**ROBBINSDALE**
**ECONOMIC DEVELOPMENT AUTHORITY**
**AGENDA**
**7:00 P.M.**
**TUESDAY, MAY 8, 2018**
**COUNCIL CHAMBERS**

1. MEETING CALLED TO ORDER

2. MICROPHONE CHECK: Blonigan, Rogan, Murphy, Backen, President Selman

3. ROLL CALL: Rogan, Murphy, Backen, Blonigan. President Selman

4. CONSENT AGENDA:
Pursuant to REDA policy, one motion, non-debatable, will approve the recommendation noted. Any member of the REDA Board may ask for an item to be taken from the Consent Agenda for discussion and separate action. Such items removed from the Consent Agenda shall be considered immediately following approval of the balance of the Consent Agenda:

   A. **Motion** to approve and order placed on file minutes of the following:
      - **Regular Meeting Minutes and Executive Session Meeting Minutes** of April 10, 2018........................................ **2-9**

   B. **Motion** to set **Work Session for May 15, 2018** to discuss a tax increment financing proposal at the NE Corner of 36th & France....... **10**

   C. **Motion** to approve **Disbursement Requests** for period ending May 8, 2018............................................................... **11**

5. CONTINUED PUBLIC HEARINGS:
   A. 4131-35 West Broadway – Business Subsidy........................... **12-36**

6. PUBLIC HEARINGS:
   A. 4524 Regent – Disposition of Land........................................ **37**

7. OLD BUSINESS:
   A. Downtown Mural Proposal.................................................. **38-39**
   B. 4205 West Broadway – Discuss Plans........................................ **40**

8. NEW BUSINESS:
   A. None scheduled

9. OTHER BUSINESS:
   A. None scheduled

10. INFORMATION ONLY:
   A. Project Updates.......................................................... **41-42**

11. REDA GENERAL COMMUNICATIONS

12. ADJOURNMENT

Marcia E. Glick

Marcia Glick, Executive Director

**ROBBINSDALE**
**ECONOMIC DEVELOPMENT AUTHORITY**
**MEETING MINUTES**
**TUESDAY, APRIL 10, 2018**
**COUNCIL CHAMBERS**

## CALL TO ORDER:

1. The Robbinsdale Economic Development Authority (REDA) meeting was called to order by President Selman at 7:00 p.m.

## MICROPHONE CHECK:

2. Complete.

## ROLL CALL:

3. Members Present: Blonigan, Rogan, Murphy, Backen, President Selman
   Members Absent: None
   Staff Present: Marcia Glick, Executive Director
   Rick Pearson, Community Development Coordinator

## #4A-D CONSENT AGENDA:

4. **MOTION** by Member Blonigan, seconded by Member Backen to approve and place on file the Consent Agenda Items #4A-D:

   A. Motion to approve and order place on file minutes of the following:
      - Regular Meeting Minutes of April10, 2018;

   B. Pulled by Member Blonigan.

   C. Motion to approve **Disbursement Requests** for period ending April 10, 2018;

   D. Motion to adopt **Resolution No. 2018-04**, "A RESOLUTION UPDATING THE DEVELOPER FEE POLICY.

5. **All voted in favor and the motion carried.**

## #4B CONSENT B
## Broadway Court Commercial Lease Amendment

6. Member Blonigan pulled Agenda Item #4B for further discussion of the agreement including exclusivity rights adding during the term of the lease and as long as Lessee is current in their rent.

7. **MOTION** by Member Blonigan, seconded by Member Backen to authorize the Executive Director to execute an amendment to the lease for ETW Wellness regarding exclusive rights to offer certain classes including the addition of language noted above.

8. **All voted in favor and the motion carried.**

## #5A: CONTINUED PUBLIC HEARING:
## 4530 Regent – Disposition of Land – Possible Executive Session

9. Pearson presented the staff report noting that the builder, James Peterson, had listened to feedback from the last meeting and provided plans for a new home which would seek to preserve the silver maple and would use more of the lot width offsetting the garage. The main floor now meets the 1,100 square foot minimum requirements. Expected sale price is $396,000. The County Assessor confirmed the price estimate.

10. Member Blonigan confirmed the home sits further back on the lot creating a bigger front yard, smaller back yard and saving the silver maple tree.

11. President Selman opened the public hearing.

12. **Royan Allison of 4518 Regent**. Asked what is the square footage? Concerned about the price for a 3 bedroom is kind of high. Finished basement with bedroom would justify that price.

13. President Selman announced the Board will be going into Executive Session to consider negotiation strategy regarding the purchase terms.
    Recessed at 7:13 p.m.
    Returned at 7:18 p.m.

14. **MOTION** by Member Rogan, seconded by Member Blonigan to close the public hearing. **All were in favor and the motion carried.**

15. **MOTION** by Member Backen, seconded by Member Blonigan to adopt the resolution authorizing the Executive Director to execute a development agreement with James C. Peterson and Assoc., Inc. for the development of 4530 Regent Ave N.

