



# South St. Paul

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

Monday, June 10, 2024  
7:00 pm

AGENDA:

1. Presentation from Dakota County CDA- Potential Collaboration on Local Affordable Housing Aid
2. Proposed Amendment to “Wakota on Fourth” Private Association Bylaws
3. 5<sup>th</sup> Avenue South Roadway Striping
4. Concord Exchange Parking
5. Hazardous Building at 1579 Stickney Avenue (No Attachment)
6. Wakota Crossing Update
7. Council Comments & Questions



## CITY COUNCIL WORKSESSION REPORT

DATE: JUNE 10, 2024

DEPARTMENT: Community Development

Prepared By: Michael Healy, Planning Manager

ADMINISTRATOR: RG

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**AGENDA ITEM:** Presentation from Dakota County CDA- Potential Collaboration on Local Affordable Housing Aid.

### DESIRED OUTCOMES:

- Dakota County Community Development Agency (CDA) gives a presentation about the Local Affordable Housing Aid money that each municipality will be receiving annually from the State and options for collaborating with the CDA to use this money effectively.
- CDA Staff and City Staff answer questions and facilitate a discussion about Local Affordable Housing Aid.

### OVERVIEW:

#### Background

In 2023, the State Legislature authorized a new metropolitan area sales tax that is dedicated to the support of affordable housing. The tax went into effect on October 1, 2023. The money generated from this new sales tax will be distributed directly to qualifying cities and counties using a formula that is contained in the legislation. Distributions will occur twice each year in July and December. Based on early estimates, it appears that South St. Paul will be awarded roughly \$255,892 in fiscal year 2024 and this will climb to roughly \$396,548 in fiscal year 2025. This money is being called Local Affordable Housing Aid (LAHA).

LAHA funds can only be spent on qualifying projects which include:

- Emergency rental assistance for households earning less than 80 percent of area median income as determined by the United States Department of Housing and Urban Development
- Financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing; and
- Projects designed for the purpose of construction, acquisition, rehabilitation, demolition or removal of structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing to provide affordable housing to households that have incomes which do not exceed:
  - For homeownership projects, 115% of the greater of state or area median income as determined by the United States Department of Housing and Urban Development

- For rental housing projects, 80% of the greater of state or area median income as determined by the United States Department of Housing and Urban Development
- Housing developed or rehabilitated with funds under this section must be affordable to the local work force.

Once a City has received LAHA funds from the State, there is a deadline to use the funds. The funds generally must be spent by December 31<sup>st</sup> of the fourth year after the aid is received. However, if a City can demonstrate that they cannot expend funds on a qualifying project by the deadline because of factors outside of their control, the funds can be transferred to a local housing trust fund and banked for a future project.

### **City Council’s Past Discussion About LAHA Funds**

City Staff facilitated a discussion about Local Affordable Housing Aid at the October 9, 2023 Worksession. The City Council’s consensus at the time was that some or all of this new money could be used to supplement the EDA’s Housing Improvement Loan Program.

### **Dakota County CDA Collaboration Proposal**

CDA Staff is touring Dakota County municipalities in June and July to speak to City Councils regarding the new LAHA funds that will soon be available. The CDA is asking that municipalities consider directing their LAHA money towards funding three new collaboration programs that the CDA would create to support affordable housing in Dakota County:

1. An enhanced single-family home improvement loan program. *This would be an expansion of an existing CDA program.*
2. A radon mitigation grant program. *This new program would provide radon testing and would install radon mitigation systems in homes with high radon levels.*
3. A residential preservation and new construction gap financing program. *This program would provide gap financing to housing developments in Dakota County to help projects “pencil out.” The program could be used for new construction and for rehabilitating existing buildings.*

### **ACTION NEEDED**

No action is needed at this time, the CDA just wants to provide the City Council with information and answer questions. City Staff expects that there will be follow-up discussions at future Worksession meetings. The CDA will eventually need each City to decide whether they want to enter into a joint powers agreement to use their LAHA funds to participate in the proposed county collaboration programs.

### **ATTACHMENTS**

**A- ESTIMATED LAHA PAYMENTS**

**B- SUMMARIES OF PROPOSED COLLABORATION PROGRAMS**

# ATTACHMENT A ESTIMATED LAHA PAYMENTS

## LOCAL AFFORDABLE HOUSING AID

Source: Department of Revenue Analysis (5/10/2023)

	FY2024	FY2025	FY2026	FY2027
Metropolitan County Aid	\$ 60,400,000	\$ 93,600,000	\$ 96,500,000	\$ 99,300,000
State Rent Assistance	\$ 30,200,000	\$ 46,800,000	\$ 48,200,000	\$ 49,600,000
Metropolitan City Aid	\$ 30,200,000	\$ 46,800,000	\$ 48,200,000	\$ 49,600,000
<b>Local Sales Tax Total</b>	<b>\$ 120,800,000</b>	<b>\$ 187,200,000</b>	<b>\$ 192,900,000</b>	<b>\$ 198,500,000</b>

Source: Department of Revenue Preliminary Distribution Factors (7/1/2023)

Metropolitan County Aid	FY2024	FY2025	FY2026	FY2027
Anoka	\$ 5,663,206	\$ 8,776,094	\$ 9,048,003	\$ 9,310,536
Carver	\$ 1,542,287	\$ 2,390,034	\$ 2,464,084	\$ 2,535,580
Dakota	\$ 7,328,569	\$ 11,356,856	\$ 11,708,724	\$ 12,048,459
Hennepin	\$ 27,466,074	\$ 42,563,320	\$ 43,882,055	\$ 45,155,317
Ramsey	\$ 12,096,062	\$ 18,744,890	\$ 19,325,661	\$ 19,886,406
Scott	\$ 2,220,235	\$ 3,440,630	\$ 3,547,230	\$ 3,650,155
Washington	\$ 4,083,567	\$ 6,328,177	\$ 6,524,242	\$ 6,713,546
<b>Total Metro County Aid</b>	<b>\$ 60,400,000</b>	<b>\$ 93,600,000</b>	<b>\$ 96,500,000</b>	<b>\$ 99,300,000</b>

Metropolitan City Aid	FY2024	FY2025	FY2026	FY2027
Apple Valley	\$ 510,148	\$ 790,560	\$ 814,209	\$ 837,858
Burnsville	\$ 726,955	\$ 1,126,540	\$ 1,160,240	\$ 1,193,940
Eagan	\$ 639,577	\$ 991,133	\$ 1,020,782	\$ 1,050,432
Farmington	\$ 181,406	\$ 281,120	\$ 289,529	\$ 297,939
Hastings	\$ 219,161	\$ 339,627	\$ 349,787	\$ 359,946
Inver Grove Heights	\$ 381,741	\$ 591,572	\$ 609,269	\$ 626,965
Lakeville	\$ 385,117	\$ 596,804	\$ 614,658	\$ 632,511
Mendota Heights	\$ 76,328	\$ 118,283	\$ 121,821	\$ 125,359
Rosemount	\$ 155,930	\$ 241,639	\$ 248,868	\$ 256,096
South St. Paul	\$ 255,892	\$ 396,548	\$ 408,411	\$ 420,273
West St. Paul	\$ 332,936	\$ 515,941	\$ 531,375	\$ 546,809
<b>Total City Aid</b>	<b>\$ 3,865,192</b>	<b>\$ 5,989,767</b>	<b>\$ 6,168,948</b>	<b>\$ 6,348,129</b>

<b>Total Dakota County + Cities</b>	<b>\$ 11,193,761</b>	<b>\$ 17,346,623</b>	<b>\$ 17,877,672</b>	<b>\$ 18,396,589</b>
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# ATTACHMENT B

## SUMMARIES OF PROPOSED COLLABORATION PROGRAMS

<b>Project Proposal:</b>	<b>Enhanced Single-Family Home Improvement Loan Program</b>
<b>Project Purpose:</b>	Expand the existing CDA-administered Home Improvement Loan Program to include additional Local Affordable Housing Aid (LAHA) funding. Please see the attached brochure for information about the Home Improvement Loan Program.
<b>Project Objectives:</b>	<ol style="list-style-type: none"> <li>1) Continue to improve the housing stock of Dakota County.</li> <li>2) Expand existing program with proven results to more income-eligible residents of County.</li> <li>3) Provide cities and county with a way to use LAHA for an existing countywide housing program.</li> <li>4) Diversify funding resources for existing CDA program.</li> </ol>
<b>Project Outcomes:</b>	1) Increase number of homes improved from 60-70 per year to 115-120 per year after Year 2 of new program.
<b>Project Details:</b>	<ul style="list-style-type: none"> <li>• Provide deferred 0% loans of up to \$35,000 for home improvement projects.</li> <li>• Home improvement projects prioritize health, safety, and structural integrity issues. <ul style="list-style-type: none"> <li>○ Common improvements include new roofs, siding, HVAC systems, windows, building foundation or other structural updates, accessibility improvements, kitchens and bathrooms(accessibility).</li> <li>○ Other improvements would be considered if they address health and safety issues or otherwise improve the value of the home. Common improvements are repairs or replacement of detached garages, kitchens and bathrooms (non-accessibility), driveway replacement/repair</li> </ul> </li> <li>• Homeowners must be income eligible and meet other CDA program requirements, e.g. own and reside in home, meet credit standards, be current on property taxes, properties must be at least 15 years old, etc. <ul style="list-style-type: none"> <li>○ CDBG funds require 80% AMI cap</li> <li>○ LAHA requires 115% AMI cap</li> </ul> <div style="display: inline-block; vertical-align: middle; margin-left: 20px;"> <span style="font-size: 2em;">}</span> <i>See attachments for current AMI limits</i> </div> </li> <li>• Have one application for homeowners; eliminates any confusion for homeowners.</li> <li>• Eligible HO with incomes at or below 80% AMI could use either countywide and city CDBG and LAHA.</li> <li>• Eligible HO with incomes between 81-115% AMI would use only countywide and city LAHA as they are available.</li> <li>• Program income generated from LAHA would be used for future home improvement loans, similar to the CDBG program. CDA would track program income and deposit into individual city accounts.</li> </ul>

<p><b>Project Funding:</b></p>	<ul style="list-style-type: none"> <li>• Current CDBG entitlement funding totals \$1,193,635 for FY 2023, which includes cities' and Dakota County CDBG allocated to CDA's HO Rehab program.</li> <li>• CDA spends approximately \$1,725,800 to rehab 70 homes in a fiscal year, on average. <ul style="list-style-type: none"> <li>○ Current CDBG allocation will fund about 37 loans at \$32,000/ea.</li> <li>○ Program income from previous CDBG loans supports another 15 more per year.</li> <li>○ Takes about 18 months to fully expend a year's worth of CDBG and program income.</li> <li>○ Funds are replenished annually, provided Congress funds the CDBG program.</li> </ul> </li> <li>• Future LAHA – CDA estimates it could successfully deploy an additional approximately \$1,400,000 to rehabilitate an additional 55 loans per year after first full year of additional funds.</li> <li>• Individual cities contributing to program would have separate subaccounts that will be tracked by CDA staff.</li> </ul>
<p><b>Project Staff:</b></p>	<ul style="list-style-type: none"> <li>• Existing staff: <ul style="list-style-type: none"> <li>○ 1 FT Rehab Coordinator</li> <li>○ 1 FT Rehab Advisor</li> <li>○ 1 FT PSA</li> <li>○ 2 Rehab Advisor contractors – each takes 5-7 files per year, total of 15</li> </ul> </li> <li>• Additional staff needed for LAHA funds: 1 additional FT Rehab Advisor</li> </ul>
<p><b>Project Reporting:</b></p>	<p>The CDA would provide annual reports to participating cities and Dakota County. The annual report would include the following:</p> <ul style="list-style-type: none"> <li>○ Community's contribution to program that fiscal year</li> <li>○ Number of loans using LAHA</li> <li>○ Program income generated</li> </ul>

Attachments:        1. CDA Home Improvement Loan Brochure

## Minnesota Housing Rehabilitation Loans

The Dakota County CDA is a local lending partner with Minnesota Housing for the state funded Rehabilitation Loan program.

This program assists very low-income homeowners in financing basic home improvements that directly affect the safety, habitability, energy efficiency and accessibility of their homes.

To be eligible, borrowers must occupy the property, have less than \$25,000 in financial assets and meet program income limits.

For more information about Minnesota Housing's loan programs visit [www.mnhousing.gov](http://www.mnhousing.gov).



1228 Town Centre Drive  
Eagan, MN 55123

Home Improvement Loan Programs  
07/21

## Dakota County

# Home Improvement Loan Programs

Loans to help Dakota County  
homeowners finance their fix-ups.



# Home Improvement Loan Program

Dakota County homeowners needing financial assistance to make improvements to their homes can apply for a Home Improvement Loan from the Dakota County Community Development Agency (CDA).

Common improvements include adding insulation, furnace replacements, exterior upgrades (roofs, siding, windows) and special needs modifications (such as ramps or roll-in showers).

## How to Qualify

Applicants must own and reside in their home, meet equity and credit requirements and have a gross annual income that does not exceed the federally mandated limits for the program. For information about the program and income limits, visit [www.dakotacda.org](http://www.dakotacda.org).

## Loans Terms

- 0% interest
- No monthly payments
- Minimum loan = \$15,000
- Maximum loan = \$35,000
- Repayable when the home is no longer the homeowner's primary residence or when the home is sold. Homeowners may also be required to repay the loan if they refinance or take out a home equity loan.
- Dakota County CDA Home Improvement Loans are not forgiven. Repayment is required.

## The Process

- If you qualify, the CDA will inspect your home, prepare specifications and assist you in obtaining at least two bids for the work to be done.
- Loan proceeds are kept on account for you by the CDA and payments are made directly to the contractors on your behalf when the work is completed.
- Inspection of work upon completion is required by both you and the CDA before payment is made.
- Special provisions may apply to emergency situations and accessibility improvements, which can be obtained by contacting the CDA.

## How to Apply

Home Improvement Loan applications can be downloaded from the CDA's website at [www.dakotacda.org](http://www.dakotacda.org) or call (651) 675-4400 to request an application by mail.

Completed applications will be reviewed for eligibility and all personal information will be kept private per Minnesota State Law.

Program funding is limited and there is a waiting list for loans.

## Questions?

Contact the CDA Housing Rehab Specialists at (651) 675-4400.

The Home Improvement Loan Program is funded by the federal Community Development Block Grant Program through the U.S. Department of Housing and Urban Development. Additional funding is provided by the Dakota County HOPE Program.

The Dakota County CDA has programs for homebuyers and homeowners to be successful. For more information about home improvement loans, weatherization funds, mortgage foreclosure counseling, homebuyer education or first time homebuyer resources, visit [www.dakotacda.org](http://www.dakotacda.org)



<b>Proposed Project:</b>	<b>Dakota County Homeowner Radon Testing and Mitigation Grant Program</b>
<b>Project Purpose:</b>	<p>The average radon level in Minnesota is more than three times higher than the U.S. radon level. This is due to our geology and how our homes operate. Minnesota homes are closed up or heated most of the year, which can result in higher levels of radon. In Minnesota, more than two in five homes have radon levels that pose a significant health risk. Exposure to radon over a prolonged period can lead to lung cancer. <i>Minnesota Department of Health website</i></p> <p>The Environmental Protection Agency (EPA) has set the action level at 4 pCi/L (picocuries of radon per liter of air). The Minnesota Department of Health recommends installing a radon mitigation system when the radon level is at 4 pCi/L or higher. Between 2 and 4 pCi/L, a radon mitigation system should be considered to lower the level as much as possible. The average indoor radon level in Dakota County is 3.6 pCi/L as determined by radon test results from AirChek, an at-home radon testing company. There is no safe level of radon in a home.</p> <p>The proposed Homeowner Radon Testing and Mitigation Grant program would provide free testing services to income-eligible residents, and would provide free mitigation services for those income-eligible residents whose homes have radon levels greater than 2.6 pCi/L. A lower radon level was chosen as the benchmark in order to reduce radon levels in existing homes as much as possible.</p>
<b>Project Objectives:</b>	<ol style="list-style-type: none"> <li>1) Continue to improve the housing stock of Dakota County.</li> <li>2) Reduce potential future risk of lung cancers in Dakota County residents.</li> <li>3) Provide cities and county with a way to use Local Affordable Housing Aid (LAHA).</li> </ol>
<b>Project Outcomes:</b>	<ol style="list-style-type: none"> <li>1) Test at least 40 homes in Dakota County for radon per year.</li> <li>2) Install radon mitigation systems in all homes assessed for radon with levels greater than 2.6 pCi/L per year, subject to available funding.</li> <li>3) Reduce the number of homes with high radon levels. Mitigation systems would be required to reduce radon to <math>\leq 2.0</math> pCi/L.</li> </ol>
<b>Project Details:</b>	<ul style="list-style-type: none"> <li>• Provide grants to assess for and mitigate radon when levels are 2.6 pCi/L or greater.</li> <li>• Homeowners must own and reside in home, be current on property taxes, and be income eligible.             <ul style="list-style-type: none"> <li>○ CDBG funds require 80% AMI cap</li> <li>○ Sales tax funds require 115% AMI cap</li> </ul> </li> </ul> <p style="text-align: right;">} See attachments for current AMI limits</p>

