

**HOUSING AND REDEVELOPMENT AUTHORITY
OF THE CITY OF SAINT PAUL, MINNESOTA**

REPORT TO THE COMMISSIONERS

DATE: DECEMBER 13, 2017

REGARDING: RESOLUTION APPROVING INTER DEPARTMENT LOAN OF AN ESTIMATED \$1,528,736 AND GRANT OF AN ESTIMATED \$750,182 FROM THE HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA TO THE CITY OF SAINT PAUL DEPARTMENT OF PUBLIC WORKS FOR THE UPGRADE OF THE RIVERVIEW SANITARY SEWER LIFT STATION AND AUTHORIZING EXECUTION OF RESTATED AND COMBINED RECORD OF INTER DEPARTMENT LOAN AND GRANT, DISTRICT 3, WARD 2

Requested Board Action

Staff requests the approval of the transfer of funds from the HRA to the Department of Public Works in the amount of \$2,278,918, in the form of an inter department loan, estimated to be \$1,528,736, and a grant, estimated to be \$750,182 for the upgrade of the Riverview sanitary sewer lift station, and approval of execution of a restated and combined loan and grant agreement.

Background

The City of Saint Paul Department of Public Works (Public Works) has determined the Riverview sanitary sewer lift station (Lift Station) does not have capacity to serve new residential construction on the West Side Flats. Property impacted by the lack of sanitary sewer capacity includes the WSF Phase II 65 space parking lot area located just north of WSF Phase I, the HRA land bounded by the Mississippi River, Livingston, Fillmore and the Union Pacific Railroad tracks and the Fillmore development bounded generally by Fillmore, Robert, Plato and the Union Pacific Railroad tracks. See the attached WSF Development Project Areas map. The WSF Phase III LLC (Sherman Associates) plans to develop 264 residential units and a restaurant on the HRA land. Weidner Apartment Homes (Weidner) plans to build up to 606 residential units and 68,000 square feet of commercial space within the Fillmore development. The WSF Phase II development will likely include commercial office and retail space but there are no plans at this time. Per the WSF Phase II development agreement the developer has until 2022 to

implement redevelopment. Public Works determined none of these developments can proceed without the Lift Station upgrade.

Saint Paul Public Works hired the engineering firm Stantec to prepare the construction drawings for the Lift Station upgrade and a cost estimate. Public Works has confirmed the cost for the upgrade to the Lift Station is \$2,278,918. The proposal is for the HRA to transfer TIF funds of \$2,278,918 to Public Works in the form of an estimated \$1,528,736 loan and an estimated \$750,182 grant. Public Works will repay the loan, with interest, from revenues collected by assessments from adjacent private development. The grant amount reflects the estimated pro-rata cost for the Lift Station improvements allocated to the HRA land north of Fillmore. The HRA won't be assessed for this, since the HRA is providing the City with grant for the work. Public Works cannot solicit bids for the Lift Station upgrade work until the HRA loan and grant have been approved.

Previously Public Works utilized \$213,382 of HRA funds for study and design of the Lift Station upgrade. The total project cost for study, design and upgrade of the Lift Station is \$2,492,300. The HRA and Public Works will be executing a restated and combined record of inter-departmental loan and grant agreement that will combine the total \$2,492,300 project costs into a single agreement ("Agreement"). Per the Agreement, the Lift Station upgrade will provide capacity for the WSF Phase II, WSF Phase III and Weidner development and construction of the Lift Station work will begin the summer of 2018 with substantial completion by December of 2018 and final completion by March 29, 2019.

Budget Action

There is no HRA budget action required as funds are already budgeted to spend on this activity within the Riverfront Renaissance TIF district.

Future Action

- City Council approval of a budget amendment for expenditure of funds on the Lift Station project will be required.

- The Department of Public Works will seek City Council approval of an assessment which will be used to repay the loan.
- If bids come in higher than the proposed budget, staff may need to seek additional funding for the Lift Station upgrade.
- A Development Agreement with Weidner and financial assistance required for development of the Greenway is anticipated in 2018.
- A financing proposal for the WSF Phase III project will be presented to the HRA in the spring of 2018.

Financing Structure

The HRA will enter into a restated and amended loan agreement with the Department of Public Works. To the extent the Department of Public Works is able to collect from the assessment they will repay the HRA. Payments to the HRA will include any interest charged via the assessment and will be made over the term of the assessment.

Funds will not be released from the loan until Public Works has reached agreement with the Metropolitan Council regarding connection of the upgraded Lift Station with the regional interceptor. We anticipate this issue will be resolved within the near future.

PED Credit Committee Review

The Credit Committee reviewed and approved the loan and grant proposal on December 4, 2017.

Compliance

The project will be bid and constructed in compliance with the City of Saint Paul Department of Public Works procedures.

Public Purpose/Comprehensive Plan Conformance

The sanitary sewer upgrade project is critical infrastructure that will enable the City to redevelop blighted and vacant land, generate private investment, support commercial activity, create a new local business and provide market rate and affordable rental housing opportunities.

The project is consistent with the following strategies from the *West Side Flats Master Plan and Development Guidelines* (2015):

LU1. Promote active commercial, civic and institutional land uses at street level within buildings facing Mixed-Use Corridors, including the Riverfront Esplanade.

LU3. Attract a broad range of housing types, densities and developers.

UD4. Create a vibrant, urban and public Riverfront Esplanade that is connected to the neighborhood.

POS2. Enliven the Riverfront Esplanade.

SUS20. Encourage energy conservation/efficiency—building materials, design and orientation, site features and furnishings, building reuse.

Recommendation: Staff recommends approval of the attached resolution.

Sponsored by: Commissioner Noecker

Staff: Marie Franchett

Attachments

- **WSF Sanitary Map**
- **Phase I Development Area**
- **District 3 Profile**