

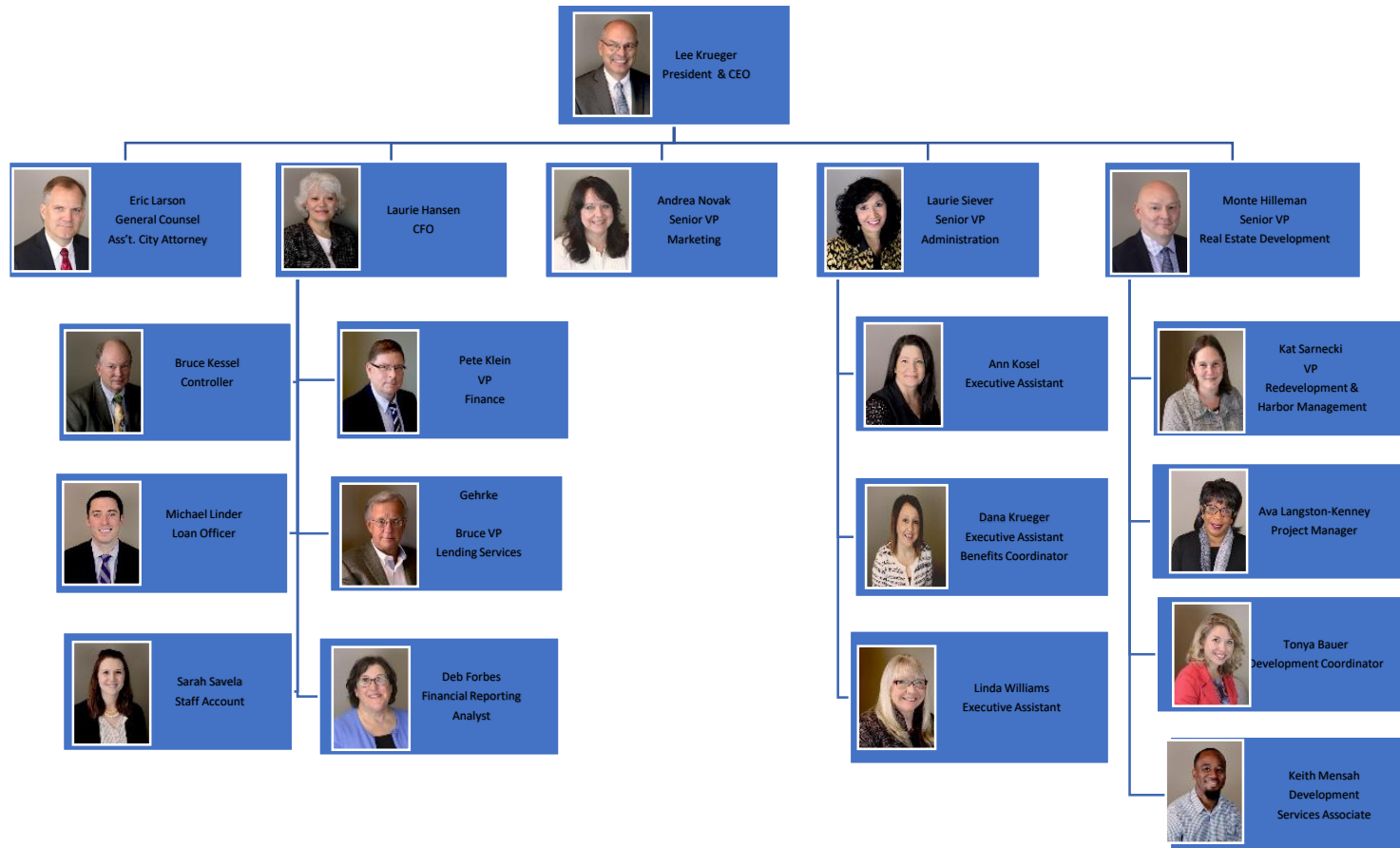


# Saint Paul City Council Budget Committee

October 4, 2017



# Organizational Chart



# Business Lines

- Harbor Management
- Brownfield Redevelopment
- Energy Saving Finance
- Port Consulting Services

# Harbor Management



- Own four ports along the Mississippi River in Saint Paul
- 1,200 jobs located on the river
- Approximately 6.9 million tons of commodities passed through in 2015
- The river is Minnesota's gateway to the global market – top exports include corn, soybeans and wheat
- Top imports include sand, gravel, fertilizer, salt, cement and coal

