JOINT WORKSESSION COUNCIL
Monday, July 27, 2020
7:00 pm

Please be advised that the regular meeting location is the City Hall Training Room, located at 125 3rd Avenue North, South St. Paul. Pursuant to Minn. Stat. 13D021, under the current emergency declaration due to the COVID-19 health pandemic, some or all of the council members may participate in remote locations using WebEx. Any member of the public wishing to monitor the meeting may do so electronically by logging in as follows:

WebEx Meeting - Login for the Public:
Join by Phone: 1-312-535-8110
Access Code: 133 199 5173

AGENDA:

1. 633 Concord Street Redevelopment Concept Discussion
2. Kaposia Landing Phase 2 Construction Update and Outstanding Items
3. Concord Station – Butler Crossing Development Concepts Discussion
4. Discussion on Zoning Rules for Day Care and Adult Day Care
5. South Concord Exchange EDA Lot – Business Request
6. 12th & Southview EDA Lot – Business Request
7. Discuss Executive Order 20-81 Face Covering requirements – No Attachments
8. CARES Act Funds Update
9. Council Comments & Questions
AGENDA ITEM: 633 Concord Street Redevelopment Concept Discussion

DESIRED OUTCOMES:
- Provide update on proposed Bremer Bank branch at 6th/Concord
- Discuss developer’s challenges with existing building
- Discuss developer’s “Big Picture” Redevelopment Concept, including financial gap
- Provide developer with feedback on requested EDA support

DISCUSSION:

True North Investments has been working with Bremer Bank on the acquisition of the property at 633 Concord Street South, and the subsequent development of a new branch bank for Bremer at the northern portion of the site. The new bank facility has been through a staff-level review and is at this point scheduled for review by the Plan Commission and City Council in August.

On a parallel track, Staff has been working with True North as they consider options to reposition the balance of the site for future use. A range of options have been analyzed by the developer, from “as-is” retention of tenants and re-tenanting of the vacated bank space to renovation and rehabilitation of the existing office building and all the way to demolish and start over with new development on the site. As of about two weeks ago, the developer advised that their preferred approach is to demolish the existing building and build at least two new commercial facilities, establishing a development project they’re preliminarily dubbing the “Concord Gateway”. An analysis of this approach reveals a significant financing gap to make such a project economically feasible.

The developer has indicated that essential repair and renovation costs to the existing building would total between $3.5 million to $4.7 million. In the developer’s opinion, these improvements, while vital to the “physical plant” would have a negligible impact on asking lease rates for the building and could not be supported by lease rates in the market. Thus, True North has signaled a reluctance to make the investment in the building and is seeking creative alternatives.

The developer has indicated that the preferred alternative is to demolish the existing building, and reorient the site to accommodate three buildings total (including the new 7,650 square foot branch bank at the north end). The additional buildings are proposed to include a 20,000 square foot, 2-story office building (presumably, to house at least some of the existing 633 Concord tenants) as well as a 10,000 square foot “destination”-type service use at the corner of Villaume and Concord for a new user. This approach has been a particular point of focus and vetting with Staff, and is outlined on the next page for the Council’s feedback. True North is seeking up to $1.75 million in assistance for a total project cost – including the new branch bank – of just over $10 million.
Summary of Key Financial & Policy Considerations

True North has provided staff with a detailed preliminary project budget and pro forma for the Concord Gateway project, summarized below:

- **Total Project Cost**: $10,188,612
- **TIF Eligible Costs**: $1,907,000
- **Proposed Equity**: $1,971,080
- **Proposed Return in Equity**: 9%
- **Identified Funding Gap**: $1,750,000

In addition to the developer’s provided information, Staff analyzed the potential property tax implications of the redevelopment approach as preferred by True North, summarized below:

- **Pay 2020 Total Property Value**: $2,496,600
- **Pay 2020 Total Property Tax**: $74,658
- **Estimated Post-Redevelopment Total Property Value**: $4,784,110
- **Estimated Post-Redevelopment Total Property Tax (annual)**: $165,000
- **% Increase in pTax**: 121%

The Developer has proposed a redevelopment TIF district that would provide financial assistance to fill the $1.75 Million gap. After analyzing the request and the project information, staff has the following comments/considerations, which we’ve shared with the developer. If the EDA is supportive of exploring and potentially exercising its Tax Increment Financing authority, we suggest the following be taken into consideration:

- The Developer and EDA would need to engage an independent analysis of the proposed district for the presence of conditions meeting the statutory definition of blight. The developer has mentioned a need to bring the building “up to current code compliance” which will ultimately be the key. From a layperson’s point of view, Staff is not certain that the statutory test would be met.

- By definition (in statute and policy) the project needs to meet the “but-for” test; in other words without Tax Increment Assistance the project wouldn’t happen. All indications up to this point (including formally applying for entitlements for the new branch bank) point to the bank project being able to stand on its own two feet and moving forward whether a TIF district is created here or not. Per our analysis, however, the “big picture” project does meet the “but-for” test, in our opinion. Again, if the EDA is in support of this approach in concept, we would engage an independent analysis of the “but-for” question.

- Fundamentally, TIF basically freezes the amount of property taxes within a geographic area that pay the School District, County and City general funds and diverts any increase for a number of years to be reinvested within the district/redevelopment area. In the proposed scenario, with or without the new bank, the project would result in an increase in taxable value. The Proposed TIF contribution of $1.75M, however, accounts for an estimated 84% of the increment generated (with the new bank in the project) and 166% (without the bank in the project). Both of these exceed City policy, which is a 75%
maximum (which the EDA could decide to waive as part of their review and approval of the district). The 166% is just not doable (the increment generated over the life of the TIF won’t cover the expense), which is to say that $1.75 million in TIF would not be supported by increase in value attributed to the office and “destination” commercial developments alone.

- Another statutory condition relates to eligible project costs - acquisition, demolition, site preparation, and storm water/infrastructure should all be eligible (we’d need a little clarification on what “watershed” refers to). With the “watershed” included, that $1.9M in eligible costs greenlights a TIF commitment of $1.75. Without “watershed” we’d be at $1,707,000 in eligible costs it appears.

- A final policy point not to be ignored: while the City’s Comprehensive Plan acknowledges the need to redevelop properties that are obsolete, deteriorating, and blighted, at face value it is difficult to make a strong case that the existing building at 633 Concord Street meets any of these definitions. While the City should be sensitive to the challenges of leasing the building “as-is” in the market, at face value it would be hard to use any of those terms (obsolete, et al) to describe the 633 Concord Street building. In staff’s opinion, we should consider (and financially support) demolition only as a measure of last resort when other alternatives to preservation of the building are deemed infeasible and the re-letting of the property proves financially unpalatable.

So, bottom line, Staff’s initial analysis and reaction to the proposal is:

- Statutory issues are the biggest concern – finding of blight and but-for.

- In any event, the TIF probably will need to be smaller than $1.75M to be financially reasonable for the EDA/City. Staff’s preliminary analysis indicates that the project is not likely to generate enough increment to cover the proposed level of TIF, at least not in accordance with policy. If we press forward we would certainly ask Dakota County for a more formal/refined opinion of taxable value and they (as the entity in charge of tax assessments in the City) likely have much better data (and methods) than City Staff does and may draw a different conclusion.

- It is possible that, for the project to move forward, the Developer and EDA will need to look into other funding sources beyond TIF for assistance with the gap.

- Just to be clear, we almost exclusively structure TIF as a pay as you go. The costs in real time/upfront are assumed by the development and are paid back twice a year every year for a number of years (typically with interest) as long as the development is paying property taxes.

**RESPONSE ALTERNATIVES:**

True North is seeking feedback from the EDA as to whether there is a willingness to explore and, if warranted, exercise its Tax Increment Financing authority to support this project. At Monday’s work session, we’d ask for the body to attempt to form consensus around one of the following alternatives (in no particular order):
1. Determine that the City is not in a position, or does not feel it consistent with City Policy or Purpose, to provide direct “gap assistance” in the form of Tax Increment Finance to support the developer’s preferred approach (demolition and three new buildings). Consider exploring other financial assistance sources to help with gap assistance (although it is unlikely that $1.75 Million in assistance could be sourced from other funding programs).

