

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

REPORT TO THE COMMISSIONERS

DATE: DECEMBER 13, 2017

**REGARDING: DESIGNATION OF M.O.E. CRAFT COMPANY, LLC AS TENTATIVE
DEVELOPER FOR FIRE HOUSE #10, 754 RANDOLPH AVENUE,
DISTRICT 9, WARD 2**

Requested Board Action

Staff is requesting the Housing and Redevelopment Authority of the City of Saint Paul (HRA) Board of Commissioners approve the designation of M.O.E. CRAFT COMPANY, LLC (M.O.E.) as tentative developer for Fire House #10 at 754 Randolph Avenue, for a period of 180 days from the date Fire House #10 is vacated, currently assumed to be January 1, 2018, in order to finalize financing, construction costs and approvals needed to redevelop the Fire House #10 building.

Background

The City of Saint Paul owns the Fire House #10 building in the Fort Road/West Seventh neighborhood. The property consists of a 9,800 sq. ft. two-story building, a storage shed, and a parking lot on a 0.41 acre parcel. The original fire house was built in 1885, and an addition was built in 1911. After a new station, Fire Administration Headquarters/Station 1, was built to serve the neighborhood in 2010, Fire House #10 has primarily been used by the Fire Department for storage.

With the property no longer needed by the Fire Department, the HRA was tasked with marketing it for potential redevelopment. A Request for Offers for Purchase and Reuse, along with background materials, was posted for Fire House #10 in mid-May. The posting was followed up with an article in the Pioneer Press, a listing on MNCAR, mention on social media, and the installation of a “for sale” sign on the property. HRA staff led over a dozen tours of the fire house for almost 50 groups and including well over 100 people. In mid-July the HRA started receiving offers, continued to accept offers through mid-August, and by the close of the request process had received 12 offers for purchase and reuse.

Staff reviewed the 12 proposals and ranked them against the following evaluation criteria:

1. Purchase Price
2. Contingencies
3. Historic designation commitment
4. Number and type of proposed jobs to be located on site
5. Projected property tax revenue
6. Mix of proposed uses
7. Amount and type of requested subsidy/City participation (if any)
8. Architectural design
9. Financial feasibility of project
10. Developer capability to deliver project

Staff Recommendation

Upon review of the 12 offers, HRA staff determined that M.O.E.'s proposal to relocate a craft brewery and restaurant to the site to be the most compelling and attractive. (See attachment for more details on the M.O.E. proposal.) After a careful comparison of the relative merits of the M.O.E. proposal versus the other proposals received, staff recommends awarding tentative developer status to M.O.E. This recommendation is for the following reasons:

- M.O.E. has a complete team, detailed design plans and construction estimates, and is relocating an existing and successful business to Saint Paul.
- M.O.E. will increase Saint Paul's tax base, and relocate existing and offer additional future jobs to the city based on a known and certain business model.
- M.O.E. shared a letter of support from a bank, and as the owner/occupant of the space, is not dependent on speculative rental income to make the proforma work.
- M.O.E. is committed to working within the guidelines of local historic designation.
- M.O.E.'s proposal will bring activity and add vitality to the West 7th neighborhood.

The property is currently RM1 Low-density multiple-family residential, which allows municipal buildings or uses but very limited commercial uses. RM1 zoning does not permit the proposed future use, however the building is being locally-designated as a heritage preservation site and Historic Preservation staff is supportive of a Historic Use Variance for commercial reuse. The surrounding property is a mix of commercial and residential zoning, with more commercial zoning along W. 7th, 1½ blocks away. The Comprehensive Plan identifies all of Randolph between W. 7th and Fairview as a Mixed-Use Corridor, along which the City supports a broad range of uses served by public transit.

Budget Action

Staff is seeking tentative developer designation only. There is no budget action at this time.

Future Action

Before the end of the 180-day tentative developer status period, if successful, a full development agreement will be drafted for HRA approval. Approval of the sale of Fire House #10 and related development agreement would require future action of the HRA Board of Commissioners preceded by a public hearing. HRA approval of the sale and development agreement would be contingent on approval by the Saint Paul City Council, which would also be preceded by a public hearing.

Financing Structure

Due to the conceptual status of the M.O.E. proposal, no detailed sources and uses of funds have yet been developed. The HRA's policy is to sell property at or above its appraised fair-market value. The appraised value of Fire House #10 is \$400,000.

PED Credit Committee Review – N/A

Compliance

Within 10 days of the approval of granting tentative developer status to M.O.E., a signed letter acknowledging receipt of the following City/HRA compliance documents ("Compliance Documents") that will or may be applicable for this project will be due from the developer:

- Vendor Outreach Program
- Two Bid Policy
- Affirmative Action
- Labor Standards
- Living Wage
- Business Subsidy
- Project Labor Agreement

If at the end of the tentative developer status period it is determined that a sale under the land disposition policy of the HRA is desired, a second compliance letter, outlining the specific compliance that will apply to the project, will be required before seeking approval of the full development agreement.

Green/Sustainable Development

The reuse of an existing structure is a green strategy that reduces waste and energy use. As applicable, the project will comply with the Saint Paul / HRA Sustainability Initiative.

Environmental Impact Disclosure – N/A

Historic Preservation

Fire House #10 (also known as Chemical House No. 5 and Engine House No. 10) was built in 1885 with an addition built in 1911. The building has been classified in the historic context study, “The Saint Paul Fire Department Engine Houses – 1869 to 1930 as a “storefront style” building. Fire Station #10 is locally significant due to its association with the early years of racially integrated firehouses in Saint Paul. It is one of the few firehouses that played a role in the integration of the African American company after it was disbanded in 1942. The city is currently pursuing local historic designation of the building.

In addition, the following strategies in the Historic Preservation Chapter of the 2010 *City of Saint Paul Comprehensive Plan* may be applicable:

HP 1.10 Give equal consideration to historic preservation factors when city action, involvement, or funding is requested or required.

HP 1.13 Designate city-owned properties that include historic resources as a heritage preservation site or historic district prior to sale.

HP 3.11 Make the designation of significant historic resources as heritage preservation sites a priority for the City Council.

The District 9 Area Plan Summary also supports preservation of the historic character of the community.

Public Purpose/Comprehensive Plan Conformance

This project will:

- create approximately 12-16 FTE permanent jobs; support new construction jobs;
- return tax-exempt property to the tax rolls;
- receive sales proceeds that can be used by the City for other activities;
- rehabilitate a vacant, historic structure; and
- create space for a local business to provide goods and services.

Statement of Chairman (for Public Hearing) – N/A

Recommendation:

The Executive Director recommends approval of the attached resolution designating M.O.E. CRAFT COMPANY, LLC as tentative developer for a 180-day period, commencing approximately January 1, 2018, to allow time to: 1) complete a scope of work; 2) finalize construction costs; 3) secure financing; and 4) negotiate any other terms and conditions necessary for approval by the City and HRA.

Sponsored by: Commissioner Noecker

Staff: Ross Currier, 651-266-6577

Attachments

- **Proposal Summary**
- **Map**
- **Public Purpose**
- **District 9 Profile**