# Brownfield Redevelopment



- We acquire polluted, blighted properties the commercial real estate market won't touch
- We invest in the cleanup and return the land for light industrial use
- Measurable results in Port Business Centers
  - 500 businesses
  - 25,000 jobs
  - \$12 million in annual taxes
- Impact to families
  - Low barrier to entry jobs
  - Average wage of \$49,000 per year
  - Benefits

# Energy Savings Finance Programs



- Partnership between Saint Paul Port Authority, Xcel Energy, Center for Energy and Environment (CEE), the Minnesota Legislature and U.S. Department of Energy
- Xcel Energy covers most expenses
- Five Year Results
  - 107 completed projects (\$51.8 million)
  - \$27 million from Trillion BTU loans
  - 294 billion BTU savings (\$8.8 million value)
- Statewide program

# Energy Savings Finance Programs



- Innovative finance solution for business owners interested in energy efficiency and renewable energy
- Cash positive solution with no upfront costs, 100 percent financing and terms of 10 to 20 years
- Using a voluntary property assessment, payments are added to the property's real estate taxes
- State-wide program



- Extends the knowledge and expertise of a 20-person economic development team to other Minnesota cities and counties
- Additional funding source for future Port Authority projects
- Clients include:
  - City of Red Wing
  - City of Saint Paul
  - City of Sartell
  - Ramsey County
  - League of Minnesota Cities

# Strategic Objectives



## Joint Strategic Objectives with the City of Saint Paul

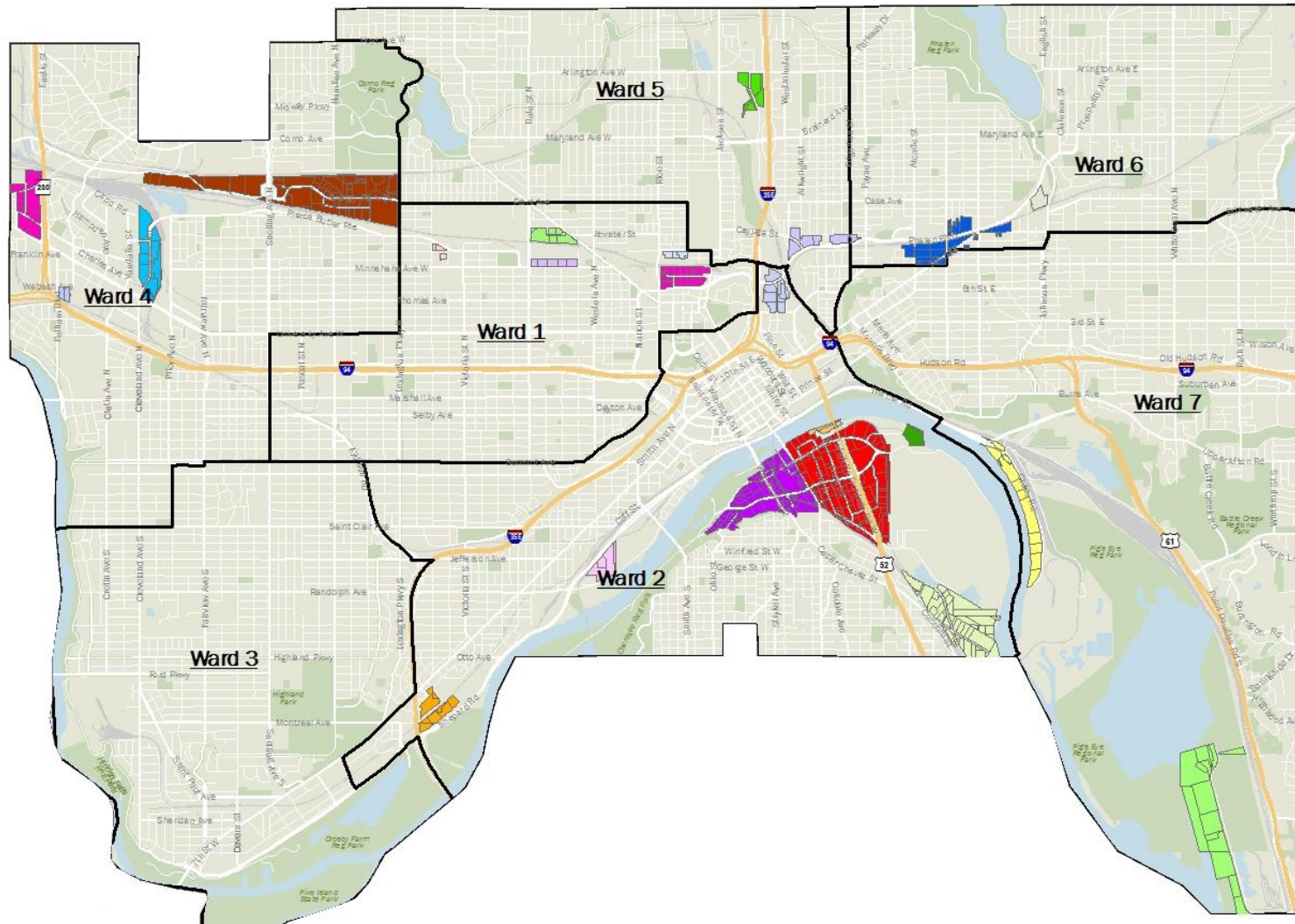
- Saint Paul Police Department Public Safety Training Facility
- Reuse of Former Public Safety Training Facility
- Treasure Island Center
- Police Department Lease at Treasure Island Center
- Midway/Snelling Redevelopment
- Lowertown Ballpark/Midway Stadium
- Viking River Cruises
- River Centre Ramp Redevelopment
- Trillion BTU/MinnPACE
- New Market Tax Credits
- Ecolab Skyway
- Innovation Task Force