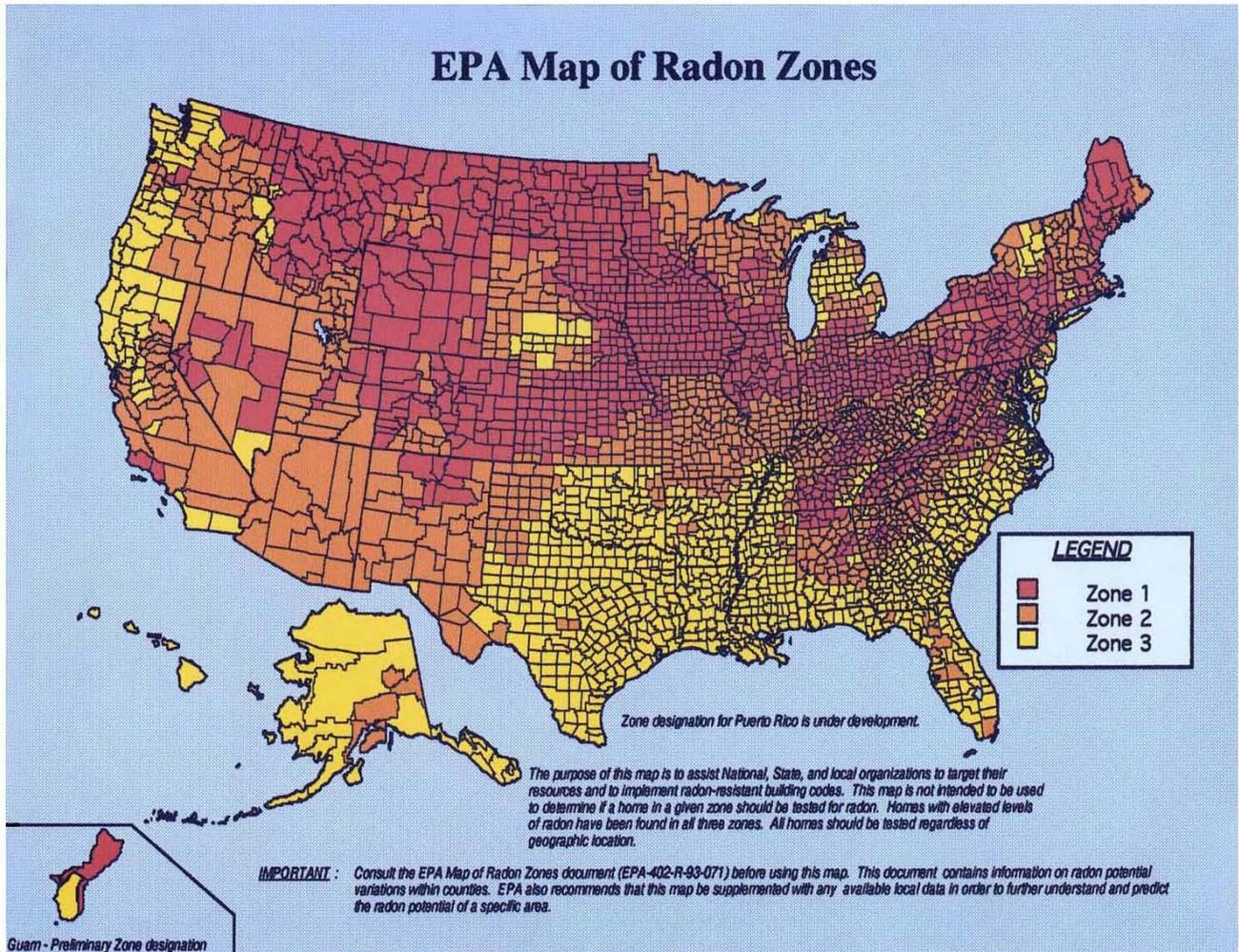
	<ul style="list-style-type: none"> <li>• Homeowners who qualify for CDA Home Improvement Loan, MHFA RLP Loan, Energy Assistance, Weatherization automatically will be eligible for the Radon Grant Program. <ul style="list-style-type: none"> <li>○ Homeowners would need to sign a grant agreement if they are recipients of the above-listed program.</li> </ul> </li> <li>• Homeowners who do not qualify for the above-listed programs may apply for the Radon Grant Program with a separate application. <ul style="list-style-type: none"> <li>○ A separate application process will be developed if this program is established.</li> <li>○ Homeowners would need to sign grant agreement.</li> </ul> </li> <li>• Homeowners will solicit bids from two licensed mitigators; CDA will evaluate bids for cost reasonableness.</li> <li>• CDA will pay mitigators upon completion of project and satisfactory clearance test numbers (<math>\leq 2.0</math>)</li> </ul>
<p><b>Project Funding:</b></p>	<ul style="list-style-type: none"> <li>• Funding exclusively through LAHA funds.</li> <li>• Estimate program would need \$200,000 per year to assess for and install radon mitigation systems in 40 homes.</li> <li>• Individual cities contributing to the program would have separate subaccounts that will be tracked by CDA staff.</li> </ul>
<p><b>Project Staff:</b></p>	<ul style="list-style-type: none"> <li>• The Radon Mitigation Grant program would use existing CDA staff. No additional staff would be needed.</li> </ul>
<p><b>Project Reporting:</b></p>	<p>The CDA would provide annual reports to participating cities and Dakota County. The annual report would include the following:</p> <ul style="list-style-type: none"> <li>○ Community's contribution to program that fiscal year</li> <li>○ Number of grants using LAHA funds</li> </ul>

Attachments:

1. EPA Radon Zones Map
2. EPA Radon Risks Chart

# Radon Zones Map

The U.S. Environmental Protection Agency (EPA) created this map to identify areas with the potential for elevated indoor radon levels. The EPA Map of Radon Zones helps national, state, and local organizations implement radon-resistant building codes. The map should not be used to determine if a home in a given zone should be tested for radon. Homes with elevated levels of radon have been found in all three zones. All homes should be tested for radon.



What do the colors mean?

	<b>Zone 1 (red zones)</b>	Highest potential; average indoor radon levels may be greater than 4 pCi/L (picocuries per liter)
	<b>Zone 2 (orange zones)</b>	Moderate potential; average indoor radon levels may be between 2 and 4 pCi/L
	<b>Zone 3 (yellow zones)</b>	Low potential; average indoor radon levels may be less than 2 pCi/L

## RADON RISK IF YOU SMOKE

Radon Level	If 1,000 people who smoked were exposed to this level over a lifetime*...	The risk of cancer from radon exposure compares to**...	WHAT TO DO: Stop Smoking and...
20 pCi/L	About 260 people could get lung cancer	↳ 250 times the risk of drowning	Fix your home
10 pCi/L	About 150 people could get lung cancer	↳ 200 times the risk of dying in a home fire	Fix your home
8 pCi/L	About 120 people could get lung cancer	↳ 30 times the risk of dying in a fall	Fix your home
4 pCi/L	About 62 people could get lung cancer	↳ 5 times the risk of dying in a car crash	Fix your home
2 pCi/L	About 32 people could get lung cancer	↳ 6 times the risk of dying from poison	Consider fixing between 2 and 4 pCi/L
1.3 pCi/L	About 20 people could get lung cancer	(Average indoor radon level)	(Reducing radon levels below 2 pCi/L is difficult)
0.4 pCi/L		(Average outdoor radon level)	

Note: If you are a former smoker, your risk may be lower.

**It's never too late to reduce your risk of lung cancer. Don't wait to test and fix a radon problem. If you are a smoker, stop smoking.**

## RADON RISK IF YOU'VE NEVER SMOKED

Radon Level	If 1,000 people who never smoked were exposed to this level over a lifetime*...	The risk of cancer from radon exposure compares to**...	WHAT TO DO:
20 pCi/L	About 36 people could get lung cancer	↳ 35 times the risk of drowning	Fix your home
10 pCi/L	About 18 people could get lung cancer	↳ 20 times the risk of dying in a home fire	Fix your home
8 pCi/L	About 15 people could get lung cancer	↳ 4 times the risk of dying in a fall	Fix your home
4 pCi/L	About 7 people could get lung cancer	↳ The risk of dying in a car crash	Fix your home
2 pCi/L	About 4 people could get lung cancer	↳ The risk of dying from poison	Consider fixing between 2 and 4 pCi/L
1.3 pCi/L	About 2 people could get lung cancer	(Average indoor radon level)	(Reducing radon levels below 2 pCi/L is difficult)
0.4 pCi/L		(Average outdoor radon level)	

Note: If you are a former smoker, your risk may be higher.

\*Lifetime risk of lung cancer deaths from EPA Assessment of Risks from Radon in Homes (EPA 402-R-03-003).

\*\*Comparison data calculated using the Centers for Disease Control and Prevention's 1999-2001 National Center for Injury Prevention and Control Reports.

<b>Project Proposal:</b>	<b>Residential Preservation and New Construction Gap Financing Program</b>
<b>Project Purpose:</b>	Expand the existing CDA-administered gap financing resources for residential multi-family and single-family preservation and new construction to include Local Affordable Housing Aid (LAHA) funding. The CDA currently administers other gap financing tools such as the Dakota County levy-funded HOPE Program and federally-funded HOME Program.
<b>Project Objectives:</b>	<ol style="list-style-type: none"> <li>1) Continue to improve and add to the affordable housing stock of Dakota County.</li> <li>2) Provide cities and county with a way to use LAHA for an existing countywide housing program.</li> <li>3) Increase and diversify gap financing resources.</li> </ol>
<b>Project Outcomes:</b>	Currently the CDA is providing gap financing to an average of two - three new construction multi-family projects and an average of three - four single-family projects (both new construction and preservation).
<b>Project Details:</b>	<p>The CDA is fortunate to have a variety of affordable housing finance resources including the annual Low-Income Housing Tax Credit allocation, an annual tax-exempt bond allocation, and gap finances including the locally-funded HOPE Program and the federally-funded HOME Program. With this level of resources, the CDA is typically aware of any potential, significant affordable housing developments that are looking to come into Dakota County.</p> <p>The CDA has staff who work regularly with developers from concept to fully-financed and constructed affordable housing developments, both preservation and new construction, throughout Dakota County. The CDA has in-house knowledge and expertise on underwriting these projects.</p> <p>Cities may allocate LAHA funds to increase the amount of gap financing available in their communities for preservation and new construction. Cities can rely on the CDA's underwriting capabilities to structure these complex financial deals on the behalf of their LAHA dollars.</p> <p>The details on how the LAHA dollars will be structured in a preservation or new construction affordable housing project will need to be determined, but initial thoughts are the structure would mimic the primary gap funding source (i.e. HOPE, HOME).</p>

<p><b>Project Funding:</b></p>	<ul style="list-style-type: none"> <li>• The CDA Board of Commissioners has traditionally allocated \$1.5 million of HOPE funds annually to provide gap financing to two multi-family projects.</li> <li>• The CDA also administers the HOME Program that has approximately \$800,000 annually for gap financing to support preservation and new construction residential projects.</li> <li>• Future LAHA – The CDA will work with cities to identify multi-family and single-family residential projects that need gap financing.</li> <li>• Individual cities contributing to the program would have separate subaccounts that will be tracked by CDA staff.</li> </ul>
<p><b>Project Staff:</b></p>	<ul style="list-style-type: none"> <li>• Existing staff: <ul style="list-style-type: none"> <li>○ Housing Finance Manager</li> <li>○ Community Development Coordinator</li> <li>○ Director of Comm &amp; Econ Development</li> </ul> </li> <li>• Additional staff needed for LAHA funds: None.</li> <li>• Cost to City Partners: Nominal admin fee.</li> </ul>
<p><b>Project Reporting:</b></p>	<p>The CDA would provide annual reports to participating cities. The annual report would include the following:</p> <ul style="list-style-type: none"> <li>○ Community's contribution to program that fiscal year</li> <li>○ Number of projects that received LAHA gap financing</li> <li>○ Details of projects including: number of units, income limits of units, details of loan terms, etc.</li> </ul>



## CITY COUNCIL WORKSESSION REPORT

DATE: JUNE 10, 2024

DEPARTMENT: Planning

Prepared By: Michael Healy, Planning Manager

ADMINISTRATOR: RG

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**AGENDA ITEM:** Proposed Amendment to “Wakota on Fourth” Private Association Bylaws

### DESIRED OUTCOMES:

- Discuss the “Wakota on Fourth” condominium development and the City approvals that it was granted in 2003.
- Discuss a request from the Wakota on Fourth Homeowner’s Association to modify their private association bylaws. *The bylaws contain a provision that states that some sections cannot be amended without written consent from the City of South St. Paul.*

### OVERVIEW:

#### Background

In 2003, the City’s Housing and Redevelopment Authority (HRA) worked with a private developer to redevelop several properties behind City Hall into a new 36-unit multifamily condominium building named “Wakota on Fourth.” The project required a conditional use permit and several variances. It was very important to the City Council that the building be owner-occupied and that individual unit owners not turn their individual condo units into rental dwelling units. Consequently, the City Council placed the following condition in Resolution 2003-202 which approved the conditional use permit and variances:

Condition #10: “No building permit will be issued until a Condominium Plat, with associated Articles, By-Laws, and Declarations, have been reviewed and approved by the City Attorney and recorded at the Office of Dakota County Recorder. All by-laws must clearly restrict use to “owner occupied” units in the Condominium, no rental will be allowed.”

To satisfy this condition of approval, the developer had the association bylaws written to include the following provisions:

13.3 The City of South Saint Paul has conditioned its approval of the Common Interest Community on the Community Interest Community being used for owner occupied housing. It is the City’s and Declarant’s intent that the Units not be sold to investors for use as rental property. Declarant may not lease Units. Owners may not lease Units for a period of more than 24 months out of any 60 consecutive month period. Owner leasing is allowed for up to 24 months out of any 60 month period to avoid imposing hardships upon Owners who need to rent their Units on a short term basis to accommodate temporary absences from the state for work or other reason or for Owners who wish to rent their Unit on a short term basis to “ride out” an unfavorable market for the sale of a Unit or until a buyer for a Unit can be found. If an Owner rents the Owner’s Unit, the

Owner and the tenant must have a written lease agreement; the lease agreement must obligate the tenant to observe each of the restrictions and perform each of the covenants the Project Documents impose upon an Owner; the lease agreement must expressly state that the Association is an intended third party beneficiary of tenant’s obligation to observe the terms of the Project Documents; the Owner must deliver a copy of the lease to the Association before commencement of the lease term; and the Owner must also lease any Stalls assigned to the Owner’s Unit but only to another Owner or other Person in possession of or residing in a Unit.

“Section 24-Amendment” contains the following language:

Notwithstanding anything else in this Declaration, the provisions of Section 13.3 may not be modified or amended without the written consent of the City of South St. Paul which consent the City of South St. Paul may grant or withhold in its sole and absolute discretion.

### **Association’s Request**

The Association has identified two issues that the existing bylaw language is causing, and they have hired a law firm to assist them with an amendment. The Association is requesting that the City Council authorize the City Administrator to provide them with a letter granting them written permission to modify the provisions of Section 13.3 to address the two issues.

#### Issue #1:

Historically, some units in the building have been purchased for an immediate family member who then leases the unit from the Owner and lives in the unit. This is technically a violation of the bylaws since the Owner is not living in the unit.

#### Association’s Proposed Solution to Problem #1:

The bylaws would be amended to make it legal for an immediate family member of the title owner of record to have a lease and live in a unit that they do not own. “Immediate family member” will be defined as a sibling, parent, child, grandchild, or grandparent of the unit owner.

#### Issue #2:

The existing bylaws are not clear about whether the owner of an owner-occupied unit is allowed to have a roommate, such as a cohabitating romantic partner, who pays them rent.

#### Proposed Solution to Problem #2:

The bylaws would be amended to articulate that a Unit Owner is allowed to have another person live with them in their unit and pay them rent. *Any roommate situation would still be subject to the City Code which prohibits more than 3 unrelated adults from living together in a dwelling unit.*

### **Proposed Bylaw Language**

The Association is proposing to eliminate the existing language in Section 13.3 and replace it with this new language:

13.3. Leasing Restriction. Commencing upon the date of the recording of this Amendment (“Effective Date”), all Units must be occupied by the title owner of record and Owners may not lease Units within the Association. Notwithstanding the foregoing, the following circumstances shall not be a violation of this section:

(i) the Unit is occupied by the Immediate Family Members of the title Owner of record; and

(ii) the Owner resides in their Unit as his/her primary residence, and such Owner has a person who also lives in the Unit and contributes money to the Owner, such arrangement shall not be considered a rental.

For the purposes of this section, Immediate Family Members shall be defined as the following: a sibling, parent, child, grandchild, and grandparent of the Owner (collectively, “Immediate Family Members”).

### **Discussion**

There is no roadmap for handling this type of request because it is unusual for a municipality to be involved in the administration of private association bylaws and it is unusual for a municipality to require all units in a multifamily building to be owner-occupied. In 2003 when the development was approved, the City Council clearly felt a strong sense of ownership over the development project because the HRA was very involved in bringing “Wakota on Fourth” to fruition. City Staff believes that what the Association is asking for is reasonable, but the bylaws do give the City Council the “sole and absolute discretion” to decide whether Section 13.3 of the bylaws can be amended.

