

# CURRENT PROGRAM

City Staff Use : STAR Tracking Number 14-138 Project Codes: 202-10401 (grant)  
203-10401 (loan)



## City of Saint Paul, Minnesota Neighborhood Sales Tax Revitalization Program Attachment A: Statement of Work



This document, and its attachments, will form the basis of the STAR Agreement between the City of Saint Paul and your organization.

Project Title: AEDS Exterior Façade Improvement Loan & Grant Program

Organization: African Economic Development Solutions (AEDS)

Address: 1821 University Ave W Suite S-227

City: Saint Paul State: MN Zip: 55104

Project Manager: Gene Gelgelu Phone: 651-646-9411

Federal ID No: 80-0345712 E-Mail: GGELGELU@AEDS-MN.ORG

PED Account Officer: Nora Riemenschneider Phone: 651-266-6638

Project Location: Snelling Avenue North between University Avenue West and Minnehaha Avenue

Citizen Participation: Ward: 4 District: 11

STAR Funds Awarded	Loan	<u>\$25,000</u>	2%	4 years
	Grant	<u>\$25,000</u>		
	+			
Matching Funds Pledged		<u>\$50,000</u>		
	+			
Additional Non-Matching Funds		\$_____		
	=			
Total Project Cost (all funds)		<u>\$100,000</u>		

Loan Only: PED Risk Rating Doubtful

**1. Project Summary:** Please summarize your activity in the space provided.

A first come, first serve loan & grant program for commercial exterior façade improvements on:

a) Snelling Ave North between University Avenue West to Minnehaha Avenue

Eligible applicants will be businesses in the above target market area. Below are allowable improvements:

- Exterior façade improvements will Exterior lighting
- Exterior painting
- Installation, repair or replacement of exterior signage
- Repair and /or replacement of windows and exterior doors
- Public art and murals

Prohibited Improvements under FIG

Ineligible expenses include:

- New construction
- Temporary signage
- Interior improvement
- Mechanical
- Security system
- Billboards

**2. Job Information Requirements:** Certification of the number of jobs created, including information on demographics, salaries and job types must be documented annually. A Minnesota Business Assistance report may be required on economic development or job-creation projects assisted with \$25,000 or more of public dollars, or located in a tax-increment financing district.

The Saint Paul Living Wage ordinance requires payment of a designated Living Wage to be paid for jobs created by some projects receiving more than \$100,000. These must be documented annually until the total number of jobs listed below is reached.

**Job Creation:** If this project creates new jobs, please identify:

# 0 Jobs Created      \$ \_\_\_\_\_ Starting Salary

**3. Commercial or Residential Properties:** Please identify the number and kind of properties which will benefit from this activity:

# \_\_\_\_\_ Single Family    # \_\_\_\_\_ Owner Occupant    # \_\_\_\_\_ Multi- Unit

# 1-5 properties Commercial Renovation        N/A

**4. Public / Private Open Space Improvements:** Please indicate all that apply:

       Streetscape        Park or Playground        Other Public Improvement

       Private Open Space   x   N/A

**5. Anticipated Timeline:**

Time Period	Activities to be Completed	Person Responsible
From: October 2015 To: March 2015	Execute STAR agreements, market program and identify and complete three exterior façade projects.	Gene Gelgelu
From: October 2015 To: September 2017	Identify and complete five to seven exterior façade projects.	Gene Gelgelu

**6. Sources and Uses:** Please attach an itemized budget or contractors' estimates where applicable. Itemize use of STAR funds, private match and non-matching funds for the entire project:

CATEGORY	STAR LOAN	STAR GRANT	MATCHING FUNDS	NON-MATCHING FUNDS*	TOTAL
Acquisition					
Rehabilitation:					
residential					
commercial	\$25,000	\$25,000	\$50,000		\$100,000
New Construction:					
residential					
commercial					
Public Improvements					
Private Open Space Improvements					
** Direct Project Costs					
*** Other					
<b>TOTALS:</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$50,000</b>		<b>\$100,000</b>

**Line Item Examples:**

Acquisition:

up to 20% of STAR funds may be used to either purchase property, an existing building or be used for direct project costs improvements to an existing building

Commercial/Housing Rehabilitation:

additions, new structure

New Construction:

Public Improvements:

minor streetscape improvements, playground equipment, park benches, signs, lighting etc.

Private Open Space Improvements:

playground or community garden on private property

\* List additional funds being used on this project that do not qualify as matching contributions  
(i.e. city grants received from CDBG, TIF, CIB or the HRA)

\*\*Direct Project Costs (Soft Costs) - Up to 20% of STAR funds may be used for acquisition and/or soft costs  
(i.e. architect, engineering, legal and loan fees, closing costs, permits, licenses.) Soft costs do not include general  
salary, administration, marketing, or operating expenditures. Please itemize and describe soft costs:

\*\*\*Other: Please give a detailed explanation and specific costs included in this category

**7. Private Match:** Please include only those funds directly related to the STAR activity.

Description	Amount
Sub-grantee equity	\$25,000
Business owners investment	\$25,000
<b>Total</b>	<b>\$50,000</b>

**NOTE:** Up to 30% of the total match may be volunteer labor and/or sweat equity with a value of \$15.00 per hour.

## African Economic Development Solutions (AEDS)

### Façade Improvement Loan & Grant Program

PHONE: 651-646-9411

#### I. Purpose

AEDS Façade Improvement Loan & Grant program is an initiative to visually improve the appearance of buildings within the City of St. Paul business district. Also the program will help in attracting new business to relocate to the corridor and retain existing businesses in City of St. Paul.