2. Determine that the developer’s preferred approach represents the best and most well-aligned possible outcome with respect to the City’s vision and policies, and acknowledge that but-for financial assistance including Tax Increment Financing, the project will not proceed. Commit to proceeding with due diligence on the statutory questions and financial analysis as related to TIF.

3. Determine that preservation of the existing building is preferred and direct staff to explore the potential to leverage potential financial assistance tools, including local, state, and county resources. At this point, this is an approach that we haven’t investigated thoroughly, as the developer has not provided the level of financial detail necessary to analyze the feasibility of such an approach. A similar level of detail to what the developer provided for the Preferred Approach would seem to be sufficient.

ATTACHMENTS:
Orientation Map
Concept Plans
AGENDA ITEM:  Kaposia Landing Phase 2 Construction Update and Outstanding Items

DESIRED MEETING OUTCOMES:

Discussion of substantial completion of Kaposia Landing Phase 2 contract with Veit and outstanding items to be completed including playground purchase and installation, solar lighting, and tree planting in alignment with the Environmental Legacy Funding (ELF) Grant award and CIP funding.

OVERVIEW:

The continuation of the development of Kaposia Landing commenced with Phase 2 on May 11, 2020 with a goal of completing initial construction by the end of August. The construction contractor Veit has done an excellent job meeting the construction timeline and working with staff on the project resulting in no change orders to increase the project cost but rather deduct price changes as material quantities were reduced and project elements were removed from the contract to save cost. The credit goes to city Engineering staff members Tom Madigan for onsite construction observation and coordination and Sue Polka for evaluating design and project elements to identify efficiencies and secure reduced pricing. As a reminder, the planning and construction of Phase 2 of Kaposia Landing is funded by a combination of the $612,700 Environmental Legacy Fund (ELF) Grant received from Dakota County and matching internal CIP funds.

With the conclusion of construction of Phase 2, three remaining project elements remain to be completed, which were separated from the general contact. These items were to be bid and completed inhouse by city staff as a cost-saving measure in order to contain project cost and meet ELF Grant requirements as directed by the city council. The three projects that remain are solar lighting, tree planting, and play structure purchase and installation. An overview of each project element is listed for discussion:

Solar Lighting:
Metzen Parkway has been repaved as part of the project and will include solar street and parking lot lighting instead of conventional electrical service and light fixtures. This substantially reduces overall electrical costs for parkway and parking lot lighting because no wiring and service panels are needed. Public Works has offered to install the lighting in-house as each solar light fixture and solar panel requires only a pole and footing with no wiring. We have been working with a reputable local company that has been deploying solar lighting in similar application to other cities and park districts for several years. We have also been using one of their demo lights at the off-leash dog area for over six months. Some of the lighting planned for installation will have two fixtures in order to illuminate in opposite directions, such as the roadway and the dog park, or at a road or trail intersection. Based upon the price quote for 19 solar light fixtures and poles, utilizing in-house installation, the solar lighting project cost is: $42,000, a 77% cost reduction from the original wired lighting estimate. The original project estimate for traditional wired lighting was $72,450 for the new electrical service with the additional cost for individual light fixtures of $114,000 for a total of $186,450. Solar lights will also save in long
term electrical utility cost and boost our GreenStep Cities initiative and advancement. The solar light fixtures include a five-year warranty. Proposal attached.

Tree Planting:
The quantity of trees for the original design to be planted along the parkway, in the central picnic/playground area, parking areas, and medians was reduced from 100 to 50 trees to provide cost savings when included in the base bid. The trees were subsequently removed from the base bid with Viet’s permission to save even more on the project due to the contractor’s markup price to hire a subcontractor. City staff has sought pricing quotes for the purchase and installation of trees which have come in at a price 32% lower than project estimates. The proposal is for the planting of 47 trees, representing four different varieties. In order to maximize cost savings, the trees recommended to be ordered are bare root stock which requires slightly smaller caliber width trees and planting in the spring of 2021. The low-price quote for installation is $19,336. We received a comparable quote from the same company for balled and burlapped trees that can be planted in the fall of 2020 at a price increase of $24,725, representing $5,389 more than the bare root stock. The price includes installation with mulch and staking and a one-year warranty that covers maintenance (watering). Price quote is attached.

Play Structure:
The focal point to Phase 2 and the central region of the park will be the play structure. We have worked to design our most comprehensive ADA accessible play structure in the park system by keeping the structure relatively flat with accessible ramps and by providing a large amount of resilient rubber safety surfacing instead of wood fiber that is more easily accessible by users with disabilities. For preliminary design, we typically engage with a neighborhood and/or focus group for feedback. However, with Kaposia Landing not being located in a neighborhood coupled with COVID-19 challenges associated with community engagement, we conducted a peer review with city employees in addition to the Parks and Recreation Advisory Commission. Employees being surveyed were presented with a preliminary design and asked what they liked and disliked about the design and play features, any recommendations for changes based upon other playgrounds they have visited or observed, and general comments. A variety of opinions were shared from almost every department and represent both professional and personal observations. Based upon feedback, we are on our third design iteration. The play structure proposal price is $194,914 for the equipment and play features with $97,642 for playground surfacing and installation totaling $292,556. This amount also utilizes an 8% State of Minnesota contract pricing discount. Proposal with design graphics are attached.

Project budget status:
The conclusion of the construction contract with Veit and professional services contact has brought clarity to the status of our obligation to the city share of the ELF Grant:

Environmental Legacy Fund (ELF) Grant acceptance Agreement between Dakota County and City of South St. Paul:
ELF Grant Funding award = $612,700
Required Local Match (cash) = $612,700
$1,225,400 Grant + Local funding requirement

Project Contract Costs:
Phase 2 Construction Contract with Veit = $1,014,141
Phase 2 Professional Service Contract with WSB = $136,802
$1,150,943 Total contract cost obligations
ELF Grant Funding and required local match = $1,225,400
Kaposia Landing Phase 2 contract costs = $1,150,943
Contract cost obligations
$74,457 Local funding balance remaining
to meet ELF grant requirements

Phase 2 remaining project item cost:
Remaining project items to be bid and coordinated by city staff. Prices based on 2020 low bids:
   1. Solar Lighting $ 40,588
   2. Tree Planting $ 19,336
   3. Play Structure $292,556
      TOTAL $352,480

Total Phase 2 Project Cost:
Construction contract and professional services = $1,150,943
Remaining project items (lighting, trees, playground) = $ 352,480
      TOTAL $1,503,423
Less: Dakota County Elf Grant Funds $ 612,700
     City CIP Funds $ 563,000 (underfunded in CIP)
Additional Funding Needed to Fully Fund Project $ 327,723 (underfunded by $49,700)

In summary, we need $49,700 to meet the obligations of our grant agreement. Those dollars should come from the CIP. That leaves $278,023 of additional funding by the City to complete the project with the remaining items.

Here are some options for your consideration:

✓ Increase allocation of CIP funding in 2020 Budget
✓ Reduce playground outlay
✓ Order & plant bare root tree ourselves
✓ Eliminate trees from this project and budget in 2021
✓ Eliminate solar lights from this project and budget in 2021
✓ Allocate CARES Act surplus
✓ Utilize Park Dedication Funds ($141,459 is available)
✓ Some combination of above items

As things currently stand, we are required to complete the ELF Grant project by September of this year. The County has indicated an extension is possible. If an extension were obtained, we could hold off on components to provide more time to address budgetary options.

SOURCE OF FUNDS:
Multiple Sources
Solar Outdoor Lighting for:

South St. Paul
Parks & Recreation

Kaposia Landing Lighting Project
100 7th Avenue North South St. Paul, MN 55075
7/14/2020

Marcus Larson
Lighting Specialist
712-301-4372
mlarson@sundialsolarenergy.com
Introduction

City of S. St. Paul is considering adding solar lighting to illuminate the roadway and parking lots at the Kaposia Landing. Sundial Energy has assessed the area and energy savings for this project.