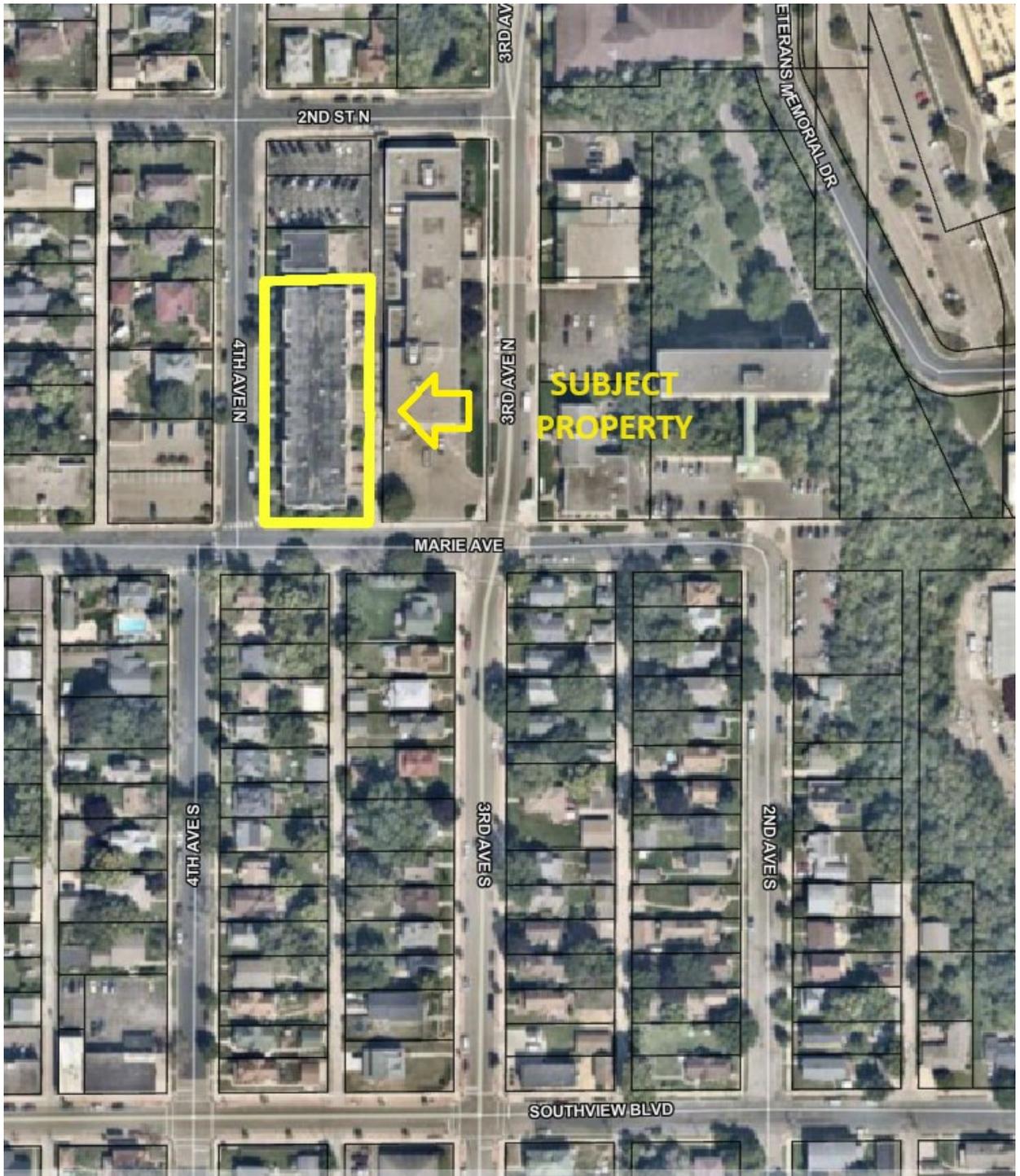
### **ACTION NEEDED**

Staff is looking for consensus from the City Council regarding whether the request is reasonable. If the City Council is comfortable with the Association’s request, an item will be placed on an upcoming consent agenda to authorize City Administrator Garcia to provide the Association with written permission to modify Section 13.3 of their bylaws.

### **ATTACHMENTS**

- A- SITE LOCATION MAP
- B- PICTURES OF “WAKOTA ON FOURTH”
- C- RESOLUTION 2003-202 APPROVING “WAKOTA ON FOURTH” DEVELOPMENT
- D- LETTER FROM ASSOCIATION’S ATTORNEY WITH PROPOSED AMENDMENT

**ATTACHMENT A  
SITE LOCATION MAP**



ATTACHMENT B  
PICTURES OF "WAKOTA ON FOURTH"

**The Wakota**  
on fourth

**SITE CONCEPT**

South Saint Paul, Minnesota



**WALSH BISHOP**



**KRAUS-ANDERSON, CONSTRUCTION COMPANY**  
CONTRACTORS & CONSTRUCTION MANAGERS

**METZEN  
REALTY**



**ATTACHMENT C  
RESOLUTION #2002-202 APPROVING “WAKOTA ON FOURTH”  
DEVELOPMENT**

City of South St. Paul  
Dakota County, Minnesota

**RESOLUTION NUMBER 2003-202**

**RESOLUTION RELATED TO ZONING: APPROVING A  
CONDOMINIUM PLAT/CONDITIONAL USE PERMIT AND  
RELATED VARIANCES FOR A 36 UNIT CONDOMINIUM PROJECT  
TO BE KNOWN AS THE FOURTH AVENUE VILLAGE CONDOMINIUMS**

**WHEREAS**, an application from Frauenschuh/Sweeney, for a condominium plat, conditional use permit, and related variances for the development of a 36-unit, market rate, owner occupied, residential condominium to be known as the “Fourth Avenue Village Condominiums”, City of South St. Paul, Dakota County, Minnesota legally described as follows:

Lots 12 thru 18, Block 12, Stockyards Re-Arrangement

**WHEREAS**, the Planning Commission held a public hearing on the application, preceded by notice as required by law; and

**WHEREAS**, the Planning Commission were deadlocked in their recommendation (3 aye and 3 nay), so no formal recommendation was forwarded to the City Council; and

**WHEREAS**, the City Council has considered the application, the recommendation of the Planning Commission and other evidence presented for consideration;

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of South St. Paul, Minnesota as follows:

1. Facts. The facts found in the City Staff Report, City Staff Recommendation, and the public hearing before the Planning Commission, regarding this matter are hereby adopted and included herein by reference.
2. Determination. The City Council determines that the proposed condominium plat, conditional use permit, and related variance will not be detrimental to the health, safety, or general welfare of the community, nor will it cause serious traffic congestion or hazards, nor will it seriously depreciate surrounding property values, and it is in harmony with the general purpose and intent of the Zoning Code.
3. Condominium Plat/Conditional Use Permit/ and related Variances. The approval is for the development of a 36 unit, market rate, owner occupied, condominium project to be known as the “Fourth Avenue Village Condominiums”, South St. Paul, Dakota County, Minnesota, with the following findings of fact:

1. The proposed condominium development is of superior architectural design, consistent with adjacent structures in placement and architectural design.
2. The development of market rate, owner occupied, condominiums generally has a target market of senior citizens, "empty nesters", and single professionals, thus, not triggering the parking demand and parking density of a typical rental apartment of 2 stalls per unit.
3. The proposed development will have a parking ratio of 1.83 stalls per unit, which is common for similar types of facilities within the Twin Cities, and should easily meet the off-street parking needs of the proposed condominiums.
4. A variance of 6 parking stalls will have minimal additional impact to on-street parking within the vicinity of the project area. Further, the availability of available public parking lot area adjacent to the condominium during evening and weekend hours should mitigate any short term guest and tenant parking issues that may arise for events at the condominium.
5. The City is replacing the loss of 22 permanent and 9 temporary parking stalls with a 25 new stalls on the north end of the property, and entering into a parking lot maintenance agreement with the County Historical Society, which will designate 16 additional parking stalls for exclusive City staff use during normal business hours. Therefore, showing an actual increase in available off-street parking for City Hall.
6. The availability on evenings and weekends of City parking facilities adjacent to the proposed condominiums will minimize any adverse parking impacts due to the lack of required spaces.
7. Without building setback variances, the petitioner would have to design a taller structure, thus, altering the essential character of the neighborhood.
8. The building setback of the proposed condominiums is consistent in placement and design to previous and existing buildings along the east side of this section 4<sup>th</sup> Avenue North.
9. The height of the proposed condominium is consistent with the height of the previous structure (Northwestern Bell Warehouse), which occupied much of the site.
10. Addressing the lack of a diverse, market rate, "life-cycle" housing opportunities for senior citizens and professionals, is vital to the long term health of South St. Paul and the Twin Cities urban core.
11. To provide the appropriate size, and satisfy the housing needs of potential buyers, and to be compatible with adjacent uses in the neighborhood, it is necessary to have a building that exceeds building coverage on the lot.
12. The lot size is inadequate to permit reasonable "commercial" and "R-3" uses

City Council Resolution 2003-202

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under the current restrictions. The site cannot be used under its current zoning classification, and satisfy the literal application of the restrictions of the two zones.

13. While commonly such a project would be handled under a “planned unit development”(PUD), the City Code is written in such a way to prohibit PUD’s consisting of a single structure. Due to space constraints, and the lack of available bare land, the current City PUD Code, as written, is impractical and should address single structure developments for South St. Paul.
14. The expected increase in pedestrian traffic and commerce to the adjacent Southview/Marie commercial corridor, due to this development, will have a positive impact to the existing and future retail and hospitality establishments within the Southview/Marie business district.

and the following conditions:

1. The developer is required to make development improvements consistent with the building plans, site plans, and narrative dated August 18, 2003.
2. All building plans and specifications are subject to the review and approval of the City Building Official and the City Fire Marshal.
3. All grading, drainage and utility plans and specifications are subject to the review and approval of the City Engineer and City staff. This includes a landscape plan governing boulevard and foundation plantings for the entire perimeter of the site.
4. All proposed off-street parking must be hard-surfaced and perimetered with integral concrete curbing.
5. The City shall withhold the formal publishing of the rezoning until such time that a Condominium Plat, and related Articles, By-Laws, and Declarations, have been approved and recorded at the Dakota County Records Office.
6. The interior and exterior off-street parking as shown on the site plan dated August 18, 2003 shall be for the use of condominium tenants only.
7. All designated off-street parking shall be for the parking of condominium unit owner’s automobiles, only. There shall be no parking or storage of boats, trailers, recreational equipment, etc..., within these dedicated spaces.
8. The rezoning, conditional use permit, and variances are for the construction of a market rate, owner occupied condominium development, only.
9. The Comprehensive Plan Amendment is subject to Metropolitan Council review and approval.
10. No building permit will be issued until a Condominium Plat, with associated Articles, By-Laws, and Declarations, have been reviewed and approved by the

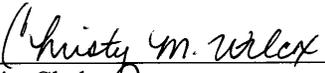
City Council Resolution 2003-202

Page 4 of 4

City Attorney and recorded at the Office of Dakota County Recorder. All by-laws must clearly restrict use to “owner occupied” units in the Condominium, no rental will be allowed.

11. The developer is responsible for all costs in the design, inspection, and construction of the expansion to the north parking lot areas of City Hall, subject to City staff review and approval.

Adopted this 6<sup>th</sup> day of October, 2003.

  
\_\_\_\_\_  
City Clerk



**ATTACHMENT D  
LETTER FROM ASSOCIATION'S ATTORNEY  
WITH PROPOSED AMENDMENT**

Matthew S. Greenstein, Esq.  
(612) 259-7573  
matt@greensteinsellers.com

**SENT VIA EMAIL & U.S. MAIL**

May 22, 2024

City of South St. Paul  
City Council  
125 3rd Avenue N.  
South Saint Paul, Minnesota 55075

Re: Wakota on Fourth – Amendment to Declaration  
Our File No. 15430

Dear Sir or Madam,

This firm represents the Wakota on Fourth Association (the “Association”). We are writing regarding a proposed amendment to the Association’s Declaration which requires permission from the City of South Saint Paul (the “City”) before it can be amended. We have previously been in communication with Michael Healy from the City Planner’s Office and he advised that we provide this letter prior to the next City Council Worksession Meeting in June.

As background, the Association’s property is located at 100 4th Avenue North, South Saint Paul, Minnesota 55075. This property is on the same city block and is west of the City’s municipal buildings. The property is subject to its governing documents, including its Declaration for Common Interest Community No. 492 filed for record in Office of the County Recorder for Dakota County on September 27, 2005, as Document Number 2364414 (the “Declaration”). Section 13.3 of the Declaration provides that the City had conditioned its approval of the Common Interest Community on the property being used as owner-occupied housing, with some limited exceptions. Section 24 requires that an amendment to Section 13.3 may not be modified or amended without the written consent of the City. Copies of these provisions are enclosed with this letter.

Over the years, some Units have been purchased for family members of Owners and leased to them. The Association desires to permit this common situation where an Owner purchases a Unit for immediate family members to live in, including those who may not be able to afford to purchase a Unit on their own. The Association is seeking to amend Section 13.3 to provide an exception for Owners to lease to immediate family members. Allowing Owners to lease Units to immediate family members will be consistent with the spirit and intent of Declaration, which requires the Property remain owner-occupied. The proposed amendment would provide an exception for immediate family members defined as siblings, parents, children, grandchildren, and grandparents of Owners. These familial relationships would retain close ties to the Unit Owner of record. The proposed amendment would also restrict rentals for third parties who are not family members and prevent investor-backed purchasers from transforming the property into a nonowner-occupied building.

As discussed above, we have begun coordinating with the City's Planning and Zoning Manager. Mr. Healy has reviewed the proposal in coordination with the City Attorney, City Engineer, and City Administrator in their regularly scheduled meeting. Their consensus is that this proposed amendment makes sense and is not controversial. They also determined this proposed amendment would require the City Council's approval. For the City Council's consideration as part of the upcoming Worksession meeting, enclosed with this letter is the proposed Second Amendment to the Declaration for Wakota on Fourth. If the Council will approve the Amendment, then we anticipate that the City Planner and City Administrator will coordinate with the Council to make a motion at the next regularly scheduled City Council meeting as part of the Consent Agenda. This motion would then authorize the City Administrator to write a letter consenting to the proposed amendment.

Thank you for considering this request.

Very truly yours,

**GREENSTEIN SELLERS PLLC**



Charles Crawford  
Attorney at law

cc: Michael Healy  
Board of Directors

purported conveyance, assignment, encumbrance, judicial sale or other voluntary or involuntary transfer of an undivided interest in the Common Elements, rights in a Limited Common Element or rights in a Stall made without the Unit to which that interest is allocated or appurtenant and any purported conveyance, assignment, encumbrance, judicial sale or other voluntary or involuntary transfer of a Unit without the undivided interest in the Common Elements allocated to the Unit, the interest in any assigned Limited Common Element and any Stalls assigned to the Unit, is void. Each Unit and its allocated interest in the Common Elements and assigned interest in any Limited Common Elements constitutes a separate parcel of real estate.

13.3 The City of South Saint Paul has conditioned its approval of the Common Interest Community on the Community Interest Community being used for owner occupied housing. It is the City's and Declarant's intent that the Units not be sold to investors for use as rental property. Declarant may not lease Units. Owners may not lease Units for a period of more than 24 months out of any 60 consecutive month period. Owner leasing is allowed for up to 24 months out of any 60 month period to avoid imposing hardships upon Owners who need to rent their Units on a short term basis to accommodate temporary absences from the state for work or other reason or for Owners who wish to rent their Unit on a short term basis to "ride-out" an unfavorable market for the sale of a Unit or until a buyer for a Unit can be found. If an Owner rents the Owner's Unit, the Owner and the tenant must have a written lease agreement; the lease agreement must obligate the tenant to observe each of the restrictions and perform each of the covenants the Project Documents impose upon an Owner; the lease agreement must expressly state that the Association is an intended third party beneficiary of tenant's obligation to observe the terms of the Project Documents; the Owner must deliver a copy of the lease to the Association before commencement of the lease term; and the Owner must also lease any Stalls assigned to the Owner's Unit but only to another Owner or other Person in possession of or residing in a Unit.

13.4 Except for the parking of vehicles on portions of the Common Elements that the Project Documents or the Board designate as Stalls, no Owner, tenant or occupant of a Unit may obstruct the Common Elements or store anything in or on the Common Elements without the Board's prior, written consent. No Owner, tenant, occupant or other Person may keep or store any trailers or major recreational equipment, including, but not limited to, camper trailers, pick-up campers, motorized self-propelled motor homes, boats or boat trailers or snowmobiles or snowmobile trailers, on any portion of the Common Interest Community including, but not limited to, the Stalls.

13.5 The occupation and use of Units and the Common Elements is subject to rules and regulations the Board establishes pursuant to Article III of the Bylaws.

13.6 No one may do or keep anything in any Unit or in the Common Elements that will increase the rate of insurance on the Common Interest Community without the Board's prior written consent. No Owner may permit anything to be done or kept in his or her Unit or in or on the Common Elements that will result in the cancellation of insurance on the buildings or contents thereof.

mortgagee having one vote per Unit financed). All procedures, appraisals and disposition of proceeds following any termination of the Common Interest Community are governed by the applicable provisions of the Act.

22. Eminent Domain. The provisions of the Act shall apply to and govern any taking by eminent domain of any portion of the Common Interest Community.

23. Rights of First Mortgagees and Insurers and Guarantors of First Mortgages.

23.1 A holder, insurer or guarantor of a first mortgage, upon written request to the Association (which request must state the name and address of the holder, insurer or guarantor and the Unit number subject to the mortgage held, insured or guaranteed) shall be entitled to receive timely written notice from the Association of:

23.1.1 Any proposed amendment of this Declaration, Articles of Incorporation or Bylaws resulting in a change in the boundaries of a Unit or a Limited Common Element; the fractional undivided interest in the Common Elements appurtenant to any Unit; any Unit's Common Expense Allocation; any change in the Limited Common Elements assigned to a Unit; number of votes in the Association allocated to any Unit; or any change in the use or uses to which a Unit or Common Element is restricted;

23.1.2 Any proposed termination of the Common Interest Community;

23.1.3 Any condemnation loss or any casualty loss which affects a material portion of the Common Interest Community or which affects the Unit subject to the holder's, insurer's or guarantor's mortgage;

23.1.4 Any delinquency in the payment of annual or special assessments by an owner of the Unit subject to the holder's insurer's or guarantor's mortgage where the delinquency is continued for a period of 60 days;

23.1.5 Any lapse, cancellation or material modification of the insurance provided for in Section 18.2; and

23.1.6 Any proposed action that requires the consent of a specified percentage of eligible mortgage holders.

23.2 Each first mortgagee of a Unit or an insurer or guarantor of such first mortgagee may examine the Project Documents, and the books, records and financial statements of the Association during normal business hours and may receive from the Association an audited annual financial statement of the Association within 120 days following the end of the Association's fiscal year.