#### II. Eligibility

- Property owners and tenants on Snelling Avenue North from University Ave W to Minnehaha Avenue
- Property is identified as commercial, industrial, office, mixed-use,
- The program guidelines may be evaluated based on individual situation
- The property and applicant must be current on all City of St. Paul taxes and fees

#### III. Program Overview

##### a. Allowable Improvements

All facade improvement projects must complete all required criteria of city of St. Paul and approved by appropriate decision making authority before the grant approved. The improvements must be maintained for a period of seven (7) years from the date that the City has issued its final disbursement for the project. Below are allowable improvements:

- Exterior lighting
- Exterior painting
- Installation, repair or replacement of exterior signage
- Wall, window and hanging signs advertising the business name and identity
- Repair and /or replacement of windows and exterior doors
- Masonry repairs and tuck pointing
- Public art and murals
- Canopy and/or awning installation or repair
- Removal of barriers to access the building from outside for people with disabilities
- Professional cleaning of building exterior
- Monument signs if allowed by the City of Saint Paul Zoning Code
- More than one improvement project, within funding maximums

CRITERIA	MAXIMUM POINTS	SCORE
The business is located in Little Africa Business District: business located in required district will get full point	15	
Private investment: business that have over 50% in private investment will have higher point	25	
Impact in the neighborhood: improvement that have positive impact and the investment will change the appearance of the building have higher point	15	
Building approved for mural/art will have higher point	20	
Applicant/building owner is AEDS client: prior to application applicant who is AEDS client will have higher point	15	
Multiple business: agreement of multiple business in one building to improve the building with building owner will have higher point	10	
<b>TOTAL POSSIBLE SCORE</b>	<b>100</b>	

#### VI. Loan and Grant Funds – Disbursement and Usage

African Economic Development Solutions (AEDS)-Little Africa Façade Improvement Loan and Grant Program is a matching loan and grant program. Matching fund is required in order to receive funding from the program. There is a limited resource available for this program.

The maximum funding amount one business can receive is a \$5,000.00 grant and loan of \$5,000.00 at 2% interest rate, for a total of \$10,000. The loan shall be disbursed at the same rate as the grant is disbursed.

The matching funding requirement is 1:1, meaning for every \$1.00 of grant plus loan money, business owners need to match with \$1.00, up to \$10,000.00 on reimbursement basis.

#### Condition of the agreement

#### VII. African Economic Development Solutions Façade Loan and Grant Program

AEDS will work with business owners to analyze on how the business owner uses their matching fund. The loan program rate will be competitive rate available to businesses. There will be a minimum and maximum loan amount one business owners may request for one business.

#### IX. Property Owner Consent









# CHANGE REQUEST

9/12/18

**Swanson, Michele (CI-StPaul)**

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**From:** Gaba, Mohammad (CI-StPaul)  
**Sent:** Wednesday, August 22, 2018 10:46 AM  
**To:** Swanson, Michele (CI-StPaul)  
**Cc:** Schieckel, Martin (CI-StPaul); Castillo, Austria (CI-StPaul)  
**Subject:** RE: AEDS 2014 Next Steps  
**Attachments:** Copy of AMORTSCH-AEDS-\$.xls; AEDS Façade Improvement Grant Program Guidline\_NR final.docx; AEDS Loan Policy- Final.docx

Hi Michele,

I think we have been at this thing for so long that I am glad we are going forward to the next steps; a step closer for them to deploy and have no excuses.

Here is the information from Gene. I reviewed it with him and approved it together.

Hi Michele,

For the 2014 Façade Improvement program, AEDS received loan and grant from city of St. Paul through star program and we were unable to use the entire funds because of the following reason:

1. Geographic limitation: it was difficult to sell the program to the small businesses inside the original Little Africa borders due to some of the reason stated below
2. Matching requirement is tough on the customers to provide
3. The use of the fund was restricted
4. interest was maybe too high.

We have so far deployed \$10,000 out of \$50,000. Here is what we propose to make the program a success and deploy the remainder of the program funds:

1. **Change the program to the borders** of: Snelling, Minnehaha, Dale, and St. Anthony as was presented by Mo to the Credit Committee on 08/14/18.

We believe that this will broaden the interest and, because we have interested East African businesses inside the said borders. For example, Awash Market on Dale and University is interested.