Project Goals

The goals for this project include:
• Reduce the cost for outdoor lighting
• Avoid running wire and trenching
• Effectively light the area for visitors and staff
• Promote environmental stewardship and responsibility
• Eliminate light pollution near park

Project Description

AREA TO ILLUMINATE
800 Bryant Ave, S. St. Paul MN 55075
Please see the attached photometric study diagrams. The diagrams show that lighting of all the areas can be accomplished with the following solar outdoor lighting fixtures:

19 Aelius Energy Jupiter 8,000 lumen fixtures
13 20 Above Grade direct burial light poles
  6 Bull horn dual fixture adaptor

Sundial is the authorized distributor of Aelius Energy solar lighting. The project will consist of Sundial delivering to client. The lights will be placed by others on the poles as shown in the attached layout and Exhibit A.
Deliverables
Sundial will deliver the Aelius Energy products as described below.

<table>
<thead>
<tr>
<th>Product</th>
<th>Quantity</th>
<th>Delivery (after approval)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jupiter 8,000</td>
<td>19</td>
<td>8-10 Weeks</td>
</tr>
<tr>
<td>20' Direc. Burial Poles</td>
<td>13</td>
<td>5-7 Weeks</td>
</tr>
<tr>
<td>Bull Horn Adaptors</td>
<td>6</td>
<td>5-7 Weeks</td>
</tr>
</tbody>
</table>

Value Proposition
To fully evaluate this proposal, it is important to compare total costs of installing solar lighting to that of traditional, grid lighting. In addition, there are ongoing electrical charges for grid-tied lighting which are not incurred by solar lighting. The following illustrates the estimated value of this purchase.

Project Length 2800 ft

<table>
<thead>
<tr>
<th>Component</th>
<th>Grid Lighting</th>
<th>Solar Lighting</th>
</tr>
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<tbody>
<tr>
<td>Purchase of Lights rated at: 8,000 Lumens</td>
<td>$16,150</td>
<td>$24,738</td>
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<tr>
<td>Electrician / Installer</td>
<td>$9,500</td>
<td>$1,900</td>
</tr>
<tr>
<td>Trenching</td>
<td>$22,400</td>
<td>0</td>
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<tr>
<td>Conduit and Wire</td>
<td>$8,400</td>
<td>0</td>
</tr>
<tr>
<td>Switches, breakers, junction boxes</td>
<td>$4,750</td>
<td>0</td>
</tr>
<tr>
<td>8 Years of Electrical Costs</td>
<td>$12,160</td>
<td>0</td>
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<tr>
<td><strong>Total Cost</strong></td>
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<td><strong>$26,638</strong></td>
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Price

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<th>Product</th>
<th>Quantity</th>
<th>Price</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Jupiter 8,000</td>
<td>19</td>
<td>$1,302</td>
<td>$24,738</td>
</tr>
<tr>
<td>Direct Eurlial Poles</td>
<td>13</td>
<td>$1,120</td>
<td>$14,560</td>
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<tr>
<td>Bull Horn Dual Fixture Adaptor</td>
<td>6</td>
<td>$215</td>
<td>$1,290</td>
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<td><strong>Total</strong></td>
<td></td>
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<td><strong>$40,588</strong></td>
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Warranty

As an authorized distributor of Aelius, Sundial will service any warranty claims. Aelius lights come with a standard 5 year warranty. An extended warranty is available.

Installation

This proposal is based on Sundial Energy providing the Aelius lights only. We recommend installation by your preferred electrical contractor or maintenance staff. Aelius lights can be installed by any person qualified to safely operate a man-lift or boom truck.

Terms

Sundial Energy requires a 50% payment on this proposal to fulfill the order. Final 50% is due upon delivery. Please allow 8-10 weeks for delivery from date of deposit. Purchase Orders must be validated with deposit to guarantee order.

Bank wire transfer is preferred on orders over $50,000.

Bank Name: Wells Fargo
ABA Number: 091000019
Account Name: Sundial Energy
Account Number: 5510789455

Check payments are acceptable on smaller orders. Please make checks payable to Sundial Energy and send to our office: 3363 Republic Ave., St Louis Park, MN 55426
If you would like to inquire about other arrangements for payment, please contact Marcus Larson in our office.
Exhibit A

Solar Lighting Layout

- **13** Single Pole Mount J-8,000 20' Height
- **6** Dual Pole Mount J-8,000 20' Height
DATE: 07/21/2020

TO: CHRIS ESSER
CITY OF SOUT ST. PAUL

RE: KAPOSIA LANDING PHASE 2
SOUTH ST. PAUL, MN

FROM: MIKE McNAMARA @ HOFFMAN & McNAMARA NURSERY AND LANDSCAPE

FURNISH AND INSTALL THE FOLLOWING ITEMS PER NOTES BELOW:

<table>
<thead>
<tr>
<th>ITEM DESCRIPTION</th>
<th>UNIT</th>
<th>QTY</th>
<th>UNIT PRICE</th>
<th>EXTENDED</th>
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<td>DECIDUOUS TREE 1.5&quot; CAL BR</td>
<td>TREE</td>
<td>3</td>
<td>388.00</td>
<td>$1,164.00</td>
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TOTAL BASE BID $19,336.00

ABOVE PRICING INCLUDES INDIVIDUAL RING OF MULCH, TREE STAKING & 12 MONTH WARRANTY AND MAINTENANCE.
ADD 1.25% IF BOND REQUIRED.

ANY QUESTIONS PLEASE CALL. THANK YOU FOR THIS OPPORTUNITY TO QUOTE.

MIKE McNAMARA
mike.mcnamara@hoffmanandmcnamara.com

BID # 20134
DATE: 07/08/2020

TO: CHI S ESSER
    SOUTH ST PAUL

RE: KAPOSIA LANDING PHASE 2
    SOUTH ST. PAUL

FROM: MIKE McNAMARA @ HOFFMAN & McNAMARA NURSERY AND LANDSCAPE

FURNISH AND INSTALL THE FOLLOWING ITEMS PER NOTES BELOW:

<table>
<thead>
<tr>
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<th>UNIT</th>
<th>QTY</th>
<th>UNIT PRICE</th>
<th>EXTENDED</th>
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<tbody>
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<td>535.00</td>
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<td>TREE</td>
<td>3</td>
<td>395.00</td>
<td>$1,185.00</td>
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<td></td>
<td></td>
<td>TOTAL BASE BID</td>
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</table>

ABOVE PRICING INCLUDES INDIVIDUAL RING OF MULCH & 12 MONTH WARRANTY AND MAINTENANCE.

ANY QUESTIONS PLEASE CALL. THANK YOU FOR THIS OPPORTUNITY TO QUOTE.