16. President Selman clarified that the builder proposes the sale price and the proposed price was deemed reasonable by the County Assessor.

17. Member Blonigan felt confident that someone will build out the basement in the future, exterior upgrades are more important. Builder has done a great job in the past.

18. **All were in favor and the motion carried.**

## #6A: PUBLIC HEARINGS:
## 4131-35 West Broadway – Business Subsidy:

19. Glick reviewed the staff report and reviewed details of the business subsidy criteria and TIF consideration.

20. Member Rogan asked what is eligible to be paid before the TIF District terminates.

21. Glick clarified that currently taxes are being collected in the TIF District for the cost of site acquisition and demolition of a building formally on the current Travail site for a total of $370,000. The remaining $291,000 was allocated for the Pro Meals site. She confirmed that improvements on the 2nd site would increase the tax increments generated.

22. Member Murphy asked what triggers a business subsidy. REDA Attorney Batty reviewed the state requirements; a hearing is required of over $150,000 in assistance unless it qualifies for a list of exceptions. The current property in question was purchased on a contract for deed with interest and wasn't a business subsidy. The request is for REDA to sell the building for less than the price they bought it, and triggers the business subsidy.

23. Member Backen asked the date the TIF district was certified and blight analysis requirements. Glick stated the TIF District was certified in 2013, with first increment collection beginning in 2015. Three of the four buildings qualified as blighted in 2013, including the two in question tonight.

24. Member Blonigan reviewed the mechanics of creating a TIF District and the amount of tax increment the project would produce in years to come. The amount of revenue the TIF District would produce if the business subsidy were approved is projected to be $634,000, about double if not approved.

25. Batty stated that the TIF District will last only as long as there are payment obligations to meet. That would be good news because the property would go back on city tax rolls.

26. Member Rogan asked about the Hennepin County grant and projected timeline. Glick replied 4 to 6 weeks, until the money runs out and that the grant considers multiple factors including jobs created and jobs preserved. The grant looks for ways to remove extraordinary costs impeding development.

27. Member Blonigan asked about job calculations regarding moving from one location to another. For the business subsidy, they will be required to have hire and retain a certain amount of paid positions at a certain wage. The jobs need to be associated with the business.

28. Member Murphy asked about the write down on property owned by the city, if it would be considered a business subsidy if more than $150,000? Glick stated in this case yes, since it doesn't qualify for any exceptions according to State Statute. Batty stated that it will qualify as a business subsidy, regardless of the source of payment.

29. Applicants
**Owners:**
James Winberg, 2419 Quincy St NE, Minneapolis
Mike Brown, 4423 Josephine Lane, Robbinsdale
Bob Gerkin, 831 Franklin Ave, St. Louis Park
**Architects:**
Gabriel Keller, Peterson-Keller Architecture, 1526 West 25th St, Mpls.
Brian Fish, Peterson-Keller Architecture, 4329 29th Ave, Mpls.

The owners and architects addressed the current building's issues including the foundation and footings. The current foundation is not stable enough for a renovated or rebuilt building. There are current foundation walls with no footings at all. The site is indicated as having two buildings built in 1900 and 1927. The presenters reviewed the concept design. The new building would be two stories, and fully accessible with an elevator and meets architectural design guidelines. The new building would include a rooftop patio and have increased space, and better bathrooms, improved dining experience.

30. Member Blonigan asked if there is a component in the proposed building where Travail would brew their own beer. Brown stated they are not putting a brewery in this building and this new building is specifically being built for Travail. He believes the new project will further progress Travail in the building and allow Pig Ate My Pizza to move to the new Travail site to increase seating capacity as Pig Ate My Pizza has outgrown the current space. A new restaurant would open in the current Pig Ate My Pizza location by the current Marna's Café owner, bringing more people to Robbinsdale.

31. Member Murphy asked to comment on what it means to the citizens of Robbinsdale to subsidize this business. Brown stated the concept of Travail is the fine dining experience which will help pay for the development. The more diversity in the downtown creates more interest in the downtown. Plans for small pop-up events advertised to local residents featuring red, blue light events featuring special menu items, and roof top movies with free popcorn.

32. Glick clarified the TIF district has to meet strict state regulations.

33. **MOTION** by Member Rogan, seconded by Member Blonigan to put into the record the letter received from the owners of Wicked Wort Brewery.
**All were in favor and the motion carried.**

34. President Selman opened the public hearing.

35. **Dr. Steven Menya, Owner of Lions Gym and Wellness Center, 4123 West Broadway, Robbinsdale:** He is concerned about some of the restrictions placed on his business when it was approved. He supports the proposed project but is concerned about parking. As it is now, parking is shared with neighbors. He has had to remind neighbors from Broadway Court not to park on his lot. He would like to add a second floor to his business someday, which believes if this

project is approved, would also allow him to do so. Otherwise, he is in support of development and improvements to the neighborhood.

