

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

REPORT TO THE COMMISSIONERS

DATE: NOVEMBER 10, 2010

REGARDING: APPROVAL OF BUDGET AMENDMENT, LOAN AGREEMENT AND RELATED
DOCUMENTS FOR J&J DISTRIBUTING

Requested Board Action

Approval of the resolution which amends the adopted Spending Plan in compliance with Sec. 32 of the Jobs Bill and approves the Loan Agreement and necessary documents for the J&J Distributing project.

Background

This spring, the Minnesota legislature enacted a jobs bill which included several provisions that expand the use of tax increment financing to stimulate job creation. The HRA approved a resolution on September 8, 2010 and adopted a Spending Plan for various projects in the Rebuild Saint Paul Initiative. J&J Distribution is one of the 17 approved projects for this initiative. J& J is a fruit and produce distribution company located at 653 Rice Street. Within their existing facility, product is brought in, cut, packaged and shipped to local grocery stores in the Twin Cities market area.

J&J is proposing to build an addition that will include expanded production and cooler spaces. The existing truck docks will handle all required new shipping and receiving within this 20,064 square foot addition. A 1,205 square foot enclosed trash dock area will also be added to the building. All the utilities and cooling will be provided from the existing building that is undergoing a major energy retrofit project which is being financed by the Saint. Paul Port Authority. The company will increase its employment to 200 full time and 100 part time employees by the completion of this addition.

Budget Action

The Spending Plan for the Rebuild Saint Paul Initiative was approved on September 8, 2010. The budget is now being amended to allow for a specific line item for the J&J Distribution project in the budget.

Future Action

No future action will be required for this expansion project.

Financing Structure

The new construction addition will be funded by a bank loan, owner equity, and tax increment from the Jobs Bill.

Sources:

Bank Loan	\$1,500,000
Equity	889,775
TIF Jobs Bill loan	<u>1,500,000</u>
Total Project Sources	\$3,889,775

Uses:

Building Addition	\$2,450,145
Equipment	882,630
Security System	320,000
Contingency/soft costs	<u>237,000</u>
Total Project Uses	\$3,889,775

PED Credit Committee Review

The credit committee was made aware of the budget amendment and has reviewed the project.

Compliance

J&J has acknowledged receiving City/HRA compliance documents specifying that the following compliance requirements are applicable to this project:

- Vendor Outreach Program, Chapter 84.01.
- Affirmative Action, Chapter 183.04 applies to both the contractor and the borrower.
- Little Davis-Bacon Labor Standards applies to the construction work.
- Livable wage applies to the borrower.
- HRA Sustainability Policy applies to the construction.

J&J Distributing has an approved affirmative action plan on file with the City and has a diverse workforce that far exceeds all goals in the approved plan. J&J Distributing and its contractor are also prepared to meet with representatives from the Midwest Minorities Suppliers Development Council, the Construction Partnership Program, the National Association of Minority Contractors, and the Association of Women Contractors in order to learn more about their programs.

Green/Sustainable Development

The project will meet the HRA Sustainability Policy. The project will use the existing utilities and cooling capability of the existing building. The addition will not increase storm water run off and the storm water will continue to be directed to the rain garden that was constructed on the property three years ago. This rain garden is sized to handle all the storm water run off.

Environmental Impact Disclosure

The project has completed all the environmental reviews required by the MPCA. The addition is in compliance with the findings in the environmental review.

Historic Preservation

Not applicable.

Public Purpose

The public purpose includes the creation of both construction and permanent jobs as defined in Sec. 32 of the Jobs Bill. The project will bring the employment at the company to 200 full time

and 100 part time employees. The property taxes paid by the company will increase to an estimated \$151,284 per year. The project is also located in the station area plan for the Central Corridor Plan Area and the Xcel Energy Corridor.

Statement of Chairman (for Public Hearing)

Not applicable.

Recommendation:

The Executive Director of the HRA recommends approval of the attached resolution, loan agreement and approval of all necessary documents for the J&J Distributing project.

Sponsored by:

Commissioner Carter

Staff:

David Gontarek 651-266-6674.

Attachments

- **Attachment A -- Resolution**
- **Attachment B -- Map/Address of Project, should include libraries, parks, schools.**
- **Attachment C -- *Project Summary Form***
- **Attachment D -- *Sources and Uses Summary Form***
- **Attachment E -- *Public Purpose Form***
- **Attachment F -- Census Facts**