MICHE McNAMARA
mike.mcnamara@hoffmanandmcnamara.com

BID # 20134
Date: 7/21/2020  
Expires: 10/19/2020  
Quote: City of South St Paul  
Contact: Chris Esser  
Phone: 651-366-6202  
Email: cesser@southstpaul.org

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<tr>
<th>Ship To:</th>
<th>Please Make PO's &amp; Contracts Out To:</th>
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| Kaposia Landing  
800 Bryant Ave  
South St Paul, MN 55075 | Landscape Structures  
601 7th St. S  
Delano, MN 55328 |

<table>
<thead>
<tr>
<th>Bill To:</th>
<th>Please Remit Payment To:</th>
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</thead>
</table>
| City of South St Paul  
100 – 7th Avenue North  
South St. Paul, MN | Landscape Structures  
601 7th St. S  
Delano, MN 55328 |

We are pleased to submit this proposal to supply the following products/services:

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<th>ITEM #</th>
<th>Description</th>
<th>UNIT PRICE</th>
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<td>1</td>
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<td>MN State Contract Discount</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Sales Tax</td>
<td>Tax Exempt Cert</td>
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<td></td>
<td></td>
<td>Total</td>
<td>$194,913.56</td>
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Quotes from Flagship Recreation, Inc. are subject to current Flagship Recreation, Inc. policies as well as Terms & Conditions, Inclusions & Exclusions outlined below unless noted otherwise on this quote. Changes are subject to price adjustment. Sales tax, if applicable, will be applied unless a tax-exempt certificate is provided at the time of order entry. Customer deposits, if required, must be received before orders will be entered & installation scheduled. Purchases in excess of $1,000.00 must be supported by a formal Purchase Order made out to Landscape Structures, Inc.
<table>
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<th>CNT</th>
<th>NO</th>
<th>DESCRIPTION</th>
<th>PRICE</th>
<th>EXT PRICE</th>
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<td>120325A</td>
<td>Ramp Beren Ext Plots Concrete Wall</td>
<td>$384.00</td>
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<tr>
<td>1</td>
<td>121416C</td>
<td>123'Disc Challenge w/Handhold Panels 8'Deck Diff Attached To 32'Dk DB</td>
<td>$4,151.00</td>
<td>$4,151.00</td>
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<td>1</td>
<td>156290A</td>
<td>Bridge w/Guardrails w/Curbs</td>
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**TOTAL EQUIPMENT PRICE**

$210,993.00
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**Subtotal** $97,641.50  
**Freight** $2.00  
**Sales Tax** Tax Exempt Cert  
**Total** $97,641.50

Quotes from Flagship Recreation, Inc. are subject to current Flagship Recreation, Inc. policies as well as Terms & Conditions, Inclusions & Exclusions outlined below unless noted otherwise on this quote. Changes are subject to price adjustment. Sales tax, if applicable, will be applied unless a tax-exempt certificate is provided at the time of order entry. Customer deposits, if required, must be received before orders will be entered & installation scheduled. Purchases in excess of $1,000.00 must be supported by a formal Purchase Order made out to Flagship Recreation, Inc.

**Minnesota State Contract #119795**

*Terms: Net 30 days; 1.5% finance charge on balances over 30 days*
Perched Eagle
Design Details #116919-01-42
Custom precast concrete Eagle
Wallclad designed to bolt onto poly roof

Construction Details
Built with welded external steel tubing and rebar skeleton
18 Gauge expanded metal is welded to the entire exterior
Covered with 1” sprayed (GFRC) sculptural concrete
Painted with concrete paint / stain

LSI GFRC Eagle sculpture - Reference picture

Conceptual design only and is subject to possible changes

Be amazing. #shapedbyplay

We're #shapedbyplay

Custom GFRC lead times can be 12 weeks

Kaposia Landing Park
Flagship Recreation
3-30-2020
On behalf of Chad Simich
Wee-Go-Round
Accessible Merry Go Round w/Internal Hand Wheel Spinner

Perforated Panels Included In Equipment Order
AGENDA ITEM: Concord Station – Butler Crossing Development Concept Discussion

DESIRED OUTCOMES:
- Introduce “Concord Station” Development Concept
- Provide update on previously discussed “Butler Crossing” Development Concept
- Provide Developer with Feedback and Direction

OVERVIEW:

Hopewell Tradition is an aspiring development team that has maintained an interest in sites throughout South St. Paul since 2018. Members of the EDA who were on the board in 2018 may recall the “Butler Crossing” concept, which proposed two 86-unit apartment buildings on the west side of North Concord Street between Butler Avenue and Stanley Avenue, including vacant EDA-owned properties. Hopewell Tradition has requested an opportunity to provide the EDA with an update on their efforts to launch the Butler Crossing project, and also to vet a second potential development project, located on EDA-owned property just south of the Wentworth Avenue/Concord Street intersection, which they’re dubbing “Concord Station”. The Concord Station site is comprised of EDA-owned property that is subject to a long-term lease to Concord Lanes, as well as the privately-owned “Jiffy Stop” at the southwest corner of Wentworth and Concord.

Both of these projects rely heavily on the EDA’s support. The EDA owns all of the “Concord Station” Phase One property and also owns several properties (non-contiguous) throughout the “Butler Crossing” property. Neither project could be executed in a practical manner without the EDA conveying its properties to Hopewell Tradition. At this stage, the EDA should review the proposals through the lens of whether this developer’s proposed vision aligns with the EDA’s desires for the properties. If so, then it would make sense to move forward and consider (in the future) the terms and expectations we’d attach to the conveyance of the properties. If not, we should advise the developer as to the points and details with which we identify misalignment. At that point it would be up to the developer to either modify their vision or seek alternative sites for the proposed development.

Concord Station

According to a preliminary fit/sketch plan by the developer, the following details are suggested for Concord Station:

- Approximately 0.8 Acre Phase 1 site
- 63 “Market Rate Workforce” Units with:
  - 33 Studios (52%)
  - 24 One-Bedroom (38%)
  - 6 Two-Bedroom (10%)
• 4-story modular construction over concrete parking/common areas podium
• 30 underground parking stalls/67 surface stalls (would require variance from current parking minimums in ordinance)
• Single access is proposed at Wentworth; drive aisle would cut through parking area
• Second Phase proposes additional 45 units (similar unit mix) on adjacent 0.8 acres (some privately owned)

The project site is guided by the City’s Comprehensive Plan for “Mixed Use” and calls for a minimum of 40% of the properties in this district to develop with residential uses at a minimum density of 25 units/acre. The North Concord Mixed-Use Zoning District calls for “compact, mixed use development” and permits (by right) “residential multifamily dwelling units within a structure containing at least four units”. If the developer acquires and assembles sufficient land, the City’s plan and ordinances contain further guidance to assure that the development advances the City’s objectives.

At this stage, the developer is seeking EDA feedback and first impressions on the Concord Station Concept. Staff offers the following for EDA’s consideration:

• There has been preliminary discussion with the owners and operators of Concord Lanes (Triple Shift Entertainment) about their willingness to modify the existing 150-year lease over the property. Without Triple Shift’s buy-in, the project really has no hope of proceeding. In our limited discussion with Triple Shift, they have been cautiously “open” to learning more about the proposal but in no way committal to amending the lease without more understanding.

• The suggested parking ratio is somewhat low, however as proposed in raw numbers, the 97 proposed for phase one would exceed the requirement (81) that would be found in staff’s previously proposed parking ordinance amendment, and the overall number of stalls post-phase two (145) would exceed the requirement (140) found in the draft proposed ordinance amendments.

• The bigger concern with respect to parking is that the vast majority of stalls are proposed to be surface stalls, with several of those stalls being on the west edge of the site. As depicted, residents/visitors parking in these areas would need to cross what is currently “through traffic” to walk between their vehicle and the building. This connection between Wentworth Avenue and Concord Exchange is frequently used as a cut through by bowling alley, liquor store, and furniture store patrons. This would be a significant concern. A more comprehensive look at shared access, and changing access, for this and surrounding sites should be required should this concept advance.

• The site is not especially large, with the lack of depth (due to the bluff area) a significant challenge. While it’s difficult to discern from the submitted site plan, the two-way parking arrangement by code would require at least 62’ of space. Add to that a walkway/buffer area between the parking lot and the building and we’re left with a building that would appear to be no more than 60’ deep without encroaching into the Right of Way for Concord Street. The typical floor plan enclosed in the developer’s presentation materials indicate a total building depth of 64’. The concern here is that the site is (too) “tight” for the proposed development.
• If the EDA is supportive in concept of the project, we would need to reconvene and discuss our preferred approach to the essential procedural steps required to get the project off the ground. Specifically, we would need to engage Triple Shift Entertainment (owners of Concord Lanes) in earnest discussions about modification to the lease. Their conditions and expectations for any such modification at this point are entirely unknown and represent a significant practical (and potentially financial) wildcard. If we can overcome that hurdle, their expectations will be one of the key factors influencing our expectations for the sale of the EDA-owned property. Although the developer hasn’t come right out and said it, they have signaled an expectation that the City will write-down – if not contribute – the land for the project. We would need to conduct an analysis of the project’s financial model prior to making any comment on how the land cost fits into the equation.