24. Amendment. Except for amendments Owners may execute to relocate the boundaries between adjoining Units pursuant to Minn. Stat. §515B.2-114 or to terminate the Common Interest Community pursuant to Minn. Stat. §515B.2-119 and amendments Unit Owners and the Association may execute pursuant to Minn. Stat. §515B.2-109(c), this

Declaration, including the CIC Plat, may be amended only with the approval of the Owners holding at least 67% of the membership votes in the Association and mortgagees holding 51% of the Eligible Mortgages (each holder having one vote for each Unit subject to an Eligible Mortgage); provided, however, an amendment that creates or increases Special Declarant Rights, increases the number Units, changes the boundaries of any Unit, changes the Fractional Allocation of a Unit, changes Common Elements to Limited Common Elements or changes the authorized use of a Unit from residential to non-residential, requires the approval of all Owners and 51% of the holders of Eligible Mortgages (each holder having one vote for each Unit subject to an Eligible Mortgage). The Owners and Mortgagees need not execute an amendment to evidence their approval. A certificate of the Association's secretary certifying that an amendment has received the approval of the required number of Owners and Mortgagees at a duly called meeting of the Members is prima facie evidence of that fact. Notwithstanding anything else in this Declaration, the provisions of Section 13.3 may not be modified or amended without the written consent of the City of the South St. Paul which consent the City of South St. Paul may grant or withhold in its sole and absolute discretion.

25. Compliance with Provisions. The Association and each Owner or tenant must comply with the provisions of the Project Documents as the same may be amended from time to time. If the Association, and Owner or an Owner's tenant fails to comply with the provisions of the Project Documents, as the same may be amended from time to time, the Association or any Owner may bring an action to recover damages or for injunctive relief. In any such action, the prevailing party may recover its costs and attorneys' fees.

26. General Provisions.

26.1 Notices. Notices provided for in this Declaration and in the Act must be in writing and must be addressed to the Board or Association, at the address of the Association's registered office, or to any Owner, at the address of the Owner's Unit. Any Owner may designate a different address or addresses for notices to him by giving written notice of his change of address to the Board. Notices addressed as above shall be effective upon hand delivery or upon mailing properly addressed with postage prepaid and deposited in the United States mail.

26.2 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of a first class Common Interest Community.

26.3 Number, Gender. In construing the Common Interest Community Documents, the singular shall be taken to include the plural, and masculine to denote the feminine wherever appropriate.

26.4 Covenants Running With the Land. All covenants described herein are covenants running with the land, and so long as the Common Interest Community is subject to the provisions of this Declaration, shall remain in full force and effect.

26.5 Conflicts. In the event of any conflict between this Declaration and one or more of the other Project Documents, the terms of this Declaration shall control.

**COMMON INTEREST COMMUNITY NUMBER 492  
A CONDOMINIUM  
WAKOTA ON FOURTH  
SECOND AMENDMENT TO THE DECLARATION**

KNOW ALL PEOPLE BY THESE PRESENTS that this Second Amendment to the Declaration of Wakota on Fourth (the "Amendment") is made by Wakota on Fourth Association, a Minnesota nonprofit corporation (hereinafter referred to as the "Association"), this \_\_\_\_ day of \_\_\_\_\_, 2024.

WHEREAS, the Declaration for Wakota on Fourth, dated September 14, 2005 was filed in the Office of the County Recorder for Dakota County, Minnesota on September 27, 2005 as Document Number 2364414 subjecting the real property thereunder to the terms and conditions of such Declaration (the "Original Declaration"); and

WHEREAS, the First Amendment to the Declaration for Wakota on Fourth, dated January 25, 2006, was filed in the Office of the County Recorder for Dakota County, Minnesota on March 28, 2006 as Document 2416192 (the "First Amendment"); and

WHEREAS, the Original Declaration and First Amendment are collectively referred to herein as the "Declaration"; and

WHEREAS, in accordance with the provisions of the Declaration, the Association now seeks to amend the Declaration; and

WHEREAS, the Association has complied with all requirements necessary for this Amendment, including obtaining approval by the City of South St. Paul pursuant to Section 24 of the Declaration, and it has been approved in accordance with the Association's Declaration and Bylaws; and

WHEREAS, the real property subject to this Amendment, is legally described on Exhibit A attached hereto, and all of which constitutes and is hereinafter referred to as the "Property."

NOW THEREFORE, the Association hereby amends the Declaration as follows:

I. Section 13.3 of the Declaration is hereby deleted in its entirety and shall be replaced with the following:

13.3 Leasing Restriction. Commencing upon the date of the recording of this Amendment ("Effective Date"), all Units must be occupied by the title owner of record and Owners may not lease Units within the Association. Notwithstanding the foregoing, the following circumstances shall not be a violation of this section:

(i) the Unit is occupied by the Immediate Family Members of the title Owner of record; and

- (ii) the Owner resides in their Unit as his/her primary residence, and such Owner has a person who also lives in the Unit and contributes money to the Owner, such arrangement shall not be considered a rental.

For the purposes of this section, Immediate Family Members shall be defined as the following: a sibling, parent, child, grandchild, and grandparent of the Owner (collectively, "Immediate Family Members").

**II.** Except as set forth herein all other provisions of the Original Declaration and First Amendment shall remain unchanged and in full force and effect.

*(signature page to follow)*

IN WITNESS WHEREOF, the undersigned has executed this instrument the day and year first set forth.

**WAKOTA ON FOURTH ASSOCIATION**

By: \_\_\_\_\_  
Title: President

STATE OF MINNESOTA        )  
  ) ss  
COUNTY OF DAKOTA        )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2024, by \_\_\_\_\_ the President of Wakota on Fourth Association, a Minnesota non-profit corporation, on behalf of the Association.

\_\_\_\_\_  
Notary Public

**THIS INSTRUMENT DRAFTED BY:**  
Greenstein Sellers, PLLC  
825 Nicollet Mall, Suite 1648  
Minneapolis, Minnesota 55402  
File No. 15430

**EXHIBIT A**

Legal Description of the Property

Lot 12, 13, 14, 15, 16, 17 and 18, Block 12 STOCKYARDS REARRANGEMENT OF BLOCKS ONE, TWO, THREE, FOUR, FIVE, SIX, SEVEN, EIGHT, NINE, TEN, ELEVEN AND TWELVE OF SOUTH ST. PAUL, according to the recorded plat thereof, Dakota County, Minnesota.





**COUNCIL WORKSESSION REPORT**

**DATE: JUNE 10, 2024**

**DEPARTMENT: ENGINEERING**

**Prepared By: Nick Guilliams, City Engineer**

**ADMINISTRATOR: RG**

**AGENDA ITEM: 5<sup>th</sup> Avenue South Roadway Striping Discussion**

**DESIRED OUTCOMES:**

Council direction on potential modifications to the current roadway striping layout on 5<sup>th</sup> Avenue South

**OVERVIEW:**

In 2019, the City reconstructed 5th Avenue South from Park Street to Southview Boulevard. The initial road consisted of 12-foot travel lanes, 10-foot parking lanes, 2-foot boulevards, and 6-foot sidewalks. During the design phase, a public meeting was held to gather input and present feasible roadway design options (Attachment A). The public expressed concerns about the road being bumpy, noisy, and busy, and highlighted four main issues: speeding, parking problems, noise reduction, and the addition of trees and streetscaping (Attachment B).

Based on the meeting feedback, property owners overwhelmingly preferred the "Road Diet" concept, which involved reducing lane and parking widths while increasing boulevard space. Consequently, the road was designed with 11-foot-wide bituminous thru lanes, 7.5-foot-wide bituminous parking lanes, 6-foot-wide grass boulevards, and 5-foot-wide concrete sidewalks. Narrowing the lanes has helped reduce speeding and facilitated the addition of trees and increased snow storage.

Since the completion of the project, complaints have been received about the parking lane width. Numerous parked vehicles have been hit, prompting public concerns and indicating that the parking widths do not adhere to the approved construction documents. Staff has investigated the issue and has determined that on average, the roadway striping is off by 2 inches. The parking width on southbound 5<sup>th</sup> Avenue South is 2 inches narrower on average than the design width. The table below shows the summary of the roadway measurements that staff took.

ADDRESS	SB PARKING	SB THRU LANE	NB THRU LANE	NB PARKING	ADDRESS
216	7'4"	11' 2"	10' 9"	7' 8"	217
236	7' 5"	11' 2"	10' 8"	7' 8"	235
252	7' 3"	11' 1"	10' 7"	7' 7"	255
308	7' 3"	11' 3"	10' 7"	7' 8"	309
328	7' 3"	11' 2"	10' 8"	7' 8"	327
348	7' 3"	11' 3"	10' 8"	7' 7"	349/353
404	7' 2"	11' 3"	10' 8"	7' 8"	405
426	7' 2"	11' 2"	10' 8"	7' 9"	425
448	7' 3"	11'	10' 8"	7' 8"	449
506	7' 6"	11'	10' 7"	7' 5"	Park

524	7' 6"	11' 1"	10' 8"	7' 6"	Park
548	7' 6"	11'	10' 9"	7' 5"	Park
608	7' 5"	11' 2"	10' 10"	7' 5"	609
632	7' 5"	11' 4"	10' 9"	7' 5"	633
658	7' 7"	11' 3"	10' 11"	7' 3"	657
708	7' 2"	10' 11"	10' 7"	7' 10"	709
724	7' 2"	11'	10' 7"	7' 11"	725
752	7' 7"	11'	10' 7"	7' 8"	749/753
806	7' 4"	11' 2"	10' 8"	7' 8"	801
824	7' 4"	11' 2"	10' 7"	7' 9"	825
854	7' 3"	11'	10' 8"	7' 10"	857
900	7' 2"	11' 2"	10' 6"	7' 9"	901
922	7' 2"	11' 3"	10' 5"	7' 9"	254 Park

*\*Measurements taken from gutter line to center of striping.*

The average measurement for each block is shown below:

AVERAGES				
	SB PARKING	SB THRU LANE	NB THRU LANE	NB PARKING
200 BLOCK	7' 4"	11' 2"	10' 8"	7' 8"
300 BLOCK	7' 3"	11' 3"	10' 8"	7' 8"
400 BLOCK	7' 3"	11' 2"	10' 8"	7' 8"
500 BLOCK	7' 6"	11'	10' 8"	7' 5"
600 BLOCK	7' 6"	11' 3"	10' 10"	7' 4"
700 BLOCK	7' 4"	11'	10' 7"	7' 10"
800 BLOCK	7' 4"	11' 1"	10' 8"	7' 9"
900 BLOCK	7' 2"	11' 3"	10' 6"	7' 9"
<b>5TH AVE</b>	<b>7' 4"</b>	<b>11' 2"</b>	<b>10' 8"</b>	<b>7' 8"</b>

There are a couple of reasons for the discrepancies:

- The yellow centerline striping was offset by approx. 2 inches from the road's centerline to avoid striping on the pavement seam. The pavement seam is where the layers of pavement meet as the paving machine lays down the pavement. It is common not to place striping on the seam as this area tends to wear down quicker and is more difficult to apply.
- Pavement striping is applied by a machine which isn't a perfect process. Minor discrepancies such as these are considered within acceptable tolerances.

## **Possible Solutions & Financial Considerations**

Although all of the current striping measurements exceed the minimum dimensions outlined in the state-aid road design standards, the following options could be considered:

1. Remove and replace the existing striping for approximately \$12,000.00 to ensure that the lane and parking widths better align with the construction plans. However, it is uncertain whether a 2-inch difference will effectively prevent parked vehicles from being hit.
2. Eliminate parking on one side. This option would require restriping of the road and removal of eight bump-outs at the intersections of 5<sup>th</sup> Street, 6<sup>th</sup> Street, 7<sup>th</sup> Street, and 8<sup>th</sup> Street. Taking out the bump-outs would involve replacing pedestrian ramps, installing new curb, restoration work, and potentially relocating utilities. The estimated cost for this would be around \$200,000. Additionally, this change may lead to increased speeding and would require outreach to residents who would lose parking on their side of the street. Additional engineering may be needed to verify ADA compliance with any pedestrian ramp modifications.
3. Status quo. Although the striping was not installed exactly according to the plan, the difference is minor, and redoing the striping is unlikely to affect the risk of parked cars being hit. Staff feels the issue is related to driver behavior and not road conditions.

### **ACTION NEEDED**

Council direction on possible modifications to the current roadway striping layout on 5<sup>th</sup> Avenue South.

### **ATTACHMENTS:**

FEASIBLE ROADWAY ALTERNATIVES  
OPEN HOUSE MEETING SUMMARY  
ROADWAY STRIPING QUOTE



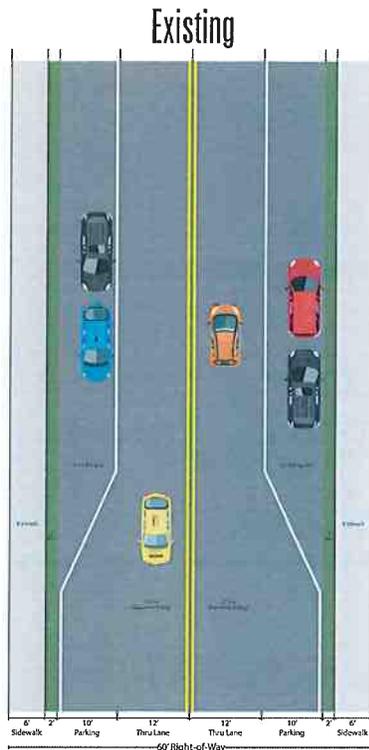
# 5th Avenue South Improvement Project

Attachment A:  
Feasible Roadway Alternatives

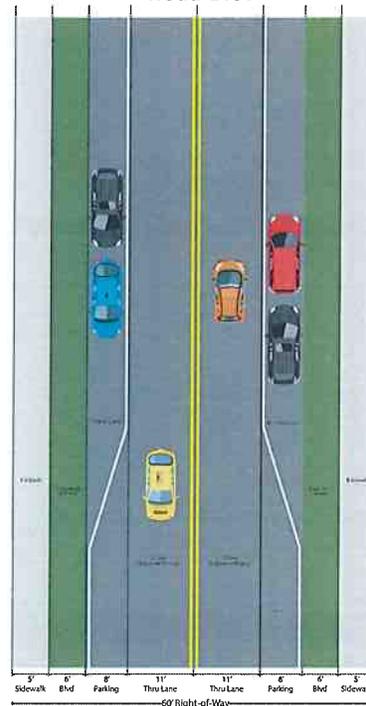


## Reconstruction Options

**Existing**



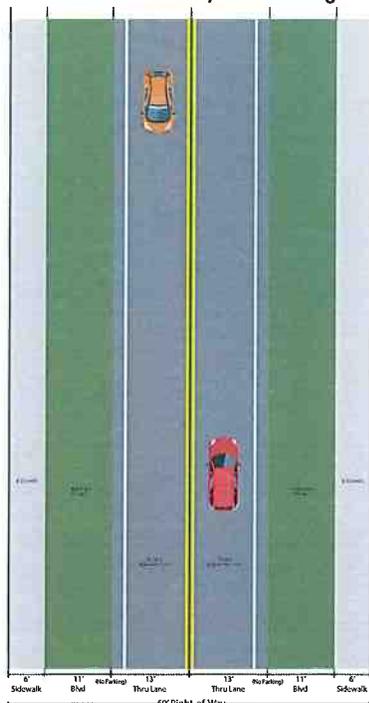
**Road Diet**



**Option 1**

The "Road Diet" option reduces pavement width and increases boulevards from 2 feet wide to 6 feet wide.

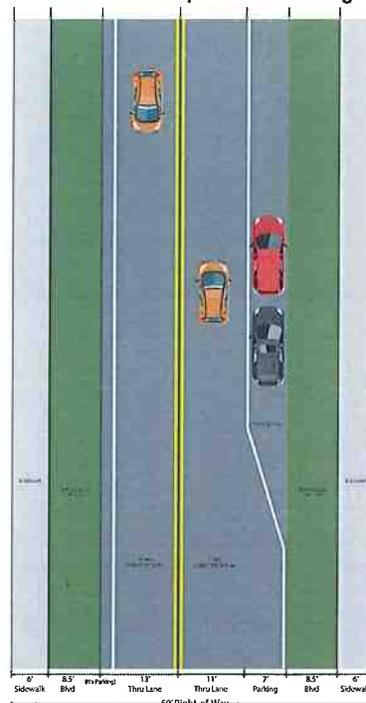
**11' Wide Blvds, No Parking**



**Option 2**

Option 2 reduces pavement width and eliminates parking on both sides, which increases boulevards from 2 feet wide to 11 feet wide.

**8.5' Wide Blvds, 1-Side Parking**



**Option 3**

Option 3 reduces pavement width and eliminates parking on one side, which increases boulevards from 2 feet wide to 8.5 feet wide.



