

**City of West St. Paul
Economic Development Authority Work Session Minutes
August 26, 2019**

1. Open Work Session

President Napier called the meeting to order at 6:15 p.m.

2. Roll Call

Present: President Dave Napier
Commissioners Wendy Berry, Lisa Eng-Sarne,
Anthony Fernandez, John Justen, Bob Pace and Dick Vitelli

Absent: None

Also Present: City Manager Ryan Schroeder
City Attorney Kori Land
Interim Police Chief Brian Sturgeon
Fire Chief Mark Juelfs
EDA Assistant Treasurer Char Stark
EDA Executive Director Jim Hartshorn
City Clerk/EDA Secretary Shirley Buecksler

3. Agenda Items

Motion was made by Commissioner Berry and seconded by Commissioner Pace to adopt the agenda, as presented.

All members present voted aye. Motion carried.

A. Signal Hills Redevelopment Proposal Discussion

Executive Director Hartshorn introduced Nick Andersen, Vice President and Project Manager of Development, Eric Omdahl and Matt Hodges of Dominion Development Company. They are proposing a redevelopment project on 12 acres located on the northern side of the Signal Hills mall.

Dominium seeks tax increment financing (TIF) to help cover the costs of site cleanup, which includes demolition of the former K-mart and Signal Hills Bank buildings. The term and amount of the TIF district have not been determined. If the EDA supports moving forward, they will submit a TIF application and project pro-forma numbers for review at a future EDA Meeting. The estimated project costs are between \$90 to \$100 million dollars.

Hartshorn said this project meets the EDA's criteria for a business subsidy. The project would require a rezoning to an R-4 Multi-Family Residential district and is consistent with the Comp Plan (calls for mixed-use at Signal Hills mall) and proposed housing plan. Dominion would also apply for tax-exempt bonds and 4% affordable housing tax credits through Dakota County.

Mr. Anderson said Dominion is excited about this project. They have come to an agreement with the owner of Signal Hills mall to purchase the currently vacant Kmart, as well as the vacant bank building to the east. The project would include demolition of both buildings and new construction of approximately 370 units of housing. One of the buildings would be 137 units of work force housing, the second 232 units of senior independent living housing. The work force building would be four stories and the other would be a five story building. Mr. Anderson said the unit mix would include one, two and three bedroom apartments, with rents about \$1,050 to \$1,450 per month. He said they are seeing a huge demand for this type of housing not only in West St. Paul but also in the greater Dakota County and metro area. They have built many of these projects recently and demand is very robust. He said that Dominion is a 40 year old company that has been in business since 1972. Mr. Anderson said they own about 35,000 apartment units nationwide but they are based here in Plymouth, Minnesota. He said this would be a substantial investment in the city of West St. Paul and would really reinvest in this stretch of Robert Street, bringing a high quality development to the neighborhood.

Mayor Napier thanked them all for coming and said they did a great job on the drawing with the Twin Cities in the background.

Councilmember Fernandez asked if the AMI of 60% is their top number and if that is the same AMI or lower. Mr. Anderson answered that it is the same AMI And that it is their top number. He said the maximum income is adjusted based on household size. For one person, the maximum increment is \$42,000 annually. Up to a four person household would be up to \$60,000 annually. \$40,000-60,000 annual income is the income that would qualify to live in these apartments, he said.

Councilmember Fernandez asked if they will have underground parking. Mr. Anderson said yes, for both buildings. He said they are about 1.5 to 1 on parking, in total. Just under 2 to 1 in the family building and just under 3 to 1 in the senior building. Parking usually isn't an issue at that level, he said. Hartshorn added that it would have to be rezoned to the City's R4 parking requirements.

Councilmember Berry asked if anything would be done with the intersection at Robert and Butler, with 500-600 cars in that area. Hartshorn said we would have to review this further but that there are no immediate plans at this point. Councilmember Berry said it makes her nervous with the number of accidents in the area.

Mr. Anderson said one of the things they show on the plan is the roadway extending into the current Kmart parking lot. Currently from Orme Street, you drive into the

parking lot. That stretch, he said, would be converted into a roadway to allow access to Orme, as well as to Butler, so there would be two points of egress.

Councilmember Berry said people will want to use the stoplight, rather than turn at the Caribou backup line. Mayor Napier said that this may warrant a need for a stoplight at Orme.

Councilmember Vitelli asked if Staff has done a first blush on what it will cost the City. Hartshorn said they are asking for TIF and we have not negotiated what that would be, yet. He said he cannot estimate until he sees the numbers on the project. The first step is for Dominion to complete the TIF application, which would include much of the information Hartshorn will need to know before sending it off to Ehlers for a TIF run on it. Hartshorn said it's negotiable. He said we did one with DARTS and is assuming the TIF for this project would be very similar.

Councilmember Vitelli said this project is very intriguing and would like to have more information. He would like to see this move forward.

Councilmember Fernandez said this is not necessarily about this project but the City, in general, needs to have a conversation about what we are doing right now. Doing 60% AMI work force is competing against other existing apartment buildings. What is going to happen, he said, may be that we are going to take away clientele from other apartment buildings and relocate them to newer buildings. If tenants move out of the current or older apartment buildings, he questioned if those owners would up the ante or go lower. Councilmember Vitelli said if he was a landlord, he would try to make his property more attractive.

Councilmember Fernandez said it is a balancing act. We are adding a lot of apartment buildings and said this is nothing against this development, but that we have to start looking at these equations to make better land use.

Councilmember Justen said he asked a while ago for Staff to provide information about existing senior properties, total unit numbers, and the expected need. He would really like to see that because he sees a lot of senior projects coming up, though he is not opposed to them, he said. In terms of the developer, Councilmember Justen asked about the 2 to 1 parking and if that is something they want for their own purposes or if they are trying to meet the City's parking requirements. Mr. Anderson said they are trying to meet the City's requirements. They think, with the two buildings being adjacent to one another, they may be able to share parking, so it may be more than is really needed, he said.

Councilmember Justen said he would love to see those parking numbers go down. Looking at this, as we talk about walkability, and because this is ringed project in parking lots, there is a whole lot of people having to walk through a parking lot here, he said. Councilmember Justen said he would support lowering parking requirements if we could create that into more greenspace or sidewalks, especially with the

underground parking. Mr. Anderson said they would like that, as well, because when you reduce the parking, you increase the greenspace, which really makes for a nicer project.

Mayor Napier asked Dominion what they are looking for from the EDA tonight. Mr. Anderson said they had previously met with Hartshorn and discussed the next steps. Ehlers would be engaged but there is time and money associated with that, so they wanted direction on whether or not they should continue with this.

The Commission agreed to move the project forward.

4. Adjourn

Motion was made by Commissioner Berry and seconded by Commissioner Eng-Sarne to adjourn the meeting at 6:28 p.m.

All members present voted aye. Motion carried.

David J. Napier
President
City of West St. Paul