

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

REPORT TO THE COMMISSIONERS

DATE: OCTOBER 9, 2019

**REGARDING: APPROVAL OF A FORGIVABLE LOAN FROM THE NEIGHBORHOOD
PARKING IMPROVEMENT FUND TO WATERLEMON, LLC AT 570
WEBSTER STREET, 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 attached resolution authorizing the commitment of up to \$264,000 of Neighborhood Parking Improvement funds to Waterlemon, LLC for the purpose of constructing a parking lot at 570 Webster Street, Saint Paul, MN.

Background

The Neighborhood Parking Improvement Fund (“NPIF”) is intended to help support neighborhood business development, and address parking pressures on established residential neighborhoods resulting from successful commercial districts. The long-vacant, historic Schmidt Keg House was adaptively reused as the Keg & Case Market (“Market”), opening in September of 2018 and attracting visitors from throughout the metro area. The Market consists of 25 new businesses with approximately 172 full-time equivalent employees. As a result of its success, the Market has brought additional parking demand to the area often resulting in parking spill-over into neighboring residential streets.

The Market developed some new parking adjacent to their building as part of the original project, but was unable to add an additional 44 parking spaces originally planned at 570 Webster Street due to project cost overruns and the lack of additional capital. Despite the need for additional off-street parking to reduce the pressures on the surrounding residential neighborhood, the Market is unable to afford the construction cost within their operating budget, thus necessitating funding from the NPIF.

No businesses will be displaced, and no land acquisition took place because of eminent domain. A profile of the District 9 Planning District is **attached**.

Budget Action

Funds are budgeted and no budget action is required. Balance in the NPIF will be \$386,884 if this resolution is approved.

Future Action

None.

Financing Structure

The use of the funds is the estimated costs for the entire construction project, including parking control equipment. The source of funds is the Neighborhood Parking Improvement Fund. The loan will be forgiven over a seven-year period, provided the parking lot is maintained.

USES		SOURCES	
Acquisition	\$ 26,500	Neighborhood Parking Fund	\$ 264,000
Earthwork / Paving	\$ 88,000	Developer Equity	\$ 26,500
Fencing / Landscaping	\$ 45,000		
Electrical	\$ 38,000		
Parking Equipment	\$ 50,000		
Fees / Permits / GC	\$ 30,250		
Contingency	\$ 12,750		
 Total Uses	 \$ 290,500	 Total Sources	 \$ 290,500

(1) Note: Design fees have already been paid by developer and are outside the scope of this project.

PED Credit Committee Review

The Credit Committee reviewed the loan at their September 17, 2019 meeting and approved the recommended Risk Rating of “Forgivable”.

Compliance

The developer will meet the required compliance requirements including Vendor Outreach, Affirmative Action, Federal Labor Standards, and the Two-Bid Policy.

Green/Sustainable Development

The project will comply with the site plan review requirements for parking lots (including stormwater management and landscaping), and the Saint Paul/HRA Sustainability Initiative.

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance:

The primary purpose for this project is to retain local businesses and support commercial activity, while at the same time reducing parking pressure on nearby residential streets (a Public Purpose Statement is **attached**). The project also supports the District 9 Area Plan which includes the hope to “develop job opportunities through retail, services, entertainment, and clean industrial development”.

Statement of Chairman (for Public Hearing)

“Being duly authorized by the Board of Commissioners to conduct this Public Hearing, the hearing is now open. This is a Public Hearing called for the purpose of awarding a business subsidy to Waterlemon, LLC. Notice of time, place, and purpose of this hearing was published in the Pioneer Press, a newspaper of general circulation in the City on the 28th of September, 2019. The Affidavit of Publication of the Notice of Public Hearing will be made a part of these

proceedings. Is there anyone who wishes to be heard on this matter? If not, the Chair will declare this Public Hearing adjourned.”

Recommendation:

The Director recommends approval of a forgivable loan of \$264,000 from the Neighborhood Parking Improvement Fund for the Waterlemon, LLC parking project.

Sponsored by:

Commissioner Noecker

Staff:

Ross Currier 651-266-6611

Attachments

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