Building a Better World  
for All of Us®

## MEMORANDUM

TO: Chris Hartzell  
FROM: Kristin Petersen  
DATE: 2/7/2018  
RE: Summary of Open House 1: January 30, 2018

This memo documents summary information regarding the public open house held on January 30, 2018 for the 5<sup>th</sup> Avenue South Improvement Project in the City of South St. Paul.

### Basic Meeting Information

- Public open house for the properties adjacent to the project corridor
- Date: January 30, 2018
- Time: 5:30 – 7:00 pm
- Location: City of South St. Paul City Hall (Council Chambers) 125 3<sup>rd</sup> Ave. N.

### Meeting Notifications

- Invitation postcards were mailed directly to approximately 175 properties adjacent to the corridor
- Posted on City Website
- Posted on Project Website

### Attendance

- Attendance: Approximately 22 individuals signed in
  - See Attachments for digital scans of the sign-in sheets
- 6 Staff/PMT present:
  - 3 City of South St. Paul (Chris Hartzell, Peter Hellegers, Tyler Strong)
  - 3 SEH (Dave Hutton, Aaron Ditzler, Kristin Petersen)

### Meeting Description

The open house meeting did not have a formal presentation, but attendees were encouraged to review presentation boards about the project and ask questions one-on-one. Attendees were also asked to place a small colored dots on the map to show where they live, which created a visual record of which properties were represented at the meeting.

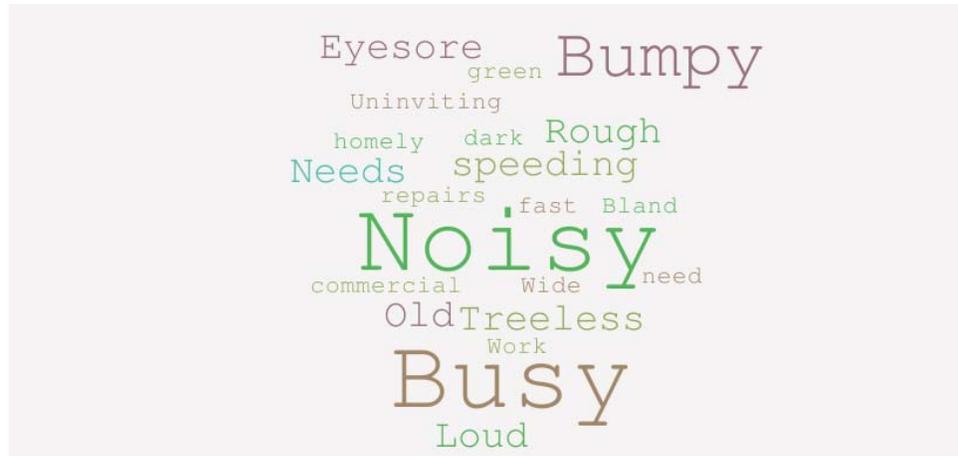
Staff also discussed the project over a large aerial plot of the corridor and demonstrated reconstruction alternatives with a hands-on 3D Cross Section Puzzle. Attendees were encouraged to mark the aerial to show areas where there were concerns about speeding, pedestrian safety, lighting, and other feedback. Both a community questionnaire and blank comment cards were distributed and collected.

**Comments Received:**

Comments were received in variety of methods, including written comment cards collected at the meeting, verbal comments captured by staff, and a 4-question Community Questionnaire. As of 2/7/2017, no comments have been received by mail or email. 2 Comment Cards and 17 Questionnaires were collected from attendees during the meeting. See attachments for scanned copies of all comments received.

The general themes of the feedback is summarized below.

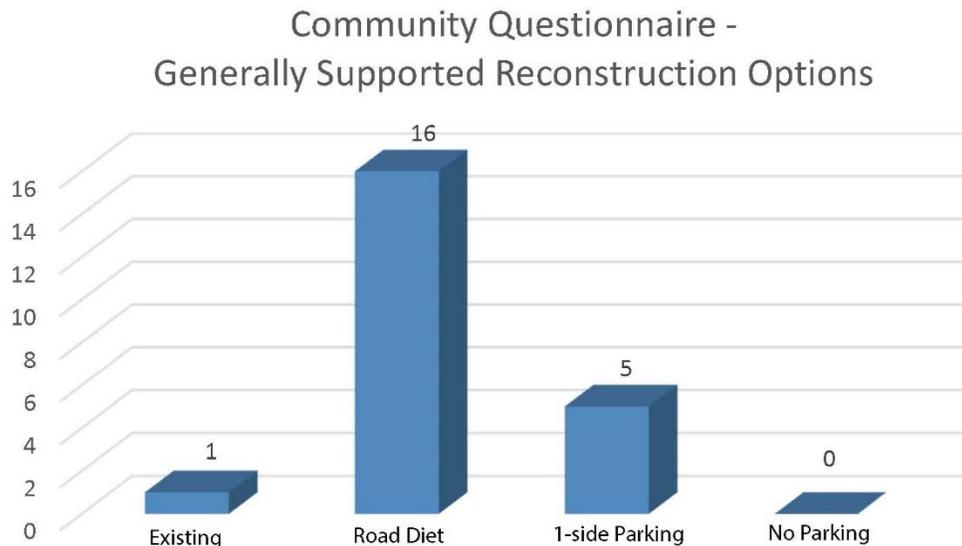
**Question 1:** How would you describe 5<sup>th</sup> Ave S today?



**Question 2:** What major issue can be addressed with this project?

- (7) Reduce Speeding/Traffic
- (3) Parking Concerns
- (2) Reduce Noise
- (2) Add Trees & Streetscaping
- (1) Repair Street
- (1) Add bike lane
- (1) Improve Intersection Safety
- (1) Water Pressure
- (1) Widen Boulevard for snow storage

**Question 3:** Which options are you generally supportive of? (17 respondents)



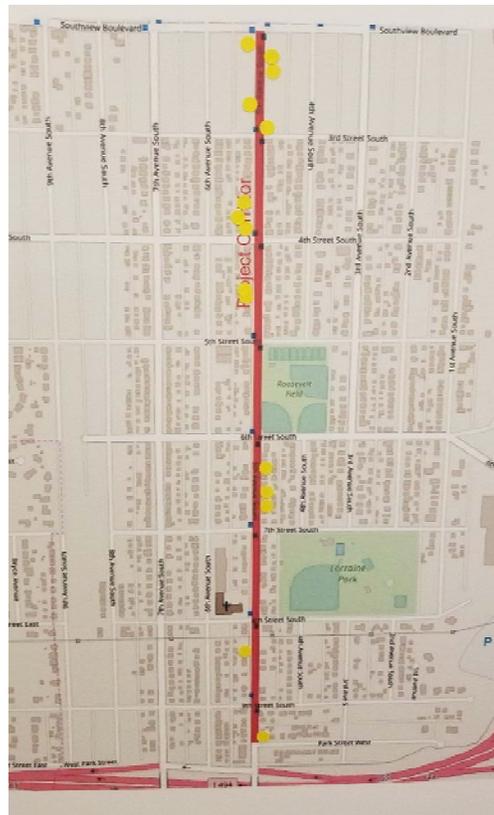
**Question 4:** Do you have any other comments or feedback?

- Bump out needed at 5th Ave & 7th Street
- We need parking on both sides of the road
- 8 ft Boulevard, 4 ft sidewalk
- 7th Ave was just done. The lighting they have and trees cast a lot of shadows and make it hard to see people walking or crossing the streets.
- Need trees
- Would love a bike lane even if it lessens the boulevard space
- As one of those annoying environmental people I would like updated stormwater management, alternative to trees (will crack sidewalk eventually), ability to plant alternative to turf grass (shrubs, flowers), and I enjoy the corner only lighting though I understand the safety concerns.
- 300-400 block has major parking issues. You have a multi-unit housing and homeowners who own business vehicles who use 6-10 spots per home. Eliminating parking would be a huge mistake. \*More green space/trees. \* Very concerned about traffic across from Roosevelt - there are always kids running across the street there. \* No one stops at the stop sign on 5th Ave and 4th St.
- It's great! - Olivia. (Dave's best friend :)

**Comment Cards:**

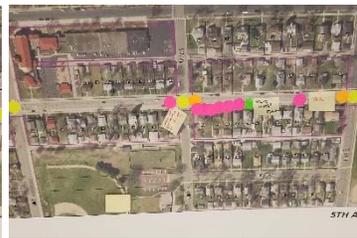
- 1) I prefer Option #1, parking both sides is needed. I like narrowing the street. The sidewalk could be narrowed to 48" by cutting the curbside edge off. Asphalt is the only reasonable surface.
- 2) No blvd - salt, sand (nothing grows). Any trees for boulevard should be option of home owner.

**Photos of Event:**



Summary of Open House 1: January 30, 2018  
Page 4





Pink dot = Speeding, Orange dot = Pedestrian Safety, Yellow dot = Lighting, Green dot = Other

**Attachments:**

- Scanned Questionnaires
- Scanned Comment Cards
- Scanned Sign in Sheets



# 5th Avenue South Improvements Community Questionnaire

Name\* M. L. GASPARDO

Address\* 237 Fifth Ave So  
SSP

Email\* \_\_\_\_\_

Phone\* 651-302-0688

*\*Indicates optional*

1) How would you describe 5th Avenue South today? (Try to keep it to 3 words or less.)

Needs work

2) What is one major issue that we can address with this project?

3) Which options are you generally supportive of? (Check all that apply.)

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Existing</b>	<b>Road Diet</b>	<b>8.5' Wide Blvds, 1-Side Parking</b>	<b>11' Wide Blvds, No Parking</b>

4) Do you have any other comments or feedback?

\_\_\_\_\_

*Thank you for participating!*



# 5th Avenue South Improvements Community Questionnaire

Name\* Julie Monson

Address\* 645 - 5th Ave S.

Email\* \_\_\_\_\_

Phone\* \_\_\_\_\_

*\*Indicates optional*

1) How would you describe 5th Avenue South today? (Try to keep it to 3 words or less.)

Noisy      Bumpy      Treeless

2) What is one major issue that we can address with this project?

Add Trees, slow traffic

3) Which options are you generally supportive of? (Check all that apply.)

<input type="checkbox"/>	<input checked="" type="checkbox"/> or <input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Existing</b>	<b>Road Diet</b>	<b>8.5' Wide Blvds, 1-Side Parking</b>
<small>60' Right-of-Way</small>	<small>60' Right-of-Way</small>	<small>60' Right-of-Way</small>
		<b>11' Wide Blvds, No Parking</b>
		<small>60' Right-of-Way</small>

4) Do you have any other comments or feedback?

Bump out needed at 5th Ave / 7th Street



# 5th Avenue South Improvements Community Questionnaire

Name\* Steven Jacobsen

Address\* 954 Park St. W  
So. St. Paul, MN 55075

Email\* \_\_\_\_\_

Phone\* \_\_\_\_\_

\*Indicates optional

1) How would you describe 5th Avenue South today? (Try to keep it to 3 words or less.)

Old      noisy      bumpy

2) What is one major issue that we can address with this project?

Smooth out street.

3) Which options are you generally supportive of? (Check all that apply.)

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Existing</b>	<b>Road Diet</b>	<b>8.5' Wide Blvds, 1-Side Parking</b>	<b>11' Wide Blvds, No Parking</b>
<small>60' Right-of-Way</small> 	<small>60' Right-of-Way</small> 	<small>60' Right-of-Way</small> 	<small>60' Right-of-Way</small> 

4) Do you have any other comments or feedback?

\_\_\_\_\_  
\_\_\_\_\_

Thank you for participating!



# 5th Avenue South Improvements Community Questionnaire

Name\* Marie Gaspardo

Address\* 237 - 5th Ave. So.

Email\* mgaspardo214@gmail.com

Phone\* 651-302-0688

\*Indicates optional

1) How would you describe 5th Avenue South today? (Try to keep it to 3 words or less.)

Needing repairs

2) What is one major issue that we can address with this project?

3) Which options are you generally supportive of? (Check all that apply.)

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Existing</b>	<b>Road Diet</b>	<b>8.5' Wide Blvds, 1-Side Parking</b>	<b>11' Wide Blvds, No Parking</b>

4) Do you have any other comments or feedback?

We need parking on both sides of the road.

Thank you for participating!



# 5th Avenue South Improvements Community Questionnaire

Name\* Bill & Katherine Hamlin

Address\* 812 5th Ave So  
So St Paul MN 55075-3026

Email\* \_\_\_\_\_

Phone\* 651-451-8175

\*Indicates optional

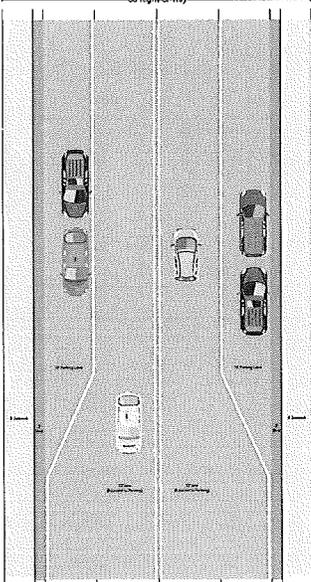
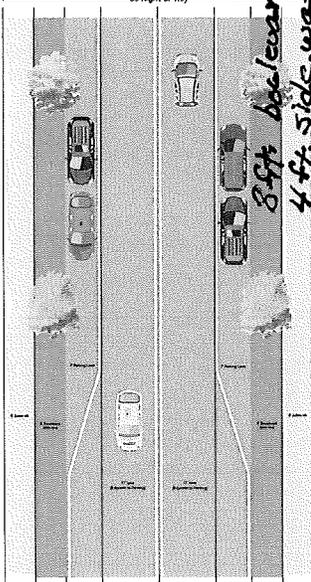
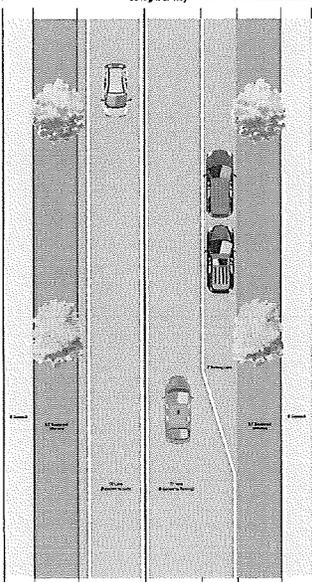
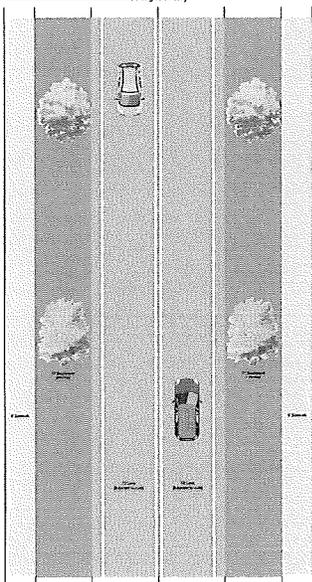
1) How would you describe 5th Avenue South today? (Try to keep it to 3 words or less.)

Noisy Too wide driving lanes Busy  
(encourages speeding)

2) What is one major issue that we can address with this project?

Reduce speeding

3) Which options are you generally supportive of? (Check all that apply.)

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Existing	Road Diet	8.5' Wide Blvds, 1-Side Parking	11' Wide Blvds, No Parking
			

4) Do you have any other comments or feedback?

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Thank you for participating!



# 5th Avenue South Improvements Community Questionnaire

Name\* \_\_\_\_\_

Address\* \_\_\_\_\_

Email\* \_\_\_\_\_

Phone\* \_\_\_\_\_

*\*Indicates optional*

1) How would you describe 5th Avenue South today? (Try to keep it to 3 words or less.)

\_\_\_\_\_

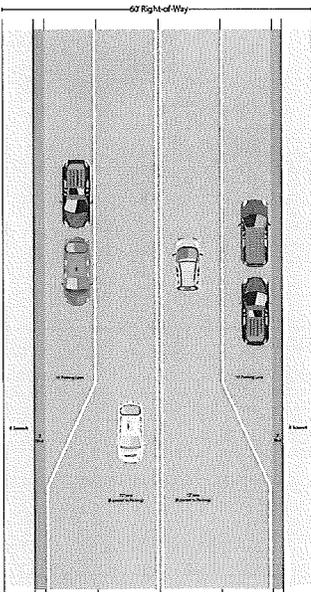
2) What is one major issue that we can address with this project?

*We do need parking*

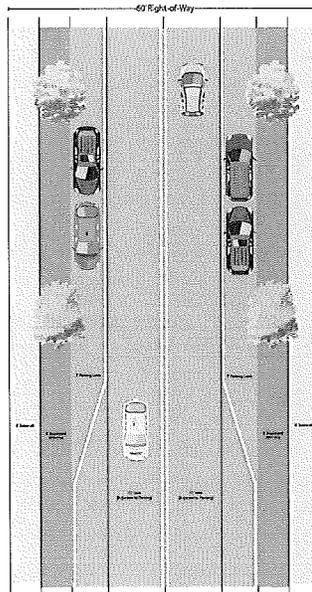
3) Which options are you generally supportive of? (Check all that apply.)



