

City of North Saint Paul
September 7, 2021
Approved City Council Workshop Meeting Minutes

North St. Paul City Hall – Council Chambers
2400 Margaret Street

I. CALL TO ORDER

Mayor Furlong called the meeting to order at 5:00 p.m.

II. ROLL CALL

Present: Council Member Thorsen
Council Member Petersen
Council Member Cole
Council Member Wong
Mayor Furlong

Staff: Interim City Manager Brian Frandle, Deputy Clerk Jennie Kloos, Finance Director Dan Winek, Communications Kari Erpenbach, Chief of Police Phil Baebenroth

Guests: Mikaela Huot, Baker Tilly Municipal Advisors, LLC.

III. ADOPT AGENDA

On motion by Council Member Petersen, seconded by Council Member Thorsen, with all present voting aye (5-0), motion carried to approve the agenda as presented.

IV. TOPIC(S)

A. Amended and Restated Business Subsidy Policy

Mikaela Huot, Baker Tilly Municipal Advisors, LLC presented an overview and background information regarding the Business Subsidy Policy. The Policy is proposed to be adopted on behalf of the City of North St. Paul and EDA for purposes of the business subsidies act. Terms used in the policy are intended to have the same meanings as used in the Statutes. Subdivision 3 of the Statutes specifies forms of financial assistance that are not considered a business subsidy. This list contains exceptions for several activities, including redevelopment, pollution clean-up, and housing, among others. By providing a business subsidy, the City commits to holding a public hearing, as applicable, and reporting annually to the Department of Employment and Economic Development on job and wage goal progress.

Prior to providing a business subsidy, cities are required to have a business subsidy policy. It is also recommended that cities periodically review and amend their policies to ensure alignment with current City development/redevelopment goals and objectives. The draft amended and restated policy would provide guidance for the City regarding the granting of any potential future business subsidies.

The purpose is to establish criteria for the City and EDA for granting of business subsidies and public financing for private development within the City.

Goals, Objectives and Requirements of the Policy:

- Remove blight and/or encourage redevelopment
- Expand and diversify local economy and tax base
- Encourage additional unsubsidized private development in the area
- Offset increased costs for redevelopment over and above the costs that a developer would incur in normal urban and suburban development
- Facilitate the development process and promote development on sites that could not be developed
- Retain local jobs and/or increase the number and diversity of quality jobs
- Meet other uses of public policy, as adopted by the City Council

Ms. Huot stated that they are unable to locate the original copy of the business subsidy policy and it is recommended that the city have this documentation in place prior to providing any business subsidies to future businesses.

The intent of the policy is to meet the requirements of the statute, provide flexibility as negotiations are made with future grantors and discuss what the goal is out of the developments.

B. Loan Agreement Between North St. Paul Economic Development Authority and NSP Hospitality, Inc.

The North St. Paul Economic Development Authority has proposed to provide a loan to NSP Hospitality in the amount of \$125,000 from available funds of the Authority for the purpose of providing funds to pay or reimburse all or a portion of the costs acquiring and installing certain equipment at a restaurant facility to be located at 2526 7th Ave. The loan is structured as 'forgivable', meaning the borrower may not have to repay all or a portion of the loan and interest, subject to the terms and specific forgiveness provisions set for in the agreement.

The level of assistance at \$125,000 does not constitute as a business subsidy, but the amount of assistance will require some reporting requirements that the recipient will provide to the city that the city will report to the state. There are conditions within the agreement that the business has to meet. The loan is a 5-year term at which point each year 20% of the loan would be forgivable.

EDA Chair, Robert Dew gave some background, stating that the EDA was approached by the NSP Hospitality and presented some of their challenges. The EDA discussed the value it would bring to the city, the need of the business owner and determined that there was a good exchange with the EDA's goals.

Council Member Thorsen stated his concerns if the business subsidy had been offered or advertised to other businesses and how would this request would be handled in the future.

Council Member Wong inquired on who would be responsible for maintenance of equipment. Mr. Dew commented that is the restaurant operator's responsibility.

Mr. Dew stated that business attraction and retention is the primary goal of the EDA. And would encourage the council to look at the new residents that are coming to downtown North St. Paul and look at where do these folks go to get services out of their home. By bringing new businesses to town, would encourage residents to look locally for their needs.

C. Parking Lot Options

Interim City Manager Frandle stated that a full reconstruction analysis is not completed and will be presented at the next council meeting on September 21, 2021.

Mayor Furlong stated that were not able to purchase the property located at 2564 7th Ave E. EDA Chair, Robert Dew stated that the property was purchased out of foreclosure and the mortgager did not foreclose within their 6-month period. In the following 7 days a junior creditor stepped forward to redeem the property. The EDA will receive the funds back with interest. One of the ideas in acquiring that parcel was in conjunction with the parking lot to create a safe and well lite passage from that parking lot to 7th Ave. Other options have been discussed to still accomplish that.

D. 2022 Budget

Interim City Manager Frandle gave an overview on the 2022 budget and reported updates on expenditures. Currently the proposed budget is at about 4.7%, increased from 2021.

Finance Director Dan Winek thanked Interim Manager Frandle for providing great leadership in the budget process. Mr. Winek stated that the budget process started with a 9.9% levy, and today we are at 4.7%. We have been working with Baker Tilly on a refunding bond issuance which will save over the life of the bonds. A Capital Improvement Plan has been developed that discusses equipment, technology and environmental components in addition to the road reconstruction.

The maximum budget levies will need to be certified at the next city council meeting on September 21, 2021, along with setting a date and time for the 2022 Truth in Taxation meeting. Proposal is for the maximum levies for the EDA and HRA per Statute, which is 8.78% increases. In comparison to other surrounding cities within Ramsey County, the City of North St. Paul is currently within the average of those cities with the preliminary tax levy for 2022.

Additional items were discussed for consideration that would impact the levy, including COLA, Fire & Code Enforcement wages, Council and Mayor pay and the addition of a Police Sergeant.

V. **OTHER BUSINESS**

There was no other business.

VI. **ADJOURNMENT**

There being no further business, on motion by Council Member Petersen, seconded by Council Member Cole, with all present voting aye (5-0), Mayor Furlong adjourned the workshop meeting at 6:24 p.m.

/s/ Terrence J. Furlong, Mayor

Attest: /s/ Brian Frandle, Interim City Manager/Clerk