



January 12, 2016

Marcia Moermond
Legislative Hearing Officer
Office of the City Council
15 West Kellogg Blvd.
Suite 310, City Hall
St. Paul, MN 55102

Re: 719 Payne Avenue

Dear Ms Moermond:

At the November 24, 2015, Legislative Hearing representatives of 719 Payne Avenue were directed to: 1) further define the scope of work/provide additional bids for renovating the property; 2) apply for funding from the neighborhood and the STAR fund; and 3) provide a project schedule for the next 6-8 months.

- 1) We have worked with the general contractor and architect to take a closer look at the building, and consider the option of doing an addition that would better accommodate the need for a kitchen to serve the deli portion of the deli/convenience store. The general contractor brought in roofing, HVAC, electrical and plumbing contractors to provide pricing based on a small addition and renovation of the rest.

The net addition ends up being fairly small- 300 square feet at most. This is because we determined that the current back addition is in very poor shape and should be taken down rather than being renovated. So we took away the current addition (about 300 square feet) and assumed an addition of 600 square feet. With the addition, building renovation and full equipping of the kitchen, we end up at a cost of over \$500,000, including a contingency and site improvements.

The next step is going to be looking at the cost of a new building. We believe this might be more cost-effective. A new building could lay out better and provide the same or more space at a lower cost.

- 2) Yesterday we turned in a \$50,000 application for Business Investment Funds (BIF) from East Side Neighborhood Development Center. We will be submitting an application for Neighborhood STAR funds by the March 1 application deadline, and will also be applying for assistance from the St Paul HRA. We did a preliminary presentation of a \$50,000 loan request to the African Development

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Center (ADC) Loan Committee on December 22, 2015, and received a positive response. We will also be requesting financing from other non-profit lenders. Our requests for STAR, HRA and non-profit lender funds can be finalized once we have completed a business plan that includes project costs and cash flow projections. The business plan is step one of the below project timeline.

- 3) January 15, 2016 – February 15, 2016: Develop business plan including market analysis, project costs and cash flow projections. Develop construction plans sufficient to price new construction, and price new construction.

By March 1, 2016: Apply for Neighborhood STAR funds and continue work on loan applications from non-profit lenders and application for St Paul HRA assistance.

April-May, 2016: Work with STAR staff on arriving at a fundable proposal, finalize HRA assistance application, and obtain financing approvals from non-profit lenders.

June, 2016: Mayor and City Council review STAR applications.

July 15, 2016: City Council approval of STAR funds, and HRA assistance approval.

August, 2016: Construction start.

November, 2016: Project completion.

We look forward to continuing to pursue this project and bringing a vacant, blighted property back to productive and neighborhood-enhancing use.

Sincerely,



Rich Thomasgard
Property and Projects Manager