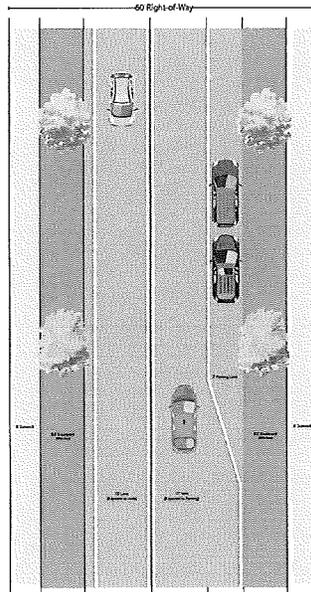
Existing



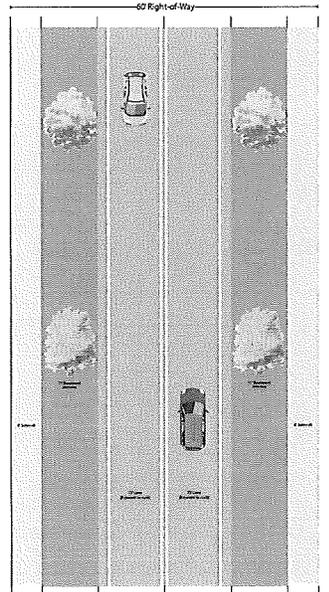
Road Diet



8.5' Wide Blvds, 1-Side Parking



11' Wide Blvds, No Parking



4) Do you have any other comments or feedback?

*7th Ave was just done. The lighting they have and trees cast a lot of shadows & make it hard to see people walking or crossing the streets.*

*Thank you for participating!*



# 5th Avenue South Improvements Community Questionnaire

Name\* Olivia Rose Saver ☺

Address\* 637 5<sup>th</sup> Ave South

Email\* My mom sleeps all day@gmail.com

Phone\* 651-333-7120

*\*Indicates optional*

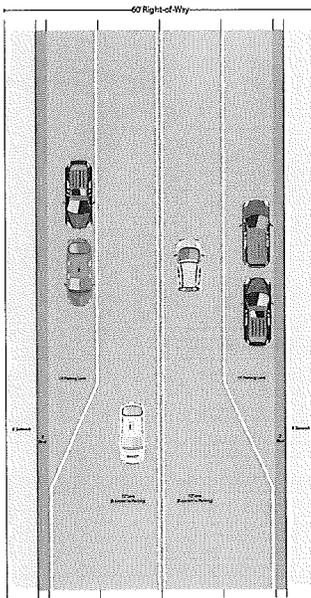
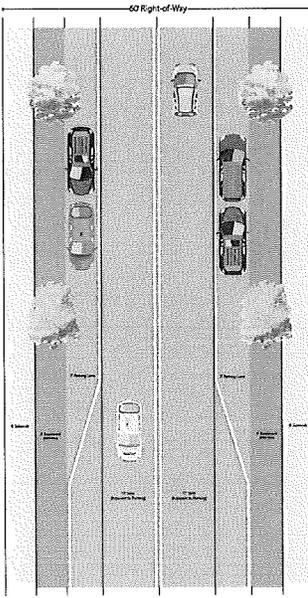
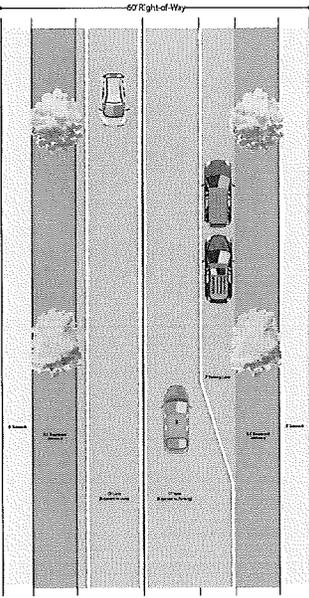
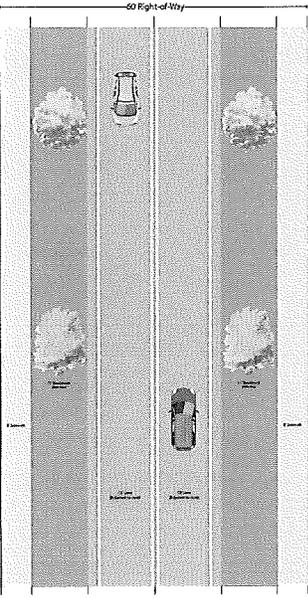
1) How would you describe 5th Avenue South today? (Try to keep it to 3 words or less.)

Noisy, bumpy, treeless

2) What is one major issue that we can address with this project?

Noisy we need less traffic, and a bike lane.

3) Which options are you generally supportive of? (Check all that apply.)

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Existing</b>	<b>Road Diet</b>	<b>8.5' Wide Blvds, 1-Side Parking</b>	<b>11' Wide Blvds, No Parking</b>
<small>60 Right-of-Way</small> 	<small>60 Right-of-Way</small> 	<small>60 Right-of-Way</small> 	<small>60 Right-of-Way</small> 

4) Do you have any other comments or feedback?

Other its great! Olivia, Daves best friend! ☺



# 5th Avenue South Improvements Community Questionnaire

Name\* LARRY STAI  
 Address\* 436 5th Ave.  
So. St. Paul, MN.  
 Email\* larrystai@yahoo.com  
 Phone\* 651-455-9758

\*Indicates optional

1) How would you describe 5th Avenue South today? (Try to keep it to 3 words or less.)

eyesore      Road is rough

2) What is one major issue that we can address with this project?

speeding on 5th Ave.

3) Which options are you generally supportive of? (Check all that apply.)

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Existing</b>	<b>Road Diet</b>	<b>8.5' Wide Blvds, 1-Side Parking</b>	<b>11' Wide Blvds, No Parking</b>

4) Do you have any other comments or feedback?

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# 5th Avenue South Improvements Community Questionnaire

Name\* Bruce Vekhov

Address\* 470-5th ave 50

Email\* \_\_\_\_\_

Phone\* 651-491-6738

\*Indicates optional

1) How would you describe 5th Avenue South today? (Try to keep it to 3 words or less.)

Eye sore

2) What is one major issue that we can address with this project?

speed on 5th ave

3) Which options are you generally supportive of? (Check all that apply.)

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Existing</b>	<b>Road Diet</b>	<b>8.5' Wide Blvds, 1-Side Parking</b>	<b>11' Wide Blvds, No Parking</b>

4) Do you have any other comments or feedback?

\_\_\_\_\_

Thank you for participating!



# 5th Avenue South Improvements Community Questionnaire

Name\* Gayle Fordice

Address\* 332 5TH AVE S

Email\* gayle.fordice@yahoo.com

Phone\* 651-451-6606

*\*Indicates optional*

1) How would you describe 5th Avenue South today? (Try to keep it to 3 words or less.)

Busy noisy

2) What is one major issue that we can address with this project?

alot of cars parked around 4th st at stop sign

3) Which options are you generally supportive of? (Check all that apply.)

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Existing</b>	<b>Road Diet</b>	<b>8.5' Wide Blvds, 1-Side Parking</b>	<b>11' Wide Blvds, No Parking</b>
<small>60' Right-of-Way</small> 	<small>60' Right-of-Way</small> 	<small>60' Right-of-Way</small> 	<small>60' Right-of-Way</small> 

4) Do you have any other comments or feedback?

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*Thank you for participating!*



# 5th Avenue South Improvements Community Questionnaire

Name\* Al Monson

Address\* 645 5th Ave So.

Email\* \_\_\_\_\_

Phone\* \_\_\_\_\_

*\*Indicates optional*

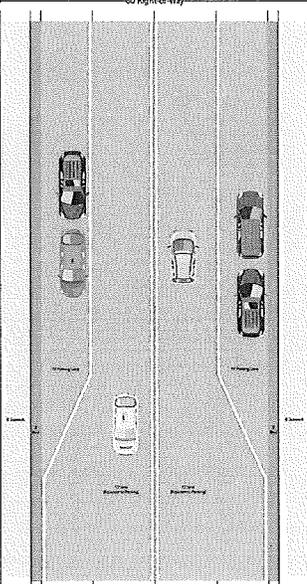
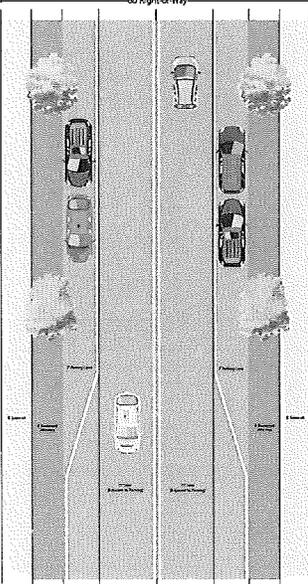
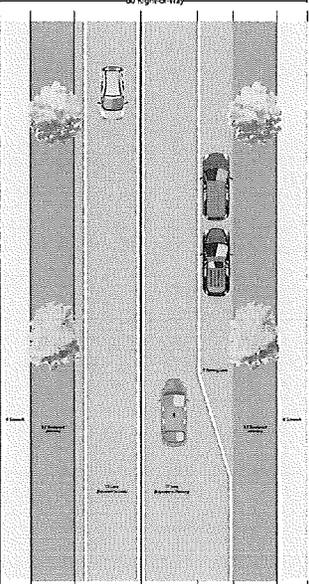
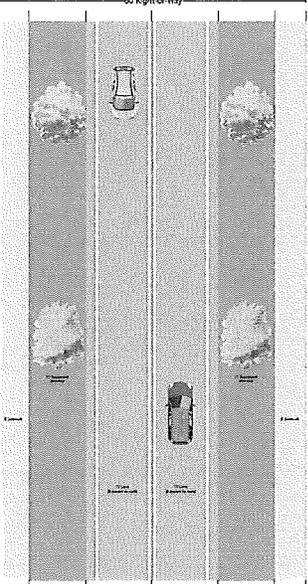
1) How would you describe 5th Avenue South today? (Try to keep it to 3 words or less.)

Rough

2) What is one major issue that we can address with this project?

Speeding

3) Which options are you generally supportive of? (Check all that apply.)

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Existing</b>	<b>Road Diet</b>	<b>8.5' Wide Blvds, 1-Side Parking</b>	<b>11' Wide Blvds, No Parking</b>
			

4) Do you have any other comments or feedback?

\_\_\_\_\_  
\_\_\_\_\_

*Thank you for participating!*



# 5th Avenue South Improvements Community Questionnaire

Name\* JESSE SAVER

Address\* 637 5TH AVE S

Email\* JESSEWITHACI@GMAIL.COM

Phone\* 651-206-2454

\*Indicates optional

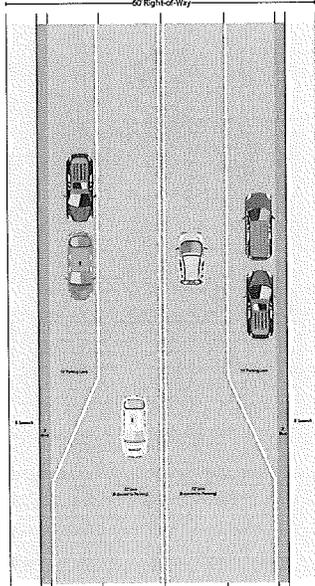
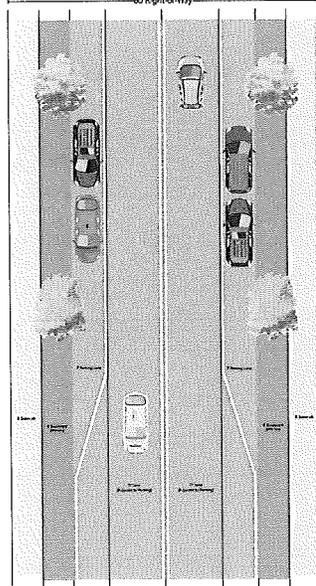
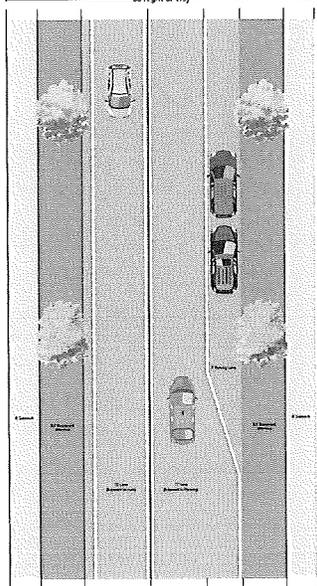
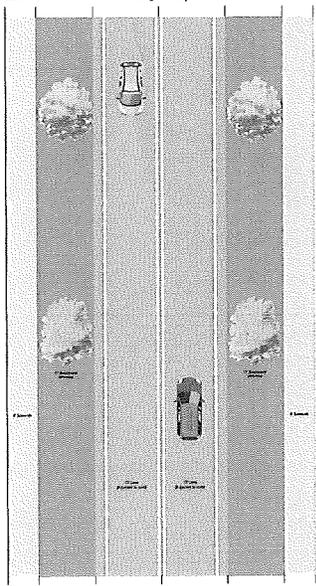
1) How would you describe 5th Avenue South today? (Try to keep it to 3 words or less.)

~~NOISE~~ LOUD COMMERCIAL NOT HOMEY

2) What is one major issue that we can address with this project?

SAFETY AT ROOSEVELT INTERSECTIONS.

3) Which options are you generally supportive of? (Check all that apply.)

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Existing	Road Diet	8.5' Wide Blvds, 1-Side Parking	11' Wide Blvds, No Parking
			

4) Do you have any other comments or feedback?

NEED TREES

Thank you for participating!



# 5th Avenue South Improvements Community Questionnaire

Name\* Ryan Sanderson

Address\* 250 5TH AVE S

Email\* lastrhino@gmail.com

Phone\* 651-450-6257

\*Indicates optional

1) How would you describe 5th Avenue South today? (Try to keep it to 3 words or less.)

busy      fast      dark

2) What is one major issue that we can address with this project?

water pressure

3) Which options are you generally supportive of? (Check all that apply.)

<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Existing</b>	<b>Road Diet</b>	<b>8.5' Wide Blvds, 1-Side Parking</b>	<b>11' Wide Blvds, No Parking</b>

4) Do you have any other comments or feedback?

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Thank you for participating!



# 5th Avenue South Improvements Community Questionnaire

Name\* Bill Hamlin

Address\* 812-5th Ave. So.

Email\* ~~/~~

Phone\* ~~/~~

*\*Indicates optional*

1) How would you describe 5th Avenue South today? (Try to keep it to 3 words or less.)

Busy

2) What is one major issue that we can address with this project?

Need Blvd. for Snow

3) Which options are you generally supportive of? (Check all that apply.)

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Existing</b>	<b>Road Diet</b>	<b>8.5' Wide Blvds, 1-Side Parking</b>	<b>11' Wide Blvds, No Parking</b>

4) Do you have any other comments or feedback?

\_\_\_\_\_

\_\_\_\_\_

*Thank you for participating!*



# 5th Avenue South Improvements Community Questionnaire

Name\* \_\_\_\_\_

Address\* \_\_\_\_\_  
\_\_\_\_\_

Email\* \_\_\_\_\_

Phone\* \_\_\_\_\_

*\*Indicates optional*

1) How would you describe 5th Avenue South today? (Try to keep it to 3 words or less.)

Noisy      busy-speeding      Bland-Need green!

2) What is one major issue that we can address with this project?

speeding (motorcycle noise)

3) Which options are you generally supportive of? (Check all that apply.)

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Existing</b>	<b>Road Diet</b>	<b>8.5' Wide Blvds, 1-Side Parking</b>	<b>11' Wide Blvds, No Parking</b>
<small>60' Right-of-Way</small> 	<small>60' Right-of-Way</small> 	<small>60' Right-of-Way</small> 	<small>60' Right-of-Way</small> 

4) Do you have any other comments or feedback?

Would love a bike lane, ~~instead of Blvd space~~  
even if it lessens Blvd space

*Thank you for participating!*



# 5th Avenue South Improvements Community Questionnaire

Name\* Kate Clayton

Address\* 348 5<sup>th</sup> Ave S

Email\* Ktclayton44@gmail.com

Phone\* \_\_\_\_\_

\*Indicates optional

1) How would you describe 5th Avenue South today? (Try to keep it to 3 words or less.)

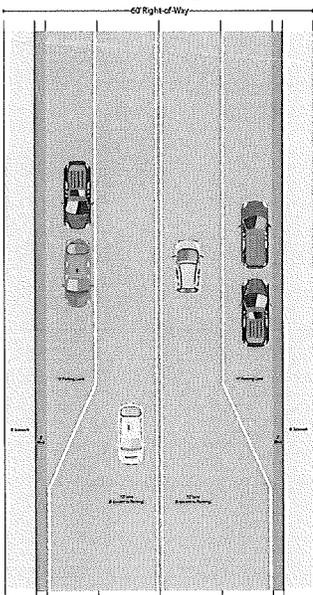
Busy Old Uninviting

2) What is one major issue that we can address with this project?

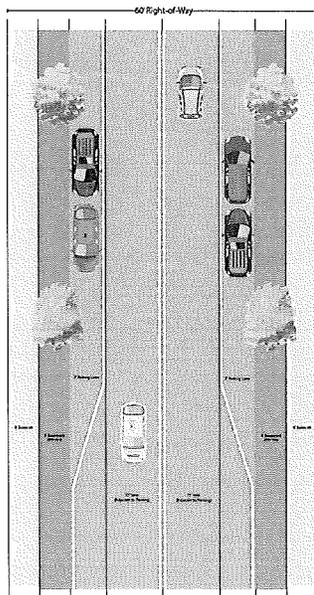
Un inviting street scape

3) Which options are you generally supportive of? (Check all that apply.)