2. **No matching requirement:** The 1:1 match was difficult for the customers as they were to come up with 50% of the total grant and loan as a match. It made the program out of reach for the small businesses. We propose that we will only ask the businesses to match the grant portion and not match the loan. The grant will not be paid back but a pass through from the City to the businesses. The program will be deployed with \$1 Loan for \$1 Grant but they will only match the grant portion.

3. **The use of both interior and exterior improvement:** The 2014 program interior and exterior uses had some limits and we would like to extend this to the same uses as our 2017 revolving loan program. Extending the exterior and interior uses will make the program easier to sell and also for the business to use. Here are the exterior and interior uses we propose:

**Eligible Exterior Uses:**

- Exterior painting
- Professional cleaning
- Restoration of exterior finishes and materials
- Masonry repairs and tuck pointing
- Repair or replacement of windows and doors (if replacement, windows and doors must be architecturally appropriate)
- Window and Cornice flashing and repair
- Canopy or awning installation or repair
- Murals
- Installation or repair of exterior signage
- Removal of barriers to access the building from outside for people with disabilities
- Exterior lighting

**Eligible Interior Uses:**

- Interior work (such as improvements to lighting fixtures etc.)
- Construction/renovations for improvements or added space
- Interior window displays
- Security system

- Trash and mechanical enclosures
- Interior Improvement to commercial building
- Décor improvements (such as design work, painting, inside mural, etc.)
- Contracted labor related to any of the above improvements
- More than one improvement project, keeping in mind the maximum grant amount per business
- Wall, window, and hanging signs advertising the business name and identity
- Monument signs if allowed by city of Saint Paul Zoning Code
  
- **Ineligible Activities:**
- Improvements in progress that is not part of an eligible façade improvement project
- Roofing
- Billboards
- Mechanical and HVAC systems
- Pylon, temporary, or roof signs
- Fences
- Landscaping
- Improvement to non-commercial buildings

4. Interest reduce to 0% and the payment start move to 1 year( this will give us time to provide loan and grant to the business). We are asking the City to amend the interest rate charged to AEDS to zero percent (0%) so that we will charge little interest. AEDS will be charging the business two percent (2%). This shows that AEDS is willing to make sure that the funds are used and to the benefit of the small businesses. We are trying to remove as many huddles as possible from the businesses so that the program is a success. AEDS will not be making any profit from this deal:

African Economic Development Solutions (AEDS)-Façade Improvement Loan and Grant Program is a matching loan and grant program. The grant shall be matched 1:1. Businesses do not need to match the loan portion. The maximum funding amount one business can receive is a \$20,000.00 grant and loan of \$20,000.00 at 2% interest rate. The terms of the loans are between two (2) and three (3) years depending on the amount borrowed. The loans are fully amortized with no prepayment penalty. The loan shall be disbursed at the same rate as the grant is disbursed. The grant is a pass through from the City of Saint Paul and businesses will not pay it back to AEDS.

Thanks

Mo

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**From:** Swanson, Michele (CI-StPaul)  
**Sent:** Monday, August 20, 2018 10:28 AM  
**To:** Gaba, Mohammad (CI-StPaul)  
**Cc:** Schieckel, Martin (CI-StPaul)  
**Subject:** RE: AEDS 2014 Next Steps

Hi Mo,

We need something in writing from AEDS that gives a clear description of their requested changes with an explanation of why they believe these changes are needed. In addition, please include a copy of the credit committee report along with their recommendations. This should be enough background material for the STAR Board to understand & prepare for Gene's presentation at their 9/12/18 meeting.

Please send this information to me & Austria before you leave us (or, if another PM, by September 4<sup>th</sup>) in order to have this item added to the 9/12/18 agenda.

Thanks much, Michele

**From:** Gaba, Mohammad (CI-StPaul)  
**Sent:** Thursday, August 16, 2018 1:00 PM  
**To:** Swanson, Michele (CI-StPaul) <michele.swanson@ci.stpaul.mn.us>  
**Subject:** AEDS 2014 Next Steps

Hi Michelle,

What is the next steps for AEDS 2014 since it was approved by Credit Committee? I want to let Martin know.

Thanks

Mo

**Mohammad Gaba**

***Project Manager***

Department of Planning and Economic Development  
1300 City Hall Annex, 25 West Fourth Street  
Saint Paul, MN 55102  
**P:** 651-266-6560

African Economic Development Solutions (AEDS)

Façade Improvement Loan & Grant Program

PHONE: 651-646-9411

Revised August 2018

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IV. Application

A. Requested Information

In order for the applicant to be considered for the façade improvement grant, applicant must submit an application to AEDS with the following information:

- Pre-application
  - Description of intended façade improvements
- Final application

B. Document required

- Picture of façade improvement area that needed to be improved
- Drawings, pictures, façade improvement

C. Required documents for final application

- Contractor estimate: the contractor must be listed on City of St. Paul Contractor list
- Evidence of financial commitment for matching (this can include bank statement, loan commitment letter)
- Schedule of completion
- Approval of permit from City of Saint Paul

V. Selection Criteria

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