# 2017 Budget

|   | 2016<br>Budget   | 2016<br>Projection | 2017<br>Budget   | Budget Change<br>Increase/(Decrease) | % of Revenues |
|---|------------------|--------------------|------------------|--------------------------------------|---------------|
| <b>REVENUES:</b>  |                  |                    |                  |                                      |               |
| Mandatory Levy  | \$ 900,000       | \$ 900,000         | \$ 900,000       | \$                                   | 19%           |
| TIF Recoveries  | 385,018          | 520,902            | 385,000          | (18)                                 | 8%            |
| Fiscal and administrative fees  | 1,047,537        | 920,870            | 975,336          | (72,201)                             | 20%           |
| Interest on loans   | 1,250,896        | 1,015,756          | 824,701          | (426,195)                            | 17%           |
| Reimbursed direct labor   | 50,900           | 50,828             | 50,500           | (400)                                | 1%            |
| Other operating revenue   | 82,337           | 82,337             | 84,138           | 1,801                                | 2%            |
| Interest on investments   | 24,000           | 104,322            | 27,000           | 3,000                                | 1%            |
| Grant income  | 1,550,000        | 1,550,000          | 1,550,000        | -                                    | 32%           |
| <b>Total Revenues</b>   | <b>5,290,688</b> | <b>5,145,016</b>   | <b>4,796,675</b> | <b>(494,013)</b>                     | <b>100%</b>   |
| <b>EXPENSES:</b>  |                  |                    |                  |                                      |               |
| Personnel costs   | 2,966,415        | 2,548,052          | 2,719,346        | (247,069)                            |               |
| Professional services:  |                  |                    |                  |                                      |               |
| Audit fees  | 56,100           | 55,150             | 56,100           | -                                    |               |
| Attorney costs  | 272,400          | 274,357            | 279,300          | 6,900                                |               |
| Other professional fees   | 222,955          | 213,360            | 224,250          | 1,295                                |               |
| <b>Total professional services</b>  | <b>551,455</b>   | <b>542,867</b>     | <b>559,650</b>   | <b>8,195</b>                         |               |
| Other general costs:  |                  |                    |                  |                                      |               |
| Office rent   | 241,802          | 225,451            | 239,019          | (2,783)                              |               |
| Insurance   | 104,713          | 98,948             | 106,722          | 2,009                                |               |
| General & administrative expenses   | 194,425          | 164,424            | 194,469          | 44                                   |               |
| Equipment maintenance   | 82,773           | 76,017             | 88,864           | 6,091                                |               |
| Depreciation  | 173,509          | 157,973            | 131,097          | (42,412)                             |               |
| Marketing   | 82,500           | 118,517            | 106,500          | 24,000                               |               |
| Development   | 384,000          | 396,246            | 487,500          | 103,500                              |               |
| Interest expense  | 415,288          | 219,432            | 85,064           | (330,224)                            |               |
| Property Maintenance  | 58,500           | 58,329             | 48,500           | (10,000)                             |               |
| <b>Total other general costs</b>  | <b>1,737,510</b> | <b>1,515,337</b>   | <b>1,487,735</b> | <b>(249,775)</b>                     |               |
| <b>Total Expenses</b>   | <b>5,255,380</b> | <b>4,606,257</b>   | <b>4,766,731</b> | <b>(488,649)</b>                     |               |
| <b>Net Operating Income</b>   | <b>35,308</b>    | <b>538,759</b>     | <b>29,944</b>    | <b>(5,364)</b>                       |               |
| <b>OTHER REVENUES(EXPENSES):</b>  |                  |                    |                  |                                      |               |
| Total Other Revenue (Expense)   | -                | (344,040)          | -                | -                                    |               |
| <b>Net Income (Loss) from Administrative &amp; Development Operations</b> | <b>35,308</b>    | <b>194,718</b>     | <b>29,944</b>    | <b>(5,364)</b>                       |               |