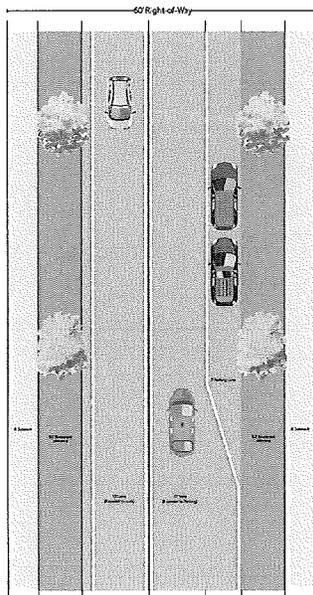
Existing



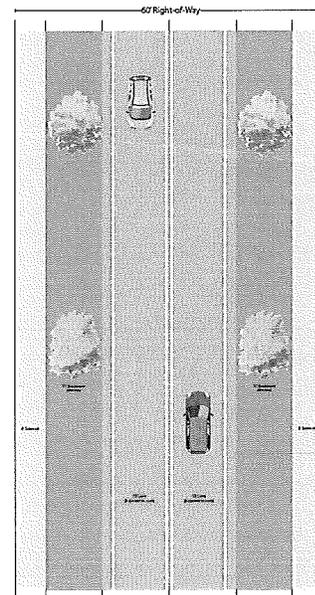

Road Diet




8.5' Wide Blvds, 1-Side Parking




11' Wide Blvds, No Parking



4) Do you have any other comments or feedback?

As one of those annoying environmental people I would like updated ~~water~~ storm ⇒

Thank you for participating!

water management, alternative to trees  
(will crack sidewalk eventually), ability to  
plant alternative to turf grass, (shrubs, flowers??)  
enjoy the corner only lighting though I  
understand the safety concerns.

to be done... will be done...  
to be done... will be done...



# 5th Avenue South Improvements Community Questionnaire

Name\* LEINA HOLTE

Address\* 356 5th Ave S  
SSP

Email\* leina.holte.es9@gmail.com

Phone\* 651.755.4739

*\*Indicates optional*

1) How would you describe 5th Avenue South today? (Try to keep it to 3 words or less.)

bumpy      loud      speeding

2) What is one major issue that we can address with this project?

Parking

3) Which options are you generally supportive of? (Check all that apply.)

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Existing</b>	<b>Road Diet</b>	<b>8.5' Wide Blvds, 1-Side Parking</b>	<b>11' Wide Blvds, No Parking</b>

4) Do you have any other comments or feedback?

300-400 block has major parking issues. You have a multi unit housing & homeowners who own business vehicles. Who use 6-10 spots per home.

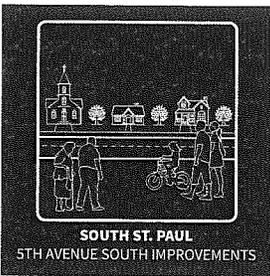
Eliminating parking would be a huge mistake.

*Thank you for participating!*

\* More green space / trees.

\* Very concerned about traffic access from Roosevelt - there are always kids running across the street there.

\* No one stops at the stop sign on 5th Ave & 4th Street.



## 5th Avenue South Improvement Project

### COMMENTS & FEEDBACK

\* NAME Jerry Hollenkamp \* PHONE 651-455-8918  
\* EMAIL jerry.hollenkamp@gmail.com  
\* ADDRESS 240 - 5<sup>th</sup> Ave South

(\* Indicates optional)

Check the box if you would like to be contacted:

COMMENTS: I prefer option #1, parking both side is needed. I like narrowing the street. The sidewalk could be narrowed to 48" by cutting the curb side edge off. Asphalt is the only reasonable surface.

Please leave your feedback in the comment box tonight or mail in with this pre-addressed card. Comments may also be directed to Chris Hartzell by email at [chartzell@southstpaul.org](mailto:chartzell@southstpaul.org) or by phone at (651) 554 - 3210. Your feedback will be shared with project staff and included in the project record. For more information on the project, go to:

[www.5thAveS.com](http://www.5thAveS.com)



## 5th Avenue South Improvement Project

### COMMENTS & FEEDBACK

\* NAME Beth Hatfield \* PHONE 651-455-4065  
\* EMAIL \_\_\_\_\_  
\* ADDRESS 206 5<sup>th</sup> Ave So

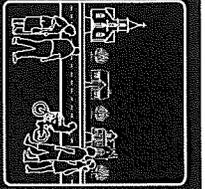
(\* Indicates optional)

Check the box if you would like to be contacted:

COMMENTS: RD blvd - salt, sand (nothing grows). Any trees for blvd should be option of home owner

Please leave your feedback in the comment box tonight or mail in with this pre-addressed card. Comments may also be directed to Chris Hartzell by email at [chartzell@southstpaul.org](mailto:chartzell@southstpaul.org) or by phone at (651) 554 - 3210. Your feedback will be shared with project staff and included in the project record. For more information on the project, go to:

[www.5thAveS.com](http://www.5thAveS.com)



SOUTH ST. PAUL  
5TH AVENUE SOUTH IMPROVEMENTS

# 5th Avenue South Improvement Project

Meeting Description: **Public Open House #1**

Date: **January 30, 2018**

Location: **City of South St. Paul City Hall (Council Chambers) 125 3rd Ave. N.**

Time: **5:30 pm - 7:00 pm**

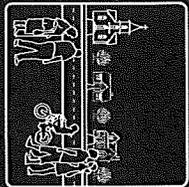
Name:	<b>Bill Hartsfield</b>	Address:	<b>206 5th Ave SW</b>
Phone:	<b>651-455-4065</b>		
Email:	<b>_____</b>		

Name:	<b>Lena Hoite</b>	Address:	<b>360 5th Ave S, SSP</b>
Phone:	<b>651.755.4737</b>		
Email:	<b>lenahoite.egg@gmail.com</b>		

Name:	<b>Lery Kadu</b>	Address:	<b>255 5th Ave S, SSP</b>
Phone:	<b>651-451-3135</b>		
Email:	<b>_____</b>		

Name:	<b>Gayle Fordice</b>	Address:	<b>332 5th Ave S</b>
Phone:	<b>651-451-6606</b>		
Email:	<b>gaylefordice@yahoo.com</b>		

Name:	<b>Bill &amp; Katherine Hamlin</b>	Address:	
Phone:	<b>651-451-8175</b>		
Email:	<b>_____</b>		



SOUTH ST. PAUL  
5TH AVENUE SOUTH IMPROVEMENTS

# 5th Avenue South Improvement Project

Meeting Description: **Public Open House #1**

Date: **January 30, 2018**

Location: **City of South St. Paul City Hall (Council Chambers) 125 3rd Ave. N.**

Time: **5:30 pm - 7:00 pm**

Name:	<b>Bruce Dahlberg</b>	Address:	<b>430-5th Ave So</b>
Phone:	<b>651-471-6735</b>		
Email:			

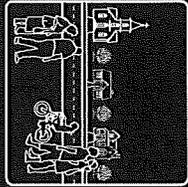
Name:	<b>Jesse Sauer</b>	Address:	
Phone:	<b>651-206-2454</b>		
Email:			

Name:	<b>OLIVIA SAUER</b>	Address:	
Phone:	<b>651-206-2454</b>		
Email:			

Name:	<b>Ryan Sanford</b>	Address:	
Phone:	<b>651-450-0257</b>		
Email:			

Name:	<b>Mary Gasparido</b>	Address:	<b>237-5th Ave So. SSP</b>
Phone:	<b>651-302-0608</b>		
Email:			

# 5th Avenue South Improvement Project



SOUTH ST. PAUL  
5TH AVENUE SOUTH IMPROVEMENTS

Meeting Description: **Public Open House #1**  
Location: **City of South St. Paul City Hall (Council Chambers) 125 3rd Ave. N.**  
Date: **January 30, 2018**  
Time: **5:30 pm - 7:00 pm**

Name:	LARRY STAI	Address:	436 5th Ave. So.
Phone:	651-455-9758		50. St. Paul, mn. 55075
Email:	larrystai@yahoo.com		

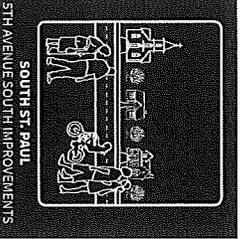
Name:	David Iserman	Address:	217 5th Ave. S.
Phone:	612 223 7656		So. St. Paul
Email:			

Name:	Al Monson	Address:	645-5th Ave S.
Phone:			
Email:	almonson1964@gmail.com		

Name:	Judie Monson	Address:	645 5th Ave S.
Phone:			
Email:			

Name:	Tony Hollekamp	Address:	240-5th Ave S-
Phone:			
Email:			

# 5th Avenue South Improvement Project



Meeting Description: **Public Open House #1**  
 Location: **City of South St. Paul City Hall (Council Chambers) 125 3rd Ave. N.**  
 Date: **January 30, 2018**  
 Time: **5:30 pm - 7:00 pm**

Name:	Kate Clayton	Address:	348 5th Ave S
Phone:			
Email:	kclayton44@gmail.com		

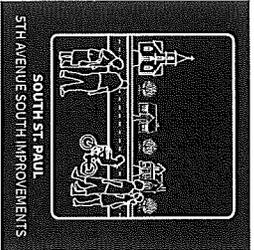
Name:	Mare Gaspardo	Address:	237 - 5th Ave So.
Phone:	651-302-0688		
Email:	mgaspardo214@gmail.com		

Name:	Lori Hanson	Address:	121-6th Ave S.
Phone:	651-450-6729		
Email:			

Name:		Address:	
Phone:			
Email:			

Name:		Address:	
Phone:			
Email:			

# 5th Avenue South Improvement Project



Meeting Description: **Public Open House #1** Date: **January 30, 2018**  
 Location: **City of South St. Paul City Hall (Council Chambers) 125 3rd Ave. N.** Time: **5:30 pm - 7:00 pm**

Name:	Gronnt + Natalie Lindh	Address:	619 5th Ave S
Phone:	651-269-6014		South St. Paul, MN 55075
Email:	viectorn@gmail.com		

Name:	Steve Jacobsen	Address:	254 Park St. W
Phone:	651-343-9894		South St. Paul, MN 55075
Email:			

Name:		Address:	
Phone:			
Email:			

Name:		Address:	
Phone:			
Email:			

Name:		Address:	
Phone:			
Email:			



7175 Cahill Road - Edina, MN 55439  
 Phone: (952)-913-8382 Email: sales@linesalot.com  
 www.linesalot.com

# PROPOSAL

<b>To:</b> City Of South St. Paul	<b>Contact:</b>
<b>Address:</b> South St. Paul, MN	<b>Phone:</b>
	<b>Email:</b>
<b>Project Name:</b> 5th Avenue South Centerline Removal And Striping	<b>Bid Number:</b> H24-0720
<b>Project Location:</b> City Of South St. Paul, MN	<b>Bid Date:</b> 5/10/2024

Item #	Item Description	Estimated	Unit	Unit Price	Total Price
1	MOBILIZATION (REMOVAL)	1.00	LS	\$1,500.00	\$1,500.00
2	PAVEMENT MARKING REMOVAL	11,250.00	LF	\$0.36	\$4,050.00
3	MOBILIZATION (STRIPING)	1.00	LS	\$1,500.00	\$1,500.00
4	4" SOLID/BROKEN LINE MULTI COMP	11,250.00	LF	\$0.45	\$5,062.50

**Total Bid Price: \$12,112.50**

**Notes:**

- 1. This quote includes ONE mobilization to complete the entire project. Additional, if requested, are \$950.00 each.
- 2. Does not include any brooming, late season markings, parking stall/trail striping, or pavement marking removals.
- 3. Bond fee not included. No retainage.
- 4. Owner/engineer must be on site to assist and approve layout of all new pavement markings.
- 5. Assumes all pavement markings are surface applied Multi Comp only. Not ground in or wet reflective.
- 6. All removals will be done via mechanical grinding only. Not water or sand blasting.
- 7. Scope of work is limited to removal and new striping of centerline skips located on 5th Ave. S (between Southview Blvd. & Park St. W)
- **8. Final quantities will be invoiced.**

<p><b>ACCEPTED:</b>          The above prices, specifications and conditions are satisfactory and are hereby accepted.</p> <p><b>Buyer:</b> _____</p> <p><b>Signature:</b> _____</p> <p><b>Date of Acceptance:</b> _____</p>	<p><b>CONFIRMED:</b>  <b>Sir-Lines-A-Lot</b></p> <p><b>Authorized Signature:</b> _____</p> <p><b>Estimator:</b> TJ Phillips          (612) 434-0090 tj.phillips@linesalot.com</p>
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## COUNCIL WORKSESSION REPORT

DATE: JUNE 10, 2024

DEPARTMENT: ENGINEERING

Prepared By: Nick Guilliams, City Engineer

ADMINISTRATOR: RG

4

### **AGENDA ITEM:** Concord Exchange Parking

#### **DESIRED OUTCOMES:**

Council direction on parking restrictions on Concord Exchange from Camber Avenue south to Concord Street.

#### **OVERVIEW:**

##### **Background**

The section of Concord Exchange from Camber Avenue to the Stockyards Restaurant is currently designated as 2-hour parking. "No truck parking" signs also exist throughout the entire stretch of Concord Exchange from Camber Avenue south to Concord Street.

With the upcoming Asian Mart in mind, staff recommends extending the 2-hour parking zone south to Concord Street to ensure adequate parking for all businesses in the area. Although Concord Exchange has historically been a problem area for truck parking, the newly adopted ordinance prohibits truck parking throughout the entire city west of Concord Street and north of Grand Avenue. To keep signage to a minimum for aesthetic reasons, staff is recommending that the "no truck parking" signage be eliminated. If truck parking becomes a problem in the future, signage could be added.

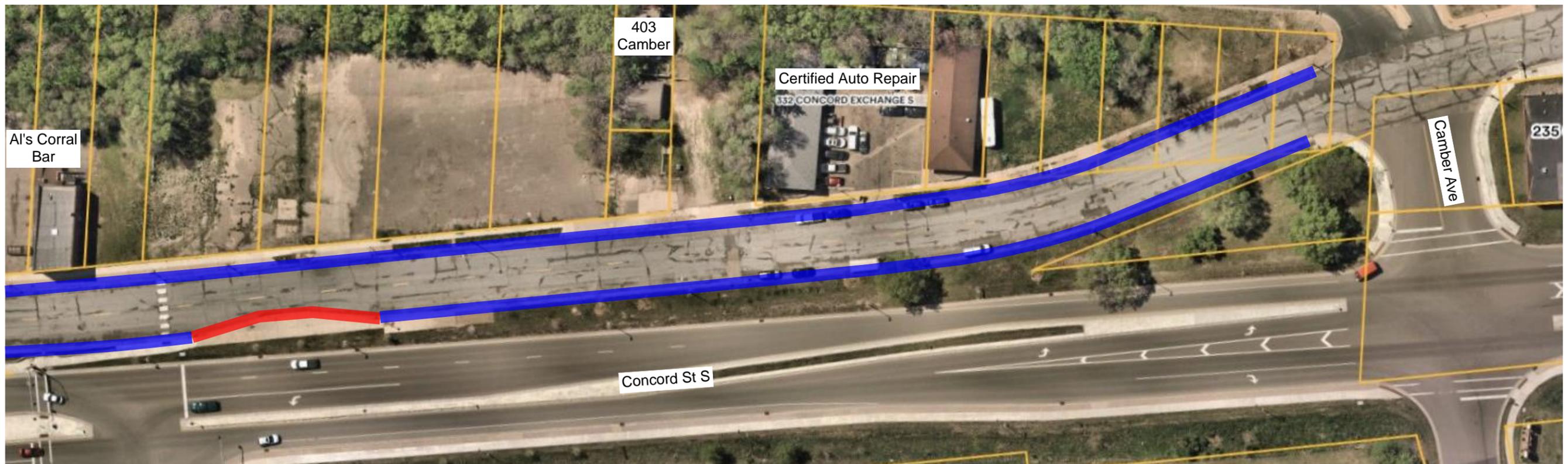
#### **ACTION NEEDED**

Council direction on extending 2-hour parking and eliminating "no truck parking" signage on Concord Exchange from Camber Avenue south to Concord Street.

#### **ATTACHMENT:**

MAP SHOWING CURRENT PARKING CONFIGURATION

# Concord Exchange - Existing Parking Restrictions



Aerial imagery from April 25, 2024

-  Signed "No Parking" Area
-  Signed "No Truck Parking" Area
-  Signed both "No Truck Parking" and "Two Hour Parking" Area



**AGENDA ITEM: Wakota Crossing Update**

**DESIRED OUTCOMES:**

- Discuss analysis of Developer Request for consideration of establishment of a 9-Year Economic Development Tax Increment Finance District to support the Wakota Crossing Development, and receive EDA direction as to next steps.

**DISCUSSION:**

Since late 2022, Staff has been working with Capital Partners Development, LLC (<https://capitalpartnersmn.com/investment-platform/development/>) towards the strategic redevelopment of approximately 15 acres south of I-494 for light industrial land uses. This proposed redevelopment area is located immediately south and west of a complex of public outdoor uses including the new “Wakota Trailhead”, the City’s compost facility, the City’s community gardens, and the DNR boat launch. This property, which has been publicly owned for decades, was first identified as a potential infill development site for light industrial development through a 2018 study for the “Wakota Crossing” development area, a 50-acre .

Significant progress has been made in recent months towards advancing redevelopment of this site, including securing more than \$3 million in contamination cleanup and redevelopment funding through the State (DEED) and Met Council, execution of a grant agreement with the US Department of Housing and Economic Development for \$3 million through HUD’s Economic Development Initiative to assist in bringing public infrastructure to the site, and obtaining fee simple ownership of the property through a deed conveyance from the Met Council to the City. Since early 2024, the US Army Corps of Engineers has been formally reviewing a request by the City for the release of a flowage easement covering the property, which we expect to be resolved sometime in the 3<sup>rd</sup> Quarter of 2024. With these hurdles mostly cleared, the development project is slowly coming more clearly into view.

