

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

REPORT TO THE COMMISSIONERS

DATE: MARCH 28, 2012

**REGARDING: AUTHORIZATION TO APPROVE FUNDING FOR SITE CLEAN-UP COSTS AT  
PARCEL 840 PAYNE AVENUES (KENDALL HARDWARE STORE SITE),  
PAYNE PHALEN, DISTRICT 5**

## **Requested Board Action**

The specific action being requested of the HRA Board is authorization to approve funding for site clean-up and a budget amendment designating up to \$150,000 of CDBG funds for Parcel 840 Payne Avenue (Kendall Hardware Store Site) under the Payne-Phalen Boulevard Main Street Redevelopment Plan and ISP/NSP Rebuilding Plan 2009-2013.

## **Current**

PED staff undertook a number of due diligence actions related to the condition of Parcel 840 Payne Avenue (Kendall Hardware New Site). The site was originally taken for the construction of Phalen Boulevard and used for staging while Phalen Boulevard was being built. The site was deemed acceptable for construction when returned to HRA based on letters of "No Further Action" from MPCA. In addition, five soil borings at different locations of where the building was to go were taken and no major issues were identified. DSI had no records related to demolition of buildings that had been on the site. There was a title issue created with Public Works taking only an easement for Phalen Boulevard rather than actual fee title (which was supposed to happen as a result of the platting of the roadway). Public Works buried contamination under the roadway and had to file a declaration of contamination, which raised a title issue which has since been resolved. However, a number of issues have now surfaced with review of the Public Works documentation; as a result, PED staff and the developer decided to dig actual test pits on the site. Five (5) test pits were dug (4'x9'), three within the new building footprint and two within the parking lot. The following issues were identified: all basements from previous structures had not been removed; an old cistern was uncovered; slabs had not been removed; contamination was discovered under slab/parking area; and an old tank outside of building area but on the site was discovered. PED received cost estimates totaling \$150,000 to

address these issues (e.g., rubble removal, tank removal, fill, sub-soil vapor barrier, and follow-up testing).

### **Budget Action**

Approve budget amendment allocating up to an additional \$150,000 from CDBG funds. There is currently \$405,000 in 2011 CDBG funds set aside in the acquisition fund, of which \$150,000 could be set aside for this use. The site development complies with all CDBG regulations which are the most restrictive of the funding sources.

### **Future Action**

N/A

### **Financing Structure**

This \$150,000 will be structured as a grant to address clean-up and preparation costs to allow for the construction of the building.

### **PED Credit Committee Review**

On October 31, 2011, the PED Credit Committee reviewed and recommended approval of the terms and risk rating.

### **Compliance**

Kendall has received 2nd Acknowledgment Letter covering the compliance requirements listed below.

- Vendor Outreach Program
- Affirmative Action/EEO
- Labor Standards (federal)
- Living Wage (Exemption 20 or fewer employees)
- Business Subsidy (Exempt if assistance is less than 50% of TDC or Energy Conservation measures incorporated)
- Two Bid Policy
- Section 3
- Project Labor Agreement (Notices sent, no PLA required)

### **Green/Sustainable Development**

The project will comply with the Saint Paul Sustainable Development Policy. Xcel has indicated that the size of this project (less than 20,000 sq/ft) makes it too small for their large program. The architect is following the State Guidelines Building Benchmarking and Beyond and is working with University of Minnesota and MNSCU.

### **Environmental Impact Disclosure**

N/A

### **Historic Preservation**

N/A

### **Public Purpose/Comprehensive Plan Conformance**

Primary public purpose is economic and community development:

- City of St. Paul Comprehensive Plan – Economic Development Strategy
- St. Paul Consolidated Five Year Plan- EO 3.1 Sustainability of Economic Development
- Phalen Corridor Development Strategy made a part of the Comprehensive Plan

### **Recommendation:**

The Executive Director recommends approval of budget amendment in accordance with the attached resolution.

**Sponsored by:** Commissioner Bostrom

**Staff:** Sheri Pemberton-Hoiby, 651-266-6615

### **Attachments**

- Attachment A – Resolution
- Attachment B – Background
- Attachment C - Preliminary Plans
- Attachment D – Map
- Attachment E – Census Facts