**Butler Crossing**

Hopewell Tradition first presented Butler Crossing as a concept for EDA consideration in July 2018. At that meeting, the EDA encouraged additional detail and diligence by the developer to:

• Better define the level of amenities proposed for the development;
• Provide more definition around ongoing management of the property;
• Engage the adjacent neighborhood (“up the hill”) in the concept planning process to build understanding and buy-in prior to formal applications and approvals; and
• The EDA expressed an openness to consider parking and bluff setback variances that would be required for the development to gain zoning approvals.

Staff wanted to provide Hopewell Tradition with the opportunity to address their progress on the considerations first presented in 2018, and to re-engage the EDA in the discussion about the project.

As presented in updated materials, the Butler Crossing concept proposes:

• Approximately 5 acre site
  • Multiple ownerships (including EDA)
  • At least 75% of the aggregate acreage is bluff/steep slope
• Two virtually identical 5-story buildings with:
  • 168 “Market-Rate Workforce” Units total (84 per building)
  • 184 Bedrooms total (unit mix not provided, but this indicates largely Studios & 1 BRs)
  • 4-story modular construction over concrete parking/common areas podium
• 60 underground parking stalls/182 surface stalls (would require variance from current parking minimums in ordinance)
• Access proposed at northwest corner of site (Stanley) and mid-site (Concord)

This site is also guided by the City’s Comprehensive Plan for “Mixed Use” and calls for a minimum of 40% of the properties in this district to develop with residential uses at a minimum density of 25 units/acre. The North Concord Mixed-Use Zoning District calls for “compact, mixed use development” and permits (by right) “residential multifamily dwelling units within a structure containing at least four units”. If the developer acquires and assembles sufficient land,
the City’s plan and ordinances contain further guidance to assure that the development advances the City’s objectives.

Staff offers the following for EDA’s consideration:

- As with the Concord Station concept, the Butler Crossing concept identifies a relatively low parking ratio overall, and a heavy reliance on surface parking. Unless the parking ordinance amendment first presented by staff last fall is adopted prior to a formal submittal for this project, a parking variance would be necessary. In any event, EDA ownership gives the EDA broad latitude as to whether this approach to parking would present itself as any kind of issue when considering conveying the EDA properties to facilitate the development.

- Steep slopes encumber all of the building area for the southern building, and a significant proportion of the northern building area (including the EDA-owned site at the corner of Stanley/Concord). In effect, there is at best 75’ of depth between the Concord Street Right-of-Way and the “face” of the sloping area, and this is only for a length of about 225’. What this means is that in all probability, significant earth work – specifically cutting into the slope (and ultimately retaining the bluff through construction of sheeting or retaining walls) will be necessary to make the project feasible. The Site is within an area known as the “Mississippi River Critical Corridor Area” which includes some specific zoning guidance intended to minimize erosion and runoff to the Mississippi River and preserve bluffline integrity. At a minimum, for this project to move forward a Variance from slope disturbance and bluff setback provisions would be required.

**ATTACHMENTS:**
- Orientation Map
- Butler Crossing Project Handout
- Concord Station Project Handout
PARCEL SIZE (Approx.): 88,350 SF (2.0 Acres)
DIMENSIONS (Approx.): 735’ frontage (Concord St.) | 120’ depth
ZONING: North Concord Mixed-Use (NCMU)

Basemap Courtesy of Dakota County GIS
Information accurate as of July 2020
SITE SIZE (Approx.): 81,300 SF (1.8 Acres)
DIMENSIONS (Approx.): 430’ frontage (Concord St.) | 120’ – 150’ depth to bluff
ZONING: North Concord Mixed-Use (NCMU)
CONCORD STATION

PROPERTY OVERVIEW:

Acres: 1.72 Acres  
Buildings: 2  
Stories: 4 Each Phase  
Total Units: 108  
Total Beds: 120

Phase I

63 Units: 69 Beds  
Parking Stalls Building: 30  
Parking Stall Surface: 67  
Unit/Parking Ratio: 1.54  
Living Space: 33,957

Phase II

45 Units: 50 Beds  
Parking Stalls Building: 20  
Parking Stalls Surface: 28  
Unit/Parking Ratio: 1.06  
Living Space: 24,255
PROJECT SUMMARY

Hopewell Tradition is proposing to develop a market rate multi-family housing project called Concord Station. Concord Station is a two phase 108 unit, 120 bed Class A, multifamily property with 58,212 square feet of living space. The property is located in the heart of downtown South St. Paul and less than one mile from a major retail hub. The street address is: 393 Concord Street North, South St. Paul, Minnesota.

The company has significant real estate experience, as well as experience in manufacturing, technology innovation, construction, logistics and supply chain management.

This project it is being built to serve the needs of the market rate workforce demographic. In response to renter demand, roughly half the units will be studios the rest are one bedroom with some two bedroom units. The property manager is Lincoln Properties based in Dallas TX, they are also involved in the design and execution of the project.
Community Amenities

- Healthy & Renewable Building Materials Program
- Controlled Building Access
- Controlled Access for Indoor and Surface Parking
- Common Area Plaza
- Bicycle Storage
- Bicycle Maintenance Station
- Transit Corridor on Concord St.
- Dedicated Rideshare Lane
- Secure Package Delivery Room
- Guest Wifi
- Community Lounge
- Community Pet Care Center
- On-Site Community Coordinator
- Renewable Energy Program for Common Area Lighting
- EV Charging Stations
- Concord Street Improvements
  - Pavement & Landscape
  - Sidewalks & Trails
  - Street Lights & Signals
  - Upgraded City Utilities

Apartment Amenities

- App Based Features
  - Building & Resident Access
  - Heating and Cooling
  - Resident Smart Lighting
  - Common Area Video
  - Resident Account Dashboard
  - Resident Work Orders
  - Community News Board
  - Smart Laundry
- Floor to Ceiling Windows
- Smart Appliances
- Undermount Sinks
- Solid Surface Countertops & Window Sills
- Privacy Shades
- Sound Mitigation Features
- Mississippi River & Scenic Views

1) Kaposia Landing
2) Kaposia Dog Park
3) Pig’s Eye Island Heron Rookery
4) Wildflower Levee Park
5) Concord Lanes
6) Fred Lawshe Park

Concord Street Improvement 2021
TENANT & RESIDENT DESCRIPTION

This project consists of two 4-story buildings in 2 phases. Each building has a ground floor lobby, parking, bike storage and rental storage units.

The City of South Saint Paul owns the complete site of phase 1. Phase 2 is yet to be assembled, and is currently occupied by the “Jiffy Gas For Less” Station.

The 108 residential units are being built as a market rate workforce multifamily project. Given the proximity to downtown St. Paul and a variety of employers nearby, this site will attract residents in the under 30 to 50+ year old range who earn $35K to $75K per year.

Typical residents for Concord Station include nurses, teachers, construction workers, administrative, service employees, assembly and warehouse staff, recent graduates, retirees and public sector employees.

These residents are technology oriented and value the experiential lifestyle this location offers, near entertainment venues and dining destinations, public transportation, regional hiking and biking assets for commuting and recreation.

Urban yet scenic, residents enjoy life in a National River Recreational Area with many parks, bluffs and trails.
### Property Overview:

<table>
<thead>
<tr>
<th><strong>Address:</strong></th>
<th>1441 Concord St. N.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>City:</strong></td>
<td>South St Paul</td>
</tr>
<tr>
<td><strong>State:</strong></td>
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<tr>
<td><strong>Zip:</strong></td>
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<td><strong>Commercial SF:</strong></td>
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<td><strong>Proposed Budget:</strong></td>
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<tr>
<td><strong>Year Built:</strong></td>
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</table>
PROJECT SUMMARY

Hopewell Tradition is proposing to develop a multi-family housing project called Butler Crossing. Butler Crossing is a 168 unit, 184 bed Class A, multifamily property with 90,552 square feet of living space. The property is located less than three miles from downtown St. Paul and less than one mile from a major retail hub on Robert Street. The street address is 1441 Concord Street North, South St. Paul, Minnesota.

