

Garceau Corner Task Force

Second Meeting

June 19, 2019

Cathy Bennett opened the meeting at 6:01 p.m.

Recap of the First Task Force Meeting

Ms. Bennett asked Task Force members to share their thoughts about the property after their tour. Thoughts included:

- Really bad shape, disgusting and it seems like a tear down.
- Degree of vandalism was appalling.
- Terrible shape, far worst then thought it would be, and don't see how it could be reused.
- Market side was in terrible condition and should be torn down.
- Could the hardware store be cleaned up and reused.
- Don't see a way to reuse any of the buildings. Looks like a tear down.

Property History – City Staff

Planning/Community Development Director Wall gave a presentation on the history of Garceau Corner. Presentation included:

- Background on property history.
- Property purchase process.
- Work the City has done on the property since 2017.
- Background on the Hardware store. Question: Task Force member asked what the square footage is of the hardware building. Answer: 11,200 sq. ft.
- Background on the Market building.
- Background on the drainage property.
- City owns property and did a community engagement survey in 2016. Surveyed 400 residents.
- City held a developer roundtable to get feedback from developers about the site.
- City solicited feedback from an established restaurant. Feedback from them was that a restaurant would be challenged to succeed in that area.
- City considered affordable senior housing project. Two developers were interested. Council was concerned about saturation of senior housing market and about the size of the structure. Developers walked away.
- City pursued a higher-end/luxury apartment project. Beard Group was interested, but because of citizen feedback, developer withdrew the project.

- Reviewed background on grant awards, \$950,000 in clean up and demolition grants from Mn DEED, Met Council and Ramsey County. With no project, the grant funds were relinquished.
- City completed a blight analysis.
- Site contamination investigation was completed.

Questions from Task Force members:

Why was the Beard Group project considered too big of a problem? Response: The City needed a TIF district analysis done and a TIF agreement in place. Additional site investigation was also necessary, and in order to start that process, the City had to amend its Comprehensive Plan to change the land use and zoning for the property. When that was brought forward through the Planning Commission it was a contentious process and influenced where the Council was at and its desire to move forward with the project. The developer realized that and withdrew their application.

How is the City's current relationship with the Beard Group? Wall said that we understand what they did and why they backed off and we understand that we need a project that the Council will support.

If the City accepts a grant, what are the implications of that, would the City have to do anything, possibly zoning changes. Wall the understanding is that you will follow through with that project and take any necessary steps to complete the project.

Is the City still looking for grants for environmental clean-up? Wall replied yes.

Environmental/Contamination Background – AET, Mike Hultgren

Mike Hultgren spoke about contamination of the site. The City has had Phase I and Phase II Environmental Site Assessments completed.

Hultgren noted that site contamination includes demolition debris to 17 feet deep along west side of the property, elevated organic hydrocarbons associated with the debris, and petroleum impacts to soil around old gas station.

Hultgren talked about various ways to mitigate the groundwater contamination systems and vapor intrusion. Ways to deal with soil gas is to build a parking garage or build a mitigation system under a building, which may include burying pipes under the building that provide an avenue for vapors to go.

Questions from Task Force members:

Can it be capped for all scenarios? Hultgren responded yes.

Should the city be concerned about groundwater contamination into the lake? Hultgren responded no, and all agencies know about the site contamination and St. Paul Water Department monitors it constantly.

What about chemical used to treat termites, would the area need to be treated?

Hultgren said he does not know what would need to be used for treating termites and any affect it may have on the soil.

Is the Response Action Plan that has already been done on-line? Wall will check to make sure it is on the Garceau Task Force page on the City's website.

Financial/TIF Background – Ehlers, Jason Aarsvold

Jason Aarsvold reviewed the basics of Tax Increment Financing, the various types of TIF districts, the Garceau Site TIF, and gave an example of a similar project.

- What is TIF? The ability to capture and use most of the increased local property tax revenues from new development within a defined geographic area for a defined period of time without approval of the other taxing jurisdictions.
- Why use TIF? To promote economic development, bring development that does not exist today, help shape the look and feel of development, and actions strengthen existing economy.

Types of Districts? Redevelopment TIF, Renewal and Renovation TIF, Housing TIF, and Economic Development TIF. Aarsvold spoke about how a redevelopment TIF district can't be created if the buildings are gone.

Discussed the Garceau Corner TIF District which included the property acquisition and soft costs paid for by the City using pooled TIF funds, approximately \$835,000. Pooled TIF funds came from the City's existing TIF Districts, collected from those projects. The planned redevelopment of the site included creating enough new market value to accomplish the following:

- Secure grant funding to pay for site clean-up and future redevelopment costs;
- Sell the property to recover a portion of the City's investment;
- Generate tax increment to provide a PYGO TIF note to the developer to offset redevelopment costs; and
- Use the remaining TIF to make the City whole for site acquisition.

Questions from Task Force members:

Are there any reasons not to do TIF financing? Answer: You need a project that will generate enough value to benefit the project and justify spending the money to set up the District (consultant fees and staff time).

Where does the money come from into the TIF District? Answer: If a city develops a TIF District, then the property tax from the property would be paid as it usually would but some of the new taxes realized from the development would come to the City for the TIF fund for a period of up to 26 years depending on the TIF District. There is no consequence to the taxpayers, it's just a new stream of revenue.

Meeting Recap – Facilitator Cathy Bennett

Ms. Bennett gave a recap of the meeting. She noted that the next two meetings will include discussions with developers talk about redevelopment to things such as an office restaurant market and then following meeting would be residential, senior, multi family, etc.

Task Force members asked that a spread sheet be created that identifies what the City has paid to date for the project, by line item.

Ms. Bennett suggested that Task Force members get any questions they might have about items on the upcoming meeting agenda to her prior to the meeting so that staff are able to respond to them at the meeting.

Next meeting is scheduled for July 17. Task Force members set the August meeting for the 14th.