36. **Steve Carlyle, 4175 West Broadway, Robbinsdale:** He believes parking is terrible. He believes doing this is irresponsible without increasing parking spots. He was told the rooftop patio he wants to build needed to wait for the light rail park and ride to be built. What is being done about the parking?

37. **MOTION** by Member Backen, seconded by Member Rogan to continue the public hearing to Tuesday, May 8, 2018 at 7:00 p.m.

    Glick noted that the public hearing would be re-advertised because of changes to details on the application with more knowledge regarding the County grant funds. **All were in favor and the motion carried.**

38. Glick addressed the parking concerns. She noted approximately100 spaces of lightly used public parking is available behind the water tower and other areas west of Hubbard. Directional public parking signage will be added to the parking lot under the water tower and the lot next to Northside Oriental. In addition, the BP station at 42nd Avenue and West Broadway will be cleared this summer for temporary additional parking. In the future with light rail construction impacts, the city will be consulting with Washburn-McReavy and Sacred Heart regarding options to use their parking lots. We don't know if Light Rail will come yet.

39. Member Murphy noted he has spoken to many business owners regarding parking and working on notifying people where parking is available. The City will continue to work on solutions.

40. **Dr. Steven Menya, Owner of Lions Gym and Wellness Center, 4123 West Broadway, Robbinsdale:**
    He suggested increasing the lighting in the parking lots near the railroad tracks or increasing Metro Transit's police presence.

41. President Selman suggested asking Met Council to remove the 3 hour parking signs, if not enforced.

42. Member Rogan asked to be provided further information on the business subsidy requirements and proposal at the next meeting.

43. Member Backen very concerned that the proposed building doesn't reflect the character of the existing downtown buildings. He believes the building does not meet our downtown design guidelines and should reflect the character of the adjacent businesses. Wants to be cautious of a building which looks too modern or doesn't fit. Agrees more work needs to be done addressing parking concerns.

44. Member Murphy agreed with Member Backen on parking. Need to put more effort into maximizing existing parking. Interested in further analysis of the business subsidy. A big part may hinge on the Hennepin County grant.

45. Member Blonigan thanked all and thinks concept could go forward. He supports the lighting plan to increase light level in parking lots near the water tower. He supports the Wicked Wort rooftop idea and the idea of Lions Gym building a second story. He noted that some time ago there was no activity downtown after 6 pm and that can also be a problem. Now, even in the busiest times, he has always been able to find a parking spot near to where he's going. A town is going to change. Buildings as old as these sometimes need to be removed. In an inner ring suburb where you aren't building on green acres, the city needs to be creative to move projects forward.

**#8A: NEW BUSINESS:**
**Downtown Mural Proposal**

46. Glick presented staff report for this mural proposal at the south wall of the Ace Hardware. The owner is willing to provide paint for project. She presented concepts for murals and reviewed budget funding.

47. The Board supports the mural project, and would consider usage of REDA funds and the solicitation of contributions. If Whiz Bang design, the mural could include a placard describing the history of Fawcett Publishing in Robbinsdale. The Board would like to see additional concepts for the mural and ideas for other locations.

48. Staff will provide more information at the May 8th REDA meeting.

**#9A: OTHER BUSINESS:**
**Insurance Renewal – Waiving The Statutory Tort Liability Limits**

49. Glick reviewed the staff report. The annual insurance renewal recommendation is to not include a waiver of the municipal tort liability limits and not involve the purchase of extra coverage.

50. **MOTION** by Member Rogan, seconded by Member Murphy to direct the Executive Director to execute the appropriate documents related to the 2018-2019 insurance renewal which will not include a waiver of the municipal tort liability limits and not involve the purchase of extra coverage.
**All were in favor and the motion carried.**

**#10A: Information Only: Project Updates**

51. No action required.
- 4629 France closing and starting construction soon.
- Ace Hardware will be moving forward with tuck pointing and parapet repair

**#11: REDA General Communications**

52. Member Murphy thanked the Quasquicentennial committee members for organizing the events. He enjoyed the carriage rides in downtown Robbinsdale.

53. Member Blonigan thanked the staff for their work on the business subsidy request, acknowledged support from law firm Kennedy and Graven and Executive Director for her thorough explanation of tax increment financing.

54. President Selman announced the Lions French Toast breakfast on Sunday, April 22, 2018.

## 12: ADJOURNMENT:

55. **MOTION** by Member Murphy, seconded by Member Blonigan to adjourn the meeting at 9:17 p.m.
**All voted in favor and the motion carried.**

Marcia Glick, Recording Secretary

George B. Selman, REDA President

# ROBBINSDALE
# ECONOMIC DEVELOPMENT AUTHORITY
## Executive Session MEETING MINUTES
## TUESDAY, April 10, 2018

**CALL TO ORDER:**

1. The Board Executive Session was called to order at 7:15 p.m.

**ROLL CALL:**

2. Members Present: Murphy, Selman, Rogan, Blonigan, President Backen
   Members Absent: None
   Staff Present: Marcia Glick, Executive Director