMIC & COMMUNITY DEVELOPMENT**

**Prepared by: Ryan Garcia, City Administrator/EDA Executive Director**

**ADMINISTRATOR:**

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**AGENDA ITEM: 200 Concord Exchange South**

**DESIRED OUTCOMES:**

- For information only. No action requested/required.

**DISCUSSION:**

In October 2020, the EDA approved a purchase agreement for (then) EDA-owned property located at 200 Concord Exchange South. The property, commonly referred to as the “Titan Construction” property, was sold to Mr. Thomas Nguyen for \$100,000 on November 30, 2020 in “as-is” condition: the building required new utility services, roof repair, HVAC and electrical systems, and interior remodeling if it was to have any practical business use.

Mr. Nguyen, as the Council may recall, was the previous owner/occupant of the (now-demolished) building at 201 – 205 Concord Exchange North at the northwest corner of Concord Exchange and Grand Avenue. In order to facilitate the development of the Yards and the Backyards, the EDA and the Beard Group worked together to compel Mr. Nguyen to sell his building at 201 – 205 Concord Exchange North, which Mr. Nguyen not only owned but also occupied with his mortgage services business. Finding a suitable location for Mr. Nguyen’s business was a key stumbling block, thus the “Titan” building was a key lynchpin at that time to getting the Beard deal done.

Although it took longer than hoped for, Mr. Nguyen did meet his obligations under the Development Property Deed and State Statute by completing improvements to the Titan building to accommodate his business’ use. However, Mr. Nguyen in the interim purchased an office in the Bridgepoint Condominium, and has moved his business there. Mr. Nguyen recently listed the building at 200 Concord Exchange for sale, and staff has periodically fielded questions and information requests about the building from potential buyers. It is important to note that the property is located within the [Concord Exchange Mixed-Use \(CGMU\) Zoning District](#). Any prospective new owner/tenant would need operate a business that would fall within the permitted uses for the CGMU district in order to “automatically” establish a presence there, and any conditional use would require scrutiny at a public hearing and review by the Plan Commission and City Council. Any use that does not fall into one of these two categories is, by definition, prohibited in the zoning district.