Hopewell Tradition, LLC is located in South St Paul, MN. The company has significant real estate experience, as well as experience in manufacturing, technology innovation, construction, logistics and supply chain management.

This property in South St. Paul, Minnesota, is being developed to serve the needs of the market rate workforce demographic. In response to renter demand, roughly half the units will be studios the rest are one bedroom with some two bedroom units. The property manager is national recognized Lincoln Properties based in Dallas TX. They will be also involved in the design and execution of the project.
Community Amenities

- Healthy & Renewable Building Materials Program
- Controlled Building Access
- Controlled Access for Indoor and Surface Parking
- Common Area Plaza
- Bicycle Storage
- Bicycle Maintenance Station
- Transit Corridor on Concord St.
- Dedicated Rideshare Lane
- Secure Package Delivery Room
- Guest Wifi
- Community Lounges
- Community Pet Wash Center
- On-Site Community Coordinator
- Renewable Energy Program for Common Area Lighting
- EV Charging Stations
- Concord Street Improvements
  - Pavement & Landscape
  - Sidewalks & Trails
  - Street Lights & Signals
  - Upgraded City Utilities

Apartment Amenities

- App Based Features
  - Building & Resident Access
  - Heating and Cooling
  - Resident Smart Lighting
  - Common Area Video
  - Resident Account Dashboard
  - Resident Work Orders
  - Community News Board
  - Smart Laundry
- Floor to Ceiling Windows
- Undermount Sinks
- Solid Surface Countertops & Window Sills
- Privacy Shades
- Sound Mitigation Features
- Mississippi River & Scenic Views

1) Kaposia Landing
2) Kaposia Dog Park
3) Simon’s Ravine Trailhead
4) Wildflower Levee Park
5) Kaposia Park

Concord Street Improvement 2021
TENANT & RESIDENT DESCRIPTION

This project consists of two 5-Story buildings connected with a drive-through delivery and parking area between the North and South building entrances. Each building has a ground floor lobby, parking, bike storage and rental storage units.

The City of South Saint Paul owns 3 of the 9 parcels that make up the property assembly for this project’s site.

The 168 residential units are being built as market rate apartments, this project targets a workforce renter. Given the proximity to both downtown St. Paul and a variety of employers nearby, this site will attract residents in the under 30 to 50+ year old range who earn $35K to $75K per year.

St. Paul includes our Minnesota State Capitol as well as numerous colleges, community colleges, legal firms, government offices. It is home to important regional hospitals, clinics and the businesses that serve them.

Targeted Butler Crossing residents include nurses, teachers, construction workers, administrative, service employees, assembly and warehouse staff, recent graduates, retirees and public sector employees. Residents are technology oriented and value the experiential lifestyle this location offers, such as entertainment venues and dining destinations, public transportation to get there, regional hiking and biking assets for commuting and recreation.

Urban yet scenic, residents enjoy life in a National River Recreational Area with many parks, bluffs and trails.
butler crossing

1441 Concord St. N., South Saint Paul, Minnesota
AGENDA ITEM: Discussion on Zoning Rules for Day Care and Adult Day Care

DESIRED OUTCOMES:

- Discuss existing zoning code which technically does not allow daycares in any zoning district.
- Discuss State Statute which preempts the City zoning code and requires that small daycares be allowed in residential zoning districts.
- Discuss previous City practice of allowing daycares by issuing Conditional Use Permits for “other uses deemed by the City Council to be similar in purpose and character” as uses which are permitted in the zoning district.
- Staff is seeking direction regarding whether the zoning code should be amended to reflect actual City practices and bring our ordinance into alignment with State law.

OVERVIEW:

Existing Zoning Status of Daycares

Staff recently discovered that the zoning ordinance does not list daycare as an allowable use in any of the City’s zoning districts and this pertains to both daycare for children and adult daycare. Taken at face value, this would appear to suggest that daycare providers are not allowed to operate in South St. Paul. In actuality, there are State laws in place that preempt local ordinances and require that cities allow small, licensed daycares as a permitted single-family residential use (group family daycares serving up to 14 children and in-home daycares serving up to 12 persons-adults or children). Additionally, it also appears that the City has approved several large daycares in residential, commercial, and industrial areas over the past decade by finding that projects met the intent of the Code despite some ambiguity in the way that the Code was written.

Staff believes that the Zoning Code should be updated to reflect the City’s actual goals and values concerning daycares. It is generally a best practice to fix zoning code issues when they are discovered versus finding workarounds, especially if the issue comes up frequently. This increases staff efficiency and governmental transparency.

Some history regarding recent daycare projects in the community:

- There are many small licensed in-home daycares operating in our residential neighborhoods. These daycares are permitted to operate without City review or approval because they are protected by State Statute.
- In 2011, the City approved an adult daycare facility at 165 Bridgepoint Drive which is a multi-tenant building that was zoned “Industrial,” located in the industrial park. The City granted a Conditional Use Permit for a “similar use” after finding that the adult daycare...
facility (which included skills training) was sufficiently similar to a “private or business school” which is an allowed use in the Industrial and Light Industrial zoning districts.

- In 2017, the City approved a Conditional Use Permit to allow Luther Memorial Church, which is located in the R-1 Single Family zoning district, to operate a 50-child daycare. The Staff memo proposed treating this day care like a “school” which is a conditional use in the R-1 zoning district. The Staff memo did note that Statute requires cities to allow small daycares in residential districts as a permitted use (no CUP) but that the proposed daycare was larger than what is protected by Statute.

- In 2018, the City approved an adult daycare at 835 Southview Boulevard in the C-1 Retail Business zoning by issuing a Conditional Use Permit despite acknowledging that the Code does not allow adult daycare. The Council approved a CUP for “a use that is similar to other permitted uses,” something that our Code technically allows. It is unclear from the staff report which of the C-1 district’s permitted uses the City Council deemed adult daycare to be similar to.

- In 2019, the City approved a large daycare facility (up to 120 children) at Fifth Avenue Plaza in the C-1 Retail Business zoning district by issuing a Conditional Use Permit. The Staff memo stated that CUPs can be used to allow daycares in residential districts by treating them as an elementary school and Staff felt it was appropriate to permit a daycare in the C-1 District by using the same process.

State Statutes Affecting Daycare Providers

Per Statute, single-family residential districts must allow licensed group family daycares for up to 14 children and licensed in-home daycares for up to 12 persons as a permitted use. Cities are required to allow in-home daycares for between 13-16 persons in their multi-family residential zoning districts but they are allowed to require a Conditional Use Permit if they so choose (failure to require a CUP means that the use is considered “permitted”). These rules are in place regardless of what the City’s zoning code says.

The Problem with “Similar Uses” Conditional Use Permits

South St. Paul, like most cities, has a zoning code that lays out a list of permitted, accessory, conditional, and interim uses in each of the City’s zoning districts. Any use that is not on one (1) of the four (4) lists is automatically prohibited in that zoning district. However, South St. Paul’s zoning code contains a somewhat unusual code provision in its commercial and industrial districts which states that “other uses determined by the city council to be similar in purpose and character to other permitted or conditional uses in this district” can be allowed via a Conditional Use Permit. This provision has been used fairly frequently in South St. Paul including as the means to approve prior daycare projects. Unfortunately, this often creates inconsistencies in interpretation and application. These inconsistencies can be avoided if the City takes the step of amending its Zoning Code when projects arise that involve uses that are currently considered prohibited but that the City wishes to allow.
Staff Recommendation:

Staff is recommending the following updates to the Code:

**Part 1: Updates to Comply with State Law**

- Allow state-licensed group family day care facilities serving fourteen (14) or fewer children or adults as a permitted use in all Residential zoning districts (R-1, R-2, R-3, and R-4).

