

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

REPORT TO THE COMMISSIONERS

DATE: MAY 10, 2023

**REGARDING: RESOLUTION AMENDING THE 2023 HRA PARKING
ENTERPRISE FUND BUDGET FOR LAWSON RETAIL LOCATED
AT 367 WABASHA STREET, DISTRICT 17, WARD 2.**

Requested Board Action

Approval of the attached resolution amending the 2023 HRA budget for the HRA Parking Enterprise Fund budget to increase spending for Lawson Retail to construct a kitchen ventilation system in the restaurant space located at 367 Wabasha Street (“367 Wabasha”) and to pay a tenant broker fee to Port Consulting for 367 Wabasha.

Background

The HRA-owned Lawson Parking Ramp includes four retail spaces along Wabasha Street between 5th and 6th Streets (“Lawson Retail”). HRA Resolution 99-3/24-5 authorizes the HRA Executive Director and staff to negotiate and execute leases for Lawson Retail on behalf of the HRA. Dunn Brothers Coffee had occupied 367 Wabasha until Summer 2020 when the COVID-19 pandemic caused the coffeeshop to close and end its lease with the HRA. Since mid-2020, staff has marketed 367 Wabasha for lease. In January 2023, the HRA Executive Director executed a Letter of Intent (the “LOI”) with a prospective tenant (“the Tenant”) to lease 367 Wabasha for ten years to operate a full-service restaurant. Port Consulting, a division of the Saint Paul Port Authority, is acting as the Tenant’s broker.

To accommodate a full-service restaurant, 367 Wabasha needs to be retrofitted with a code-compliant kitchen ventilation system. The ventilation system includes a kitchen hood, exhaust fan, make up air unit, and associated mechanical improvements to accommodate the system. In coordination with the Department of Human Rights and Equal Economic Opportunity (HREEO), the HRA released a Request for Proposals to construct the ventilation system. The HRA received one bid for the work from Total Mechanical for a total construction cost of \$315,000. Broker fees are customarily paid by the landlord. Port Consulting’s broker fee is 4% of the total rent over the

lease term, or \$17,764 based on the executed LOI. Therefore, the 2023 HRA Parking Enterprise Budget needs to be amended to include these items plus a 10% contingency (\$31,500), for a total amount of \$364,264.

Budget Action

The HRA is approving a budget amendment to the 2023 HRA Parking Enterprise Fund Budget for Lawson Retail. The budget amendment is included in the attached Financial Analysis.

Future Action

N/A

Financing Structure

N/A

PED Credit Committee Review

N/A

Compliance

HRA staff has been working with HREEO on the public bid process. The compliance requirements that apply to the construction of the kitchen ventilation system include Vendor Outreach, Affirmative Action, City Labor Standards, Minnesota's Municipal Contracting Law, and HRA's Two-Bid Policy.

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance:

Retrofitting 367 Wabasha with a kitchen ventilation system will allow for a new restaurant tenant on a visible downtown corner and thus increase availability of goods and services, increase the tax base, generate private investment, and support commercial activity within the downtown core.

Recommendation:

The HRA Executive Director recommends approval of the attached resolution amending the 2023 HRA Budget for the Parking Enterprise Fund for Lawson Retail to include the additional amounts for the kitchen hood installation and broker fee.

Sponsored by: Commissioner Rebecca Noecker

Staff: Laura Haynssen 651-266-6597

Attachments

- **Map**
- **Financial Analysis**
- **D17 Downtown Neighborhood Profile**