

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

REPORT TO THE COMMISSIONERS

DATE: March 2, 2016

REGARDING: RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A FUNDING AGREEMENT WITH THE CITY OF SAINT PAUL FOR SOCCER STADIUM SITE INFRASTRUCTURE AND REMEDIATION COSTS; AND APPROVAL OF A BUDGET AMENDMENT; DISTRICT 13, WARD 1

Requested Board Action

Approve the execution of a Funding Agreement with the City of Saint Paul for Soccer Stadium Site infrastructure and remediation costs, and approve an HRA budget amendment.

Background

The City adopted RES 15-1539 on August 26, 2015 supporting the development of a soccer stadium at the site located at 400 N. Snelling Avenue by MUSC Holdings LLC (the “Team”), in the Midway area. City staff has negotiated terms with the Team for execution of a development agreement requiring the City to perform remediation work and installation of infrastructure at the site, including adjacent development areas, and/or pay the cost of such work in the event the work is performed by the Team’s contractors. Under the development agreement, the Team has the exclusive responsibility to construct the stadium.

The City is requesting that the HRA provide funding for the remediation costs, infrastructure costs, and related soft costs under the terms and conditions of a funding agreement negotiated by staff for the City and HRA (“Funding Agreement”). The form of the Funding Agreement, which the HRA Board is being asked to approve, is included in **Attachment C**.

The City has asked the HRA to provide funding for: a) the payment of remediation costs in an amount not to exceed \$1,500,000, funded by the Saint Paul Port Authority; b) the payment of infrastructure costs in an amount not to exceed \$16,100,000; and c) for payment of soft costs that the City is responsible to pay outside of the Development Agreement in an amount not to exceed \$710,000 (the aforementioned remediation costs, infrastructure costs, and soft costs in the aggregate amount of \$18,310,000 are collectively referred to as the “Funding Amount”).

Additionally, \$90,000 of soft costs will be funded by the City, resulting in an aggregate total project cost of \$18,400,000 (see **Attachment D**).

The HRA sources include available fund balance in the Parking Enterprise Fund, expected funds in various tax increment financing districts, and a contribution for the remediation costs from the Saint Paul Port Authority. The HRA's obligations under the Funding Agreement are subject to approval of all future actions required by Minnesota law to amend certain tax increment financing plans and budgets (including notices and public hearings) to reflect receipt and spending of tax increment revenues generated from the sale of the Penfield project.

The specific tax increment financing districts include: Spruce Tree/Metz Bakery TIF District No. 83, Saint Paul Neighborhood Scattered Site TIF District No. 100, Empire Builder TIF District No. 148, and Snelling-University TIF District No. 135. Each district is located within the Saint Paul Neighborhood Redevelopment Project Area, the eligible area to expend the tax increment revenues. The tax increments will finance eligible costs in accordance with approved or amendment tax increment financing plans.

Budget Action

A budget amendment in the amount of \$18,088,614 is included in **Attachment B** (which is Attachment A to the Resolution). This amount, plus \$221,386 in an existing budget of the Snelling University TIF district, totals \$18,310,000.

Future Action

The HRA and City will need to formally amend the Scattered Site and Snelling University Tax Increment Financing Plans.

Financing Structure

The \$18,310,000 will be financed with the following HRA sources:

Sources:	New Budget	Existing Budget	Total
Parking Fund	\$ 285,314	\$ -	\$ 285,314
Port Authority EPA/Revolving Loan Fund	\$ 1,500,000	\$ -	\$ 1,500,000
Spruce Tree TIF	\$ 1,048,000	\$ -	\$ 1,048,000
Empire Builder TIF	\$ 1,320,000	\$ -	\$ 1,320,000
Scattered Site TIF	\$ 6,824,000	\$ -	\$ 6,824,000
Scattered Site TIF*	\$ 6,402,081	\$ -	\$ 6,402,081
Snelling University TIF*	\$ 709,219	\$ 221,386	\$ 930,605
Total HRA Sources	\$ 18,088,614	\$ 221,386	\$ 18,310,000

**These amounts listed under "New Budget" are not available until the Penfield project is sold and the tax increment revenues initially spent to finance the construction of the project are returned to the tax increment districts in the form of sales proceeds. The HRA and City will need to formally amend the TIF plans to recognize and spend these sources. The sales proceeds to be returned to the Scattered Site TIF total \$6,802,081 and to the Snelling University TIF \$2,880,000, lesser amounts are budgeted here.*

PED Credit Committee Review

N/A

Compliance

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

Green/Sustainable Development

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

Environmental Impact Disclosure

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 the Stadium and related development will: (i) provide a venue for professional soccer and a broad range of entertainment and commercial activities; (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 attached Resolution authorizing the execution of the Funding Agreement and budget amendment for the Soccer Stadium Site infrastructure and remediation costs.

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

Staff: Dave Gontarek (266-6674) and Jenny Wolfe (266-6680)

Attachments

- **Attachment B – Budget Amendment** (Attachment A to Resolution)
- **Attachment C – Funding Agreement**
- **Attachment D – Spending Detail**