- Renewed Focus for 2017/2018
- Phase One: Research Project
  - Partnership with East Side Funders and the Carlson School of Management
  - Goal One: Understand the demographics in Port Business Centers
  - Goal Two: Gauge the effectiveness of our Workforce Agreements
  - Goal Three: Identify disconnects between employers, potential employees and local workforce development agencies
  - Goal Four: Leveraging the results, develop an actionable plan to better support equitable access to opportunities in Port Business Centers
  - Goal Five: Leverage the results to review and modify as needed the structure of our Workforce Agreements

# Business Centers and Terminals



- Arlington Jackson
- Barge Terminal #1
- Barge Terminal #2
- Beacon Bluff
- Chatsworth
- Crosby Lake
- Empire Builder
- Energy Park
- Great Northern North
- Great Northern South
- Midway Industrial Park
- Riverview Industrial Park West
- Northport
- North Rice
- Pelham
- Riverview Industrial Park
- River Bend
- Red Rock
- Southport
- Westgate
- Westminister
- Williams Hill

# Business Centers and Terminals

| Business Center      | Ward | Year Established | # of Companies | # of Jobs     | 2016 Taxes             |
|----------------------|------|------------------|----------------|---------------|------------------------|
| Chatsworth           | 1    | 2010             | 2              | 82            | \$181,646.00           |
| Empire Builder       | 1    | 1985             | 22             | 1,303         | \$788,205.00           |
| Great Northern North | 1    | 2000             | 5              | 550           | \$643,700.00           |
| Great Northern South | 1    | 2003             | 4              | 214           | \$535,894.00           |
| North Rice           | 1    | 1993             | 3              | 15            | \$165,302.00           |
| Barge Terminal 2     | 2    | 1960             | 1              | 10            | \$48,032.00            |
| Crosby Lake          | 2    | 1995             | 6              | 459           | \$858,694.00           |
| Northport            | 2    | 1980             | 2              | 80            | \$169,738.00           |
| River Bend           | 2    | 1998             | 8              | 445           | \$666,094.00           |
| Riverview            | 2    | 1962             | 109            | 5,932         | \$4,886,084.00         |
| Riverview West       | 2    | 1974             | 95             | 2,712         | \$4,809,410.00         |
| Southport            | 2    | 1964             | 14             | 147           | \$452,864.00           |
| Williams Hill        | 2    | 1997             | 8              | 400           | \$750,522.00           |
| Energy Park          | 4    | 1980             | 91             | 5,477         | \$6,993,962.00         |
| Midway               | 4    | 1976             | 43             | 1,132         | \$1,284,044.00         |
| Pelham               | 4    | 2011             | 4              | 78            | \$141,996.00           |
| Westgate             | 4    | 1987             | 57             | 2,361         | \$2,176,872.00         |
| Arlington Jackson    | 5    | 1996             | 5              | 573           | \$606,162.00           |
| Westminster Junction | 5    | 2003             | 16             | 1,170         | \$2,486,092.00         |
| Beacon Bluff         | 6    | 2010             | 8              | 468           | \$887,985.00           |
| Barge Terminal 1     | 7    | 1934             | 11             | 252           | \$480,193.00           |
| Red Rock             | 7    | 1964             | 8              | 615           | \$1,289,330.00         |
| <b>Total</b>         |      |                  | <b>522</b>     | <b>24,475</b> | <b>\$31,302,821.00</b> |

# Business Centers and Terminals

| Ward  | 2016 SPPA Business Center Property Tax Dollars | # of SPPA Business Centers | % Property Tax to Total |
|-------|--|----------------------------|-------------------------|
| 1     | \$2,314,747.00                                 | 5                          | 7%                      |
| 2     | \$12,641,438.00                                | 8                          | 40%                     |
| 3     | \$-  | 0                          | 0%                      |
| 4     | \$10,596,874.00                                | 4                          | 34%                     |
| 5     | \$3,092,254.00                                 | 3                          | 10%                     |
| 6     | \$887,985.00                                   | 1                          | 3%                      |
| 7     | \$1,769,523.00                                 | 2                          | 6%                      |
| Total | \$31,302,821.00                                | 23                         |                         |