

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

REPORT TO THE COMMISSIONERS

DATE: November 15, 2017

**REGARDING: APPROVAL OF A BUDGET AMENDMENT AND A FIRST AMENDMENT TO THE FUNDING AGREEMENT WITH CITY OF SAINT PAUL REGARDING THE SNELLING MIDWAY REDEVELOPMENT SITE, DISTRICT 13, WARD 1**

## **Requested Board Action**

Staff is requesting approval of a budget amendment and a First Amendment to the Funding Agreement with the City of Saint Paul for the Snelling Midway Redevelopment site relating to the comprehensive stormwater and irrigation system, infrastructure improvement costs, and soft costs.

## **Background**

The City adopted RES 15-1539 on August 26, 2015 regarding development of a soccer stadium at 400 N. Snelling Avenue by MUSC Holdings LLC (the “Team”), in the Midway area. In the development agreement between the City and the Team it is the City’s responsibility to finance certain remediation work and installation of standard public infrastructure at the site. On March 2, 2016 the HRA per RES 16-376, and City per Resolution No. 15-1539, approved the execution of a Funding Agreement with the City of Saint Paul for Soccer Stadium Site infrastructure, remediation and soft costs that totaled \$18,400,000. Under the development agreement, the Team has the exclusive responsibility to construct the stadium and infrastructure improvements. The budget amendment will transfer the \$18,400,000 infrastructure budget from the HRA to the City.

The budget amendment will also transfer new funding for surrounding development of \$500,000 from the HRA Loan Enterprise Fund to the City; and an additional \$2,000,000 of HRA TIF will be added; and the total of \$2,500,000 will be transferred to the City as authorized by the First Amendment to the Funding Agreement (**Attached**). The actions taken today with regard to the Team and City, will be memorialized in a Memorandum of Agreement with the Team regarding

new funding for an expanded comprehensive stormwater and irrigation system and infrastructure improvements north of Shields. The City will construct improvements on Snelling Avenue.

**The Terms of the Memorandum of Agreement will include the following:**

1. Expanded Comprehensive Stormwater and Irrigation System

The Team will construct a comprehensive stormwater and irrigation system that will serve the 34.5 acre Snelling Midway block. Of the \$18.4 Million stadium budget previously approved by the HRA, \$3,068,000 was allocated for a stormwater system. These funds will now go toward funding the Snelling Midway redevelopment site comprehensive stormwater and irrigation system.

*Sources of Funding for the Comprehensive Stormwater and Irrigation System*

Capitol Region Watershed District Grant	\$416,000
City financing	\$1,141,000
HRA TIF	<u>\$750,000</u>
Total new proposed funding	\$2,307,000
Previously budgeted TIF funds	<u>\$3,068,382</u>
Total funding	\$5,375,382

The \$1,141,000 City financing for the innovative comprehensive stormwater and irrigation system will be repaid from connection charges imposed on the future private development within the Snelling Midway block. The connection charges will reflect the standard cost for a parcel's stormwater control that otherwise would have been managed on the development parcel. The Team, its successors or assigns, will pay connection charges for new development and surcharges or assessments for the long term maintenance of the system. See **Attached** Map and Background Information.

2. Infrastructure for Economic Development

The Team will construct roads, including Asbury, from Shields to Spruce Tree; Spruce Tree from Asbury to Simpson; and Simpson from Spruce Tree to Shields and a 35' wide pedestrian walkway from Shields to Spruce Tree. The improvements will provide a

public edge, and access, to the park, facilitate pedestrian movement from the Stadium to transit connections, and provide access to future new development. The roads will be constructed, as shown on the **Attached** map, in conformance with the Snelling Midway Master Plan (**Attached**). The HRA will transfer \$250,000 of TIF funds to the City for the Team to construct the improvements. The Team will pay the remaining costs for the improvements estimated at \$250,000.

### **Privately Owned Public Park (POP) Agreement**

The Snelling Midway master plan calls for development of a park north of Shields. The Team and City negotiated a POP agreement for development of a privately owned public park that was approved by the Parks Commission. City Council approval is anticipated on November 15, 2017. Per the terms of the POP agreement the City will provide \$250,000 to pay for standard sidewalks, lighting, trees and a portion of the greenspace area. The HRA will provide the City with \$165,000 of TIF and \$85,000 of HRA Loan Enterprise funds for their obligation. The Team will provide the land, pay the remaining development costs for the park (estimated at \$139,000), and will assume financial responsibility for the long term maintenance and management of the park.

### **Snelling Traffic Improvements**

Per the Alternative Urban Areawide Review, the traffic signal at Snelling and Spruce Tree will be relocated to the intersection of Snelling and Shields, and the Snelling median must be extended north, see **Attached** map. The City will construct the improvements with \$750,000 provided by the HRA.

### **Soft Costs/Environmental**

For this next phase of the development, there is a need for an additional \$400,000 to be made available for soft costs, including the City's owner's representation consultant, a Transportation Management Plan consultant, additional legal and a contingency. The HRA will provide the City with \$85,000 in TIF and \$315,000 in HRA Loan Enterprise funds for these soft costs. In addition, the HRA and City have determined the need to fund \$100,000 of the remediation costs addressed in the Funding Agreement. The HRA will provide \$100,000 to the City for this cost from the HRA Loan Enterprise Fund.

**Budget Action**

Per the amended funding agreement all HRA funds, including the original budget approved in March of 2016, will be transferred to the City. The **Attached** financial analysis includes \$500,000 of HRA Loan Enterprise Funds to cover a portion of the above items. An additional \$2,000,000 of HRA TIF will be transferred to the City from two of the TIF districts previously utilized: Neighborhood Scattered Sites with \$400,000 and Snelling University with \$1,600,000. If this resolution is approved there will remain approximately \$600,000 in the Snelling University TIF district.

**Future Action**

NA

**PED Credit Committee Review**

N/A

**Compliance**

The First Amendment to the Funding Agreement delegates the responsibility to the City for assuring all City and State contract compliance requirements are met.

**Green/Sustainable Development**

The First Amendment to the Funding Agreement delegates the responsibility to the City for assuring all City and State contract compliance requirements are met.

**Environmental Impact Disclosure**

The First Amendment to the Funding Agreement delegates the responsibility to the City for assuring all City and State contract compliance requirements are met.

**Historic Preservation**

N/A

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

The HRA has determined that there is a public purpose to take all actions and approve the requested resolution since the design, construction, and operation of a comprehensive district stormwater and irrigation system, park improvements and infrastructure improvements will: (i) provide a model district stormwater and irrigation system that will serve the stadium and future development (ii) provide a park amenity for the community and for the patrons of the soccer stadium. (ii) further the vitality of Saint Paul's Midway area by generating increased economic activity consistent with the Snelling Station Area Plan; (iii) further economic development and stimulate the local economy overall; and (iv) cause the property tax base to increase in the surrounding area.

### **Recommendation:**

The Executive Director recommends approval of the resolution authorizing the execution of a First Amendment to the Funding Agreement and a budget amendment for the added City obligations.

**Sponsored by:**           **Chair Brendmoen**  
                                  **Commissioner Stark**  
                                  **Commissioner Thao**  
                                  **Commissioner Tolbert**

**Staff:**                 Marie Franchett (266-6702) and Jenny Wolfe (266-6680)

### **Attachments**

- **Financial Analysis**
- **First Amendment to Funding Agreement**
- **Map of Comprehensive Stormwater Service Area**
- **Comprehensive Stormwater Background Information**
- **Map of Infrastructure and Snelling Avenue Improvements**
- **Snelling Midway Master Plan**