- Allow licensed in-home daycare programs with up to 12 persons as a permitted accessory use in all Residential zoning districts (R-1, R-2, R-3, and R-4).

- Allow in-home daycares with between 13-16 persons with a Conditional Use Permit in the City’s high-density residential zoning districts (R-3, R-4).

**Part 2: Discretionary Updates to Refine City Policy on Daycare**

- Allow “Daycare” and “Licensed Adult Daycare” as a Conditional Use in the R-1, R-2, R-3, and R-4 districts for daycare operations that have more persons than would be automatically allowed under Statute. These larger daycares would be subject to the same rules as schools, hospitals, churches, and other “institutional uses” that are allowed in residential zoning districts.

- Allow “Daycare” and “Licensed Adult Daycare” as a Conditional Use in the City’s commercial and mixed-use zoning districts- C-1, GCMU, and NCMU.

- Add a clear parking requirement for daycares. Staff would recommend using the same parking requirement as the City of Saint Paul which is one (1) parking space per employee. Daycare participants are generally being dropped off and do not need parking.

**Maybe, Needs City Council and Planning Commission Discussion/Analysis:** Allow Child Daycare as a Conditional Use in the GB-General Business zoning district. This zoning district allows both commercial and industrial uses.

**Maybe, Needs City Council and Planning Commission Discussion/Analysis:** Allow Child and/or Adult Daycare as a Conditional Use in the I-1 Light Industrial Zoning District. City Staff occasionally gets calls from individuals looking to open a daycare in the Bridgepoint Business Park, usually in one of the multi-tenant buildings. The callers have typically stated that they plan to serve the employees of the Bridgepoint businesses and that they see a significant unmet need. As previously noted, the City has approved adult daycares to operate in the Bridgepoint business park in the past by calling them private schools.

**Maybe, Needs City Council and Planning Commission Discussion/Analysis:** Allow Child Daycare as a Conditional Accessory Use when provided on-site for the children of employees for businesses located in the Light Industrial and Industrial Zoning Districts.
NEXT STEPS:

If the City Council wants to move forward with updating the Code through an ordinance amendment, Staff will hold a public hearing at an upcoming Planning Commission meeting.

The statutorily required language should be added to the Code as soon as possible to eliminate confusion. Staff is seeking direction regarding which of the “discretionary” updates the City Council would like to implement.

SOURCE OF FUNDS:  N/A

ATTACHMENTS

A- ZONING MAP OF SOUTH ST. PAUL
This Zoning map is a representation of various maps and ordinances that make up the City of South St. Paul zoning code. Percentage of Acreage is calculated from county parcel data. Results are representational and not to be used for purposes other than zoning. For detail information pertaining to a specific property or zoning district, please contact the City of South St. Paul Planning Department at http://www.southstpaul.org/
AGENDA ITEM: South Concord Exchange EDA Lot – Business Request

DESIRED OUTCOMES:
• Determine whether EDA is interested in constructing an off-street parking lot on South Concord Exchange to lease to an adjacent business.

OVERVIEW:
The Proposal
Staff has been in discussion with Greg Miller, owner of the Stockyards Tavern & Chophouse (formerly Kaposia Club); about the anticipated re-opening of the restaurant and the ongoing reinvestment the business is making to help the restaurant emerge from the COVID-19 era successfully and competitively. As Mr. Miller tells it, since opening the restaurant has been challenged with a perception that the restaurant is full when the parking lot is full. Mr. Miller believes this perception is detrimental to the restaurant’s draw and ability to maximize its sales and revenue.

The ownership group is investing over $300,000 in the restaurant in order to support their re-branding and shift in approach to menu and dining experience, with the anticipation of re-opening sometime after Labor Day. At this point, they do not feel they have the financial capacity to invest in expanding their parking capacity on-site, and have asked if the EDA would consider constructing a surface lot on the site we own (to the south of them) and leasing this facility to the business.

The EDA Property
The EDA owns the approximately 1 acre (effectively, due to the bluff, it’s 0.6 acres developable) property located immediately north of Footh Auto on South Concord Exchange. This property is comprised of several tax parcels and is currently unimproved. The EDA recently had the site reshaped as it had been left in a bit of a state of disarray following the construction of the retaining wall at the edge of the bluff. The site has been marketed for commercial development, at 0.6 acres however its size is a limiting factor to its potential development. While we have attempted to entice various small-format businesses (drive-through restaurant, coffee, small offices) to develop the property, thus far we have received very little tangible interest in the site for such uses.

Annual holding costs (for snow/ice removal and general property maintenance) related to the property average about $1,000 per year. The property has been exempt from property taxes for as long as it’s been publicly owned, however the Dakota County Assessor’s Office lists a total estimated market value for the property of $145,000 for Pay 2020. Generally, the property should be considered as excess property awaiting future purchase and redevelopment for auto-oriented commercial uses.
Zoned Concord Gateway Mixed-Use, the property would likely require a Conditional Use Permit as a “similar use” to a parking ramp or garage since the Code only allows off-street parking as an accessory use to an approved use on the same property. This proposal would be a principal (if interim) use on the property. The EDA could have the CUP rescinded in the future, prior to any future sale, to assure that future users could not use the property solely for surface parking.

**Key Considerations and Questions**

- While the highest and best use for the EDA-owned property is a small-format commercial use, the site’s constraints and the market conditions present on Concord Street are practical barriers today and in the near-term. In other words, while staff would never say never, the realistic prospects for developing this site to its highest and best use without significant changes in the market surrounding this property are minimal. This site is not positioned to “lead” redevelopment efforts along the corridor or in the community.

- As noted earlier in the memo, the property has been property tax exempt for a number of years. Certainly there would be costs (we’re awaiting competitive bids to have a better understanding) involved in building a parking lot here. That said, a parking lease could be structured to pay back these expenses over the lease term.

- There are surely zoning and stormwater considerations we’d need to further explore prior to proceeding with the project as requested. Obviously, it would be preferable to avoid having to make significant “permanent” improvements/investment (landscaping, lighting, stormwater infrastructure) on the site given the long-term hope/expectation that the site will be something more than a surface parking lot in the future. There is an existing light pole virtually in the middle of the property and we are investigating whether that is operable or not. Presumably, building/working around that structure will present a challenge.

- It should be anticipated that if we do move forward with a parking lot on this site, the business to the south (Footh Auto) would be quite interested in exploring whether they too could utilize the property. Certainly, Mr. Footh has inquired in the past about acquisition of this property for the business’ inventory and/or customer parking needs.

Staff is certainly open to exploring this possibility, but until we have more certainty around items such as cost (and workable lease rate), we’d hold off on making a definitive recommendation at this time. Admittedly, establishing a parking lot in this location would hinder our ability to market the property for infill development for the foreseeable future. That is a risk that should be considered seriously and with a long-term lens—generally staff has advised against being “parking lot managers” as we are on other properties to the north of this parcel. But ultimately, the EDA took significant efforts to entice Mr. Miller and his team to “take the leap” with the Kaposia Club, and they are clearly invested in seeing the restaurant succeed. Their concern about perception that they’re “full” and therefore turning away potential patrons is unfortunate and if we can help them to overcome that, Staff fully supports exploration of that possibility further.

**ATTACHMENTS:**
Orientation Map
CONCORD EXCHANGE SOUTH – POTENTIAL OVERFLOW PARKING

- ± 1 Acres total; without bluff it’s about 0.6 acres
- 135’ depth not including bluff

EDA-Owned Property

Base map courtesy of Dakota County GIS
Information accurate as of July 2020
AGENDA ITEM: 12th & Southview Property – Business Request

DESIRED OUTCOMES:
- Determine whether to allow temporary use of EDA property for an ice cream concession business

DISCUSSION:

A local resident, Jim Jacobs, operates an ice cream concession business (“Scoops Concessions”) which in a typical summer would travel to various events and locations. Unfortunately for the business, this season has been atypical and many/most events have been cancelled. Mr. Jacobs has approached City Staff to inquire about the possibility of setting up their 8’ x 17’ mobile trailer on the vacant EDA-owned lot at 12th Avenue South and Southview Boulevard.