In February 2023, the City and Capital Partners Development entered a preliminary development agreement in order to frame our public-private partnership through its early stages. This agreement defines each party’s roles and expectations as we work towards a definitive development plan and ultimately the formal, legally binding agreements needed to deliver that development. Section 4 of the preliminary development agreement acknowledges that the Developer may request financial assistance in the form of Tax Increment Financing (TIF) for the project. While we have been successful in obtaining a substantial amount of grant assistance to address these issues, the fact is that the estimated costs related to overcoming the geotechnical deficiencies and environmental conditions at the site (\$6,211,800) are more than 2x the amount of grant funds that we have received for these extraordinary challenges (\$3,007,063). These site preparation costs – which are necessary in any development scenario that involves the construction of buildings – amount to more than 26% of total estimated construction costs for

this project. In Staff’s experience, that is unprecedented, but indicative of the challenges of this site due to its historic uses (unregulated dumping, sewage treatment ponds) and natural characteristics (floodplain soils, even though the site is now behind the levee and is flood protected).

As alluded to above, even with more than \$3,000,000 in grant funds to address site conditions, the project has a funding gap of more than \$3,000,000. In light of these challenges, the developer has requested that the EDA consider establishing a Tax Increment Finance District and providing TIF assistance to reduce the financial gap. Following a Staff analysis of the developer’s request and the project pro forma for consistency with the City’s TIF Policy, Staff engaged our Municipal Financial Advisor (Ehlers) to complete an independent and objective review of the Developer’s request for financial assistance. A memo summarizing Ehlers’ analysis and recommendations are included as an attachment to the staff report. In summary, Ehlers finds that but-for the establishment of a 9-year Economic Development TIF District and the agreement by the EDA to provide up to \$1.25 million in present-value TIF assistance over a 9-year “Pay – as – you – go” term, the “Wakota Crossing” project would not progress due to financial infeasibility. Ehlers’ analysis confirms that the developer’s proposed financial structuring, project costs, and leasing/return expectations all fall within reasonable, market-supported ranges.

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

Project sources & uses are outlined below.

<b>Sources</b>		
	<b>Amount</b>	<b>Pct.</b>
First Mortgage	17,481,564	60.0%
TIF Mortgage	1,250,000	4.3%
DEED Clean-Up Grant (committed)	1,392,353	4.8%
DEED Redevelopment Grant (Committed)	800,000	2.7%
Met Council TBRA Grant (committed)	814,700	2.8%
Dakota County Grant (committed)	249,000	0.9%
DEED Grant (2024 Application)	800,000	2.7%
Equity	6,348,323	21.8%
<b>TOTAL SOURCES</b>	<b>29,135,940</b>	<b>100%</b>

<b>Uses</b>			
	<b>Amount</b>	<b>Pct.</b>	<b>Per Sq. Ft.</b>
Acquisition Costs	1	0.0%	0.00
Construction Costs	23,842,180	81.8%	130.50
Professional Services	2,643,370	9.1%	14.47
Financing Costs	1,453,996	5.0%	7.96
Developer Fee	985,273	3.4%	5.39
Cash Accounts	211,120	0.7%	1.16
<b>TOTAL USES</b>	<b>29,135,940</b>	<b>100%</b>	<b>159.47</b>

It should be noted that an application to the Dakota County RIG program, as well as a second application to the DEED Redevelopment program, are also identified as project sources above. Staff is confident that a RIG application will be prepared in the next 90 days. Generally, RIG awards funds on a “first-come, first-served basis” and their program year begins July 1, 2024 (so we should be one of the first applications in the queue). The second DEED application is due

August 1, 2024, so we will be working with the developer and DEED to put ourselves in the best position to apply successfully for that program.

The proposed level of TIF assistance (4.3% of total project costs), equity (21.8% of total project costs) and rate of return (9.17%) all easily meet the City's TIF policy, which caps TIF assistance at 35%, requires a minimum of 10% equity, and caps returns at 20%.

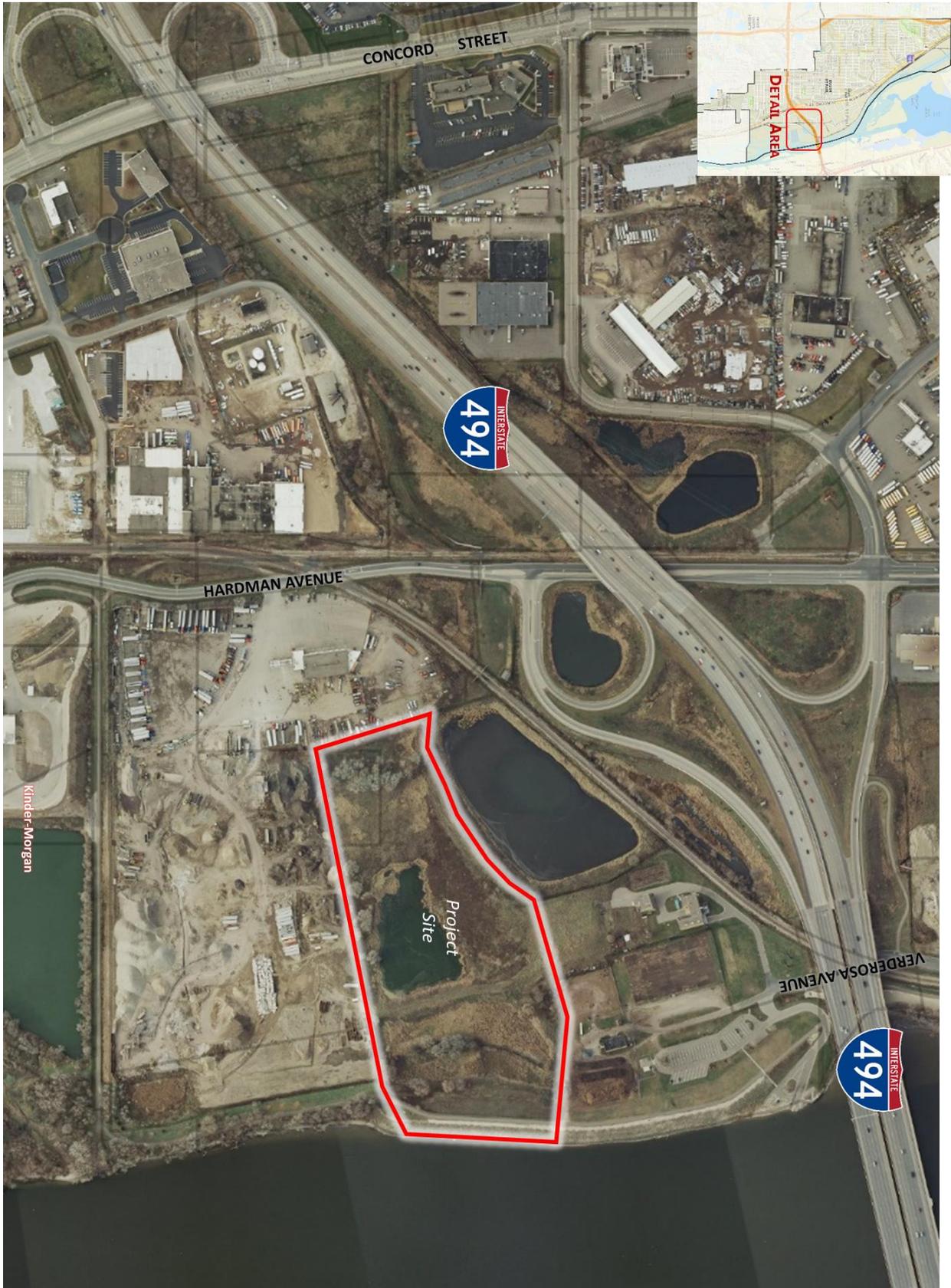
**ATTACHMENTS:**

Orientation Map

Updated Site and Context Plans

Ehlers Analysis Memo

ATTACHMENT 1 – ORIENTATION MAP



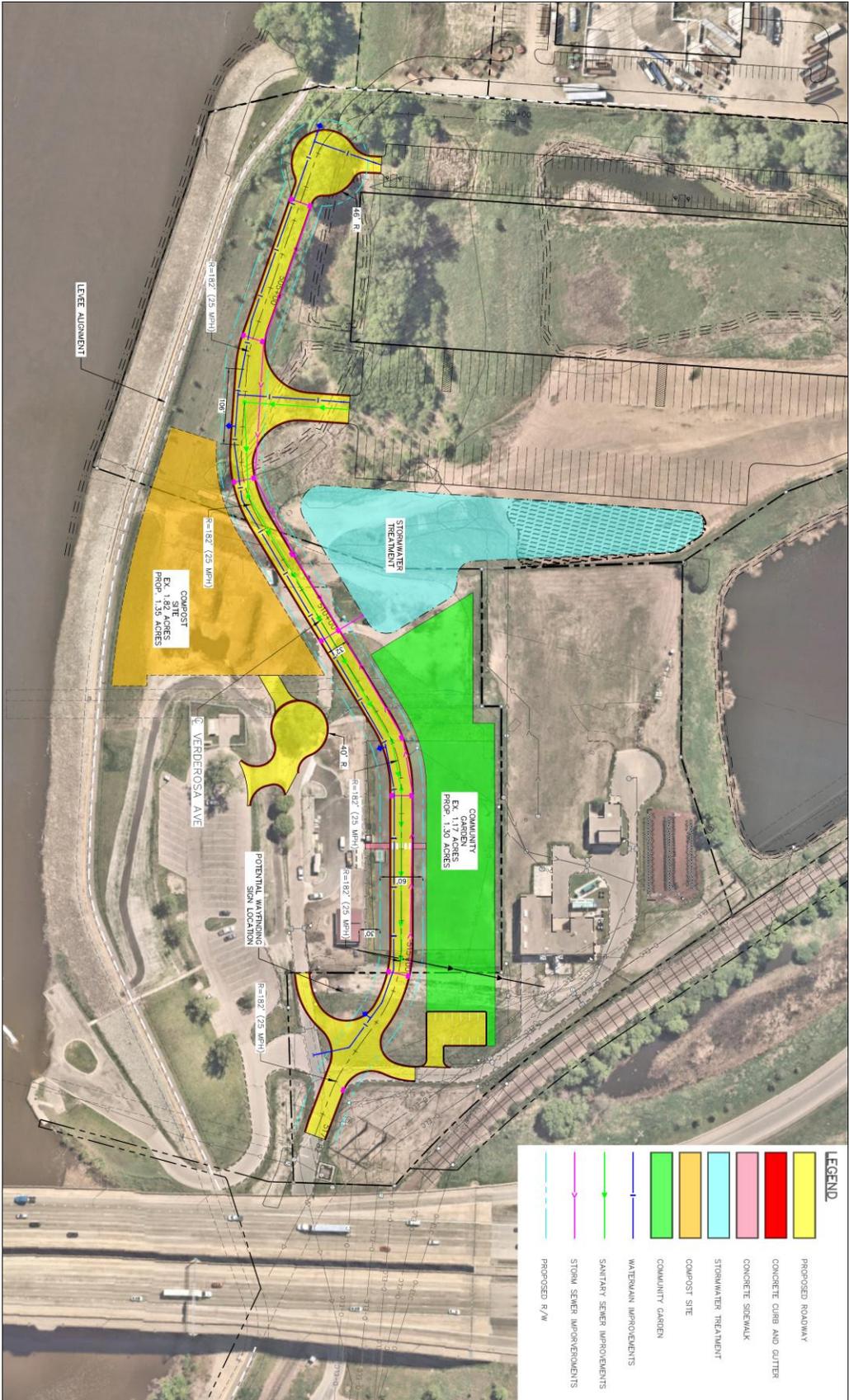
# ATTACHMENT 2A – UPDATED SITE/CONTEXT PLAN



VERDEROSA AVENUE EXTENSION  
SOUTH ST. PAUL, MN



0 60 120  
SCALE  
HORIZONTAL  
FEET



LEGEND	
	PROPOSED ROADWAY
	CONCRETE CURB AND GUTTER
	CONCRETE SIDEWALK
	STORMWATER TREATMENT
	COMPOST SITE
	COMMUNITY GARDEN
	WATERMAIN IMPROVEMENTS
	SANITARY SEWER IMPROVEMENTS
	STORM SEWER IMPROVEMENTS
	PROPOSED R/W

ATTACHMENT 2B – UPDATED SITE/CONTEXT PLAN

Kimley»Horn

VERDEROSA AVENUE EXTENSION  
SOUTH ST. PAUL, MN



0 120 240  
SCALE: HORIZONTAL FEET

# MEMORANDUM

TO: Ryan Garcia, City Administrator  
 FROM: Jason Aarsvold - Ehlers  
 DATE: May 30, 2024  
 SUBJECT: Capital Partners Public Financing Request

The City of South St. Paul (the “City”) received a request for public financing assistance from Capital Partners, (the “Developer”) to facilitate development of a 182,700 sq. ft. industrial building on City-owned property located east of Hardman Ave. and south of Interstate 494 (PIDs 36-83210-01-020 and 36-83210-00-010). The Developer is requesting a land write-down to \$1 and initially requested up to \$3 million in tax increment assistance to off-set cost associated with contamination and structurally poor soils.

Given the specifics of the site and current development proposal, the project will qualify for inclusion in an economic development tax increment financing (TIF) district. Economic development districts are limited to a nine-year maximum duration. Based on current estimates, we assume a new economic development district could generate \$1,250,000 in (present value) tax increment over its 9-year life. The limited TIF district duration means the developer’s full request cannot be met, and that additional grants and private funding are necessary to close the project’s financing gap.

The purpose of this memorandum is to review the need for TIF assistance and land write down based on our analysis of the Developer’s project budget and projections, generally known as a pro forma. This analysis is commonly referred to as the “but for” test, meaning the project would not occur on this site “but for” the public assistance being provided. The table below depicts the anticipated sources and uses of funds for the project with the currently projected available TIF.

Sources		
	Amount	Pct.
First Mortgage	17,481,564	60.0%
TIF Mortgage	1,250,000	4.3%
DEED Clean-Up Grant (committed)	1,392,353	4.8%
DEED Redevelopment Grant (Committed)	800,000	2.7%
Met Council TBRA Grant (committed)	814,700	2.8%
Dakota County Grant (committed)	249,000	0.9%
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Equity	6,348,323	21.8%
<b>TOTAL SOURCES</b>	<b>29,135,940</b>	<b>100%</b>

Uses			
	Amount	Pct.	Per Sq. Ft.
Acquisition Costs	1	0.0%	0.00
Construction Costs	23,842,180	81.8%	130.50
Professional Services	2,643,370	9.1%	14.47
Financing Costs	1,453,996	5.0%	7.96
Developer Fee	985,273	3.4%	5.39
Cash Accounts	211,120	0.7%	1.16
<b>TOTAL USES</b>	<b>29,135,940</b>	<b>100%</b>	<b>159.47</b>

## Pro Forma Analysis

Generally, this project meets the expectations of a flex industrial project with regards to project costs, financing, projected revenues, and return on investment. Based on this analysis, we determined the land write down and TIF assistance in the amount of \$1.25 million is warranted for the project as further described below.

- The developer is proposing permanent financing (including the TIF portion) for 64% of the project costs and will bring 21.8% in equity, or approximately \$6.35 million. This financing structure is in line with typical industrial projects.
- The Developer has \$3,256,000 in grants committed to the project from the state, county, and Metropolitan Council. The developer intends to apply for an additional \$800,000 from the state in 2024 to close the financing gap in the project.
- The total development costs for this project are approximately \$29.13 million, or \$159.47 per square foot. Based on our experience with similar projects, this cost is higher than typical range, and being driven by the extraordinary contamination and soils remediation costs. These costs make up just under \$34 per sq. ft of the total. We conclude the proposed project costs are within and acceptable range.
- For a project of this nature, we would expect to see a developer fee between 3% and 4% of total development costs. The developer's proposed fee is 3.4% of total development costs and is within an acceptable range.
- The proposed rents are a blended rate of \$9.20 per square foot (\$8/sq. ft. warehouse and \$16.00/sq. ft. office). This is based on assumed 15% office and 85% warehouse/production buildout. Because this is a speculative building, the actual rents are unknown currently. The final rents will depend on the tenant's buildout. \$9.20 per square foot is at the upper end of the market and is reasonable for the project.

## Recommendations

The Developer is evaluating project cash flow as its return-on-investment metric (i.e. a cash-on-cash return). A cash-on-cash return is calculated by dividing the project's annual cash flow by the Developer's cash equity contribution. Developers are typically seeking a cash-on-cash return approaching 10%. Current projections show the Developer's cash-on-cash return in year 9 of the project is 6% without TIF assistance.

If the project does receive \$1.25 million TIF assistance over the next 9 years, the return in year 9 reaches 9.17%. The analysis assumes the Developer *does* receive an additional \$800,000 in grants for the for the project in 2024.

If you decide to proceed with the project, we recommend providing “pay-as-you-go” TIF assistance. With “pay-as-you-go” TIF assistance, the City does not provide any funding up-front. Instead, the City enters into an agreement to provide tax increment payments that are generated solely from the project’s actual increased property taxes. The Developer uses those future tax increment payments to obtain additional debt and/or support returns on investment. If the tax increment is insufficient to pay the TIF assistance in full, the City does not make up the shortfall.

Based on the foregoing analysis and under current market conditions, the proposed development may not reasonably be expected to occur solely through private investment within the near future. Due to the extraordinary remediation costs on the site, this project would not be feasible but for the TIF assistance. Please contact me at 651-697-8512 if you have any questions or require further information.