

**City of West St. Paul  
Economic Development Authority Work Session Minutes  
January 27, 2020**

**1. Open Work Session**

President Napier called the meeting to order at 6:00 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  
Lt. Matt Swenke  
EDA Executive Director Jim Hartshorn  
EDA Assistant Treasurer Char Stark  
City Clerk/EDA Secretary Shirley Buecksler

Keith Dahl, Financial Specialist – Ehlers  
Eric Omdahl, Senior Development Associate - Dominionium

**3. Agenda Items**

**A. Dominionium Project Development Agreement Review**

At the EDA Work Session on December 9, 2019, representatives from Dominionium reviewed their analysis memo, which included traffic and market study information, sources and uses, and a proforma, which includes the creation of a 15-year tax increment district. They mentioned that this project would total approximately \$100 million dollars and they would seek tax-exempt bonds from Dakota County, as well as 15 years of Tax Increment Financing (TIF) from the City of West St. Paul. Ehlers completed a review and felt the project could justify 12 years of TIF. The Board requested staff to continue working with Dominionium and try to reach a subsidy conclusion that all parties could agree on. City Staff, representatives from Dominionium and staff from Ehlers reviewed the project further and agree that 13 ½ years of TIF could be justified.

Executive Director Hartshorn said Dominionium's proposal includes purchasing 12 acres located on the northern side of the Signal Hills Mall. The project includes two

buildings, one of which is four stories with 137 units. The second building would be five stories with 232 units. This project would include the purchase of the Kmart and Signal Hills buildings. At the December 9 meeting, Dominion was seeking 20 years of TIF, then we had it down to 15 years. Ehlers reviewed and brought it down to 12 years. Dominion made good argument for bringing it somewhere in the middle. Right now, Hartshorn said he sent out the terms sheets this morning that explains the TIF district. It's a pay as you go, so there is no money up front. It is for 13 1/2 years and should be noted that there is currently a TIF district created by Dakota County in the 1990's with three years remaining of that. Hartshorn said we would have to approve a resolution for the decertification of that TIF district, which would have to be taken to the Board.

Mr. Dahl said we initially put together the terms sheet to guide the discussion and pass it along to the attorneys to draft the Development Agreement and the TIF Agreement. He said we wanted to put the high level information into this term sheet. TIF assistance would be 13 1/2 years with a present value of \$3.64M. From what we initially recommended in December of \$3.282M, this present value has increased with that 1 1/2 years. That's the main takeaway. We also put in the affordability requirement with 40% of the residential units meeting 60% of income. They had some initial conversations with Dominion and it sounds like some of the dates may change but the TIF assistance in that term will not change.

Mr. Omdahl said he wants to make it clear that last time we had ascertained that 15 years would be our position and the City was getting a recommendation from Ehlers at 12 years. We went back and want to make it clear that the current 13 1/2 years is in line with us. We can find ways to make these numbers work, he said. Some of the dates may change as we work towards TIF and Development Agreements. In reviewing item number 5, Requirements for Affordability, although it says 40% of the units would be affordable, it is our intent that 100% are affordable.

Commissioner Justen asked Mr. Omdahl if he is saying that all of their units will not exceed 60% of the median income. Mr. Omdahl said yes, 100% will be at or below the 60% median income.

Commissioner Vitelli said we have looked at a lot of projects. He asked about the quality of building materials. Mr. Omdahl said this would be in appearance of a market rate project with metal paneling, stone and brick on the exterior, and very high quality materials overall. A five story building with underground parking for seniors. The family building is four stories with underground parking. Flat roofs. Site plan is largely unchanged.

Commissioner Vitelli asked about countertops. Mr. Omdahl said within the apartments will be granite countertops, all GE white appliances, luxury vinyl plank flooring in the living room and bathroom areas, and carpet in the bedrooms.

Commissioner Pace referred this to City Manager Schroeder and asked if this is good. Schroeder said yes.

Commissioner Justen said to make these numbers work, you're not able to market the prevailing wage? Mr. Omdahl said agreed.

Commissioner Justen asked if anything we subsidize is required to be prevailing wage, or does this not count as a subsidy?

City Attorney Land said we have an ordinance on the books that whenever we use public subsidy including TIF, we have to include prevailing wage. She said she will check the ordinance to see if it applies to this project.

Based on the market value, President Napier asked what the tax revenue is to the City once that 13 1/2 years expires. We negotiated to make TIF work, so he said he wants to hear what the taxpayers of our city gained.

Mr. Dahl said that normally he would have it in front of him. After the district is paid off, he said the local taxes of the senior component would be \$217,500 and the family component would be \$128,400, give or take. He said it would be a total of a little under \$350,000 going forward after the TIF district is done.

Commissioner Fernandez said the numbers look good and he is happy to move forward.

President Napier thanked Mr. Dahl and Mr. Omdahl for coming tonight.

Mr. Omdahl said they will be back once the TIF and Development Agreements are drafted.

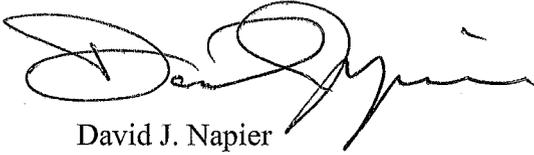
Commissioner Justen asked if we need to clean up the situation with prevailing wage. President Napier said City Attorney Land will look at it and Staff will work on it.

Mr. Omdahl said he has done some research on what would trigger the prevailing wage requirement. On other projects with FHA and HUD, it was a requirement; however, they are planning to finance through Freddie Mac, which doesn't have that requirement. If we were subject to prevailing wage, he said it would increase the cost of construction substantially, which could warrant further discussion. At this point, he said he is fairly confident that we wouldn't need to.

**4. Adjourn**

Motion was made by Commissioner Justen and seconded by Commissioner Vitelli to adjourn the meeting at 6:15 p.m.

All members present voted aye. Motion carried.

A handwritten signature in black ink, appearing to read 'David J. Napier', written in a cursive style.

David J. Napier  
President  
City of West St. Paul