The City addresses mobile food vending in a relatively straightforward manner. Essentially, to operate a mobile food business, one is required to (a) clean up after oneself and (b) possess a license from the Minnesota Department of Health (MDH) and comply with MDH’s rules as related to mobile food vending.

The business has requested that the EDA consider leasing a portion of the property to the business for the remainder of the summer. In concept, the trailer would be positioned on a shaded portion of the lot and would be removed from the site daily until the season is over (tentatively October). It would appear that this request would result in a direct and clear violation of City Code, most specifically 118-352 (j) which prohibits parking on grass. Presumably, the EDA/Business could appeal to the City Council to waive this prohibition in this case if they so chose. That said, making an exception to the “no parking on grass” rule – even temporarily – is not a great precedent to set in staff’s opinion. Additionally, we unfortunately have a constant struggle with vehicles driving through portions of the lot such that our efforts (and expense) to re-seed the lot have been thwarted at the northwest corner. Permitting this business to effectively drive onto and store a vehicle or vehicles on the lot each and every day through October would both send a mixed message and in a very practical way damage the lot.

While we are certainly in support of a small business finding a creative way to sustain its operation, Staff does not believe that the 12th & Southview property is this only or even best option for setting up camp. As we understand it, the property on the opposite (northeast) corner of 12th/Southview is willing to provide space for the operation, but Mr. Jacobs prefers our site because it offers a shaded area and is not obscured by the bus stop.

ATTACHMENTS:
Orientation Map
PID: 364880004-130, -140, -150
ADDRESS: 144 – 156 12th Ave S
PARCEL SIZE (Approx.): 19,900 SF (0.5 Acres)
DIMENSIONS (Approx.): 125’ x 160’
ZONING: Retail Business (C-1)
AGENDA ITEM:  CARES Act Relief Funds Update

DESIRED MEETING OUTCOMES:

Discuss the documentation to support our “eligible expenditures” based on Federal Guidance and the potential allocation of CARES Act Relief Funds.

OVERVIEW:

The City of South St. Paul received $1,572,954 in CARES Act funding. Our first challenge is to ensure we have eligible expenses that meet Federal Guidelines. To qualify as Necessary Expenditures, three distinct elements are to be satisfied. They are:

1. Necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19).
2. Costs not accounted for in the budget most recently approved as of March 27, 2020. “Not Accounted for”: (a) the cost cannot be lawfully funded using a line item, allotment, or allocation with that budget; or (b) the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation.
3. Expenses must be incurred during the covered period. For Minnesota, the covered period is from March 1st through November 15th of 2020. Note: performance or delivery must occur during the covered period but payment of funds need not be made during that time though it is generally expected payment will take place within 90 days of a cost being incurred.)

Another key provision states: The fund is designed to provide for ready funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency, therefore a local government may presume that payroll costs for public health and public safety employees are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise.

• Use of payments from the Fund to cover payroll or benefits expenses of public employees are limited to those employees whose work duties are substantially dedicating to mitigating or responding to the COVID-19 public health emergency.

The following are eligible expenses if to enable compliance with the COVID-19 public health precautions:

➢ Expenses to improve telework capabilities for public employees.
➢ Expenses of providing paid sick and paid family and medical leave to public employees.
Unemployment insurance costs related to COVID-19 public health emergency if such costs will not be reimbursed by the federal government pursuant to the CARES Act or otherwise.

Provisions of grants to small businesses to reimburse the cost of business interruption caused by the required closures. Governments have discretion to determine what payments are necessary. A program that is aimed at assisting small businesses with the costs of business interruption caused by required closures should be tailored to assist those businesses in need. A grant to a small business to reimburse the costs of business interruption caused by required closures would also be an eligible expenditure.

To ensure compliance with Federal requirements, staff has consulted with representatives of the League of Minnesota Cities, Administrators/Managers from Dakota County and other metro communities, Dakota County staff, Congresswoman Angie Craig’s office, and the City’s Auditor. In staff’s conversation with our auditing firm Malloy, Montague, Karnowski, Radosevich & Co. (MMKR), they indicated they have yet to receive guidance on auditing standards for CARES Act funds. West St. Paul did receive a letter from their auditors indicating they were comfortable with an approach that allowed police department payroll expenses as eligible costs.

As stated in my previous memo from two weeks ago and based on the above guidance, we can claim public safety expenses for the allowed period that would far surpass our CARES Act allotment. With this approach, those funds would offset expenditures in the 2020 Budget and effectively become surplus dollars that we could use for any public purpose expenditure.

A more conservative approach would be to claim public safety expenses during the stay at home order timeframe (3/20 – 5/17). We would also claim other CARES Act eligible expenses. If this approach is chosen and subject to a more detailed analysis, our documented CARES Act expenses could hypothetically resemble the following:

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<th>Amount</th>
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<tbody>
<tr>
<td>Law Enforcement Costs (Stay at Home – 3/20 thru 5/17)</td>
<td>$599,704 *</td>
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<tr>
<td>SMFD Costs (3/20 – 5/17)</td>
<td>$334,442 *</td>
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<td>HR Director Re-allocation of time (25%) 3/1 to 11/15</td>
<td>$ 22,710 *</td>
</tr>
<tr>
<td>IT Manager Re-allocation of time (25%) 3/1 to 11/15</td>
<td>$ 20,686 *</td>
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<td>Business Grant Program (TBD by City Council)</td>
<td>$150,000</td>
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<tr>
<td>Upgrades to AV System (Hardware Only)</td>
<td>$ 11,206</td>
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<tr>
<td>Laptop Purchases (4)</td>
<td>$  4,074</td>
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<tr>
<td>Liquor License Grants (all liquor fees for 2020)</td>
<td>$ 25,450 ($3,100 unpaid)</td>
</tr>
<tr>
<td>Increase Election Adm. Costs (est.)</td>
<td>$ 20,000</td>
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<tr>
<td>PD Remodeling Costs to Improve Social Distancing</td>
<td>$312,500 (rough estimate)</td>
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<tr>
<td>City Hall Front Counter Area Remodeling - SD</td>
<td>$300,000 (rough estimate)</td>
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<tr>
<td></td>
<td><strong>$1,789,472</strong></td>
</tr>
</tbody>
</table>

* denotes allocation of personnel costs devoted to COVID-19 response

The final determination of what is encompassed by the eligible expense list remains a policy decision of the City Council subject to Federal guidelines.
The City has also incurred other CARES Act eligible expenditures, but we will claim those under other funding programs to maximize the use of our available resources. We have also learned that we will receive around $7,000 in CARES Act funding through Dakota County for increased election costs associated with COVID-19. We believe that amount may be close to covering the increased postage costs associated with higher numbers of absentee ballots.

With the listing of eligible CARES Act expenditures previously noted, we will effectively generate a surplus in the 2020 General Fund of about $761,000. That math is as follows:

\[
\begin{align*}
\text{Total Expenditures from listing} &\quad $1,789,472 \\
\text{Less: CARES Act Funds} &\quad $1,572,954 \\
\text{Expenditures above Revenue} &\quad \text{\textbf{$216,518$}} \\
\text{Re-allocated Personnel Costs from listing (*)} &\quad $977,542 \\
\text{Less: Unfunded Expenditure # above} &\quad \text{\textbf{$216,518$}} \\
\text{Available for Other Purposes} &\quad \text{\textbf{$761,024$}}
\end{align*}
\]

Theoretically, these dollars would be available for any public purpose expenditure at the time of our choosing. Staff would like to discuss the Council’s preference for expenditure documentation and the allocation of items to be funded.

**STAFF**

**SOURCE OF FUNDS:**

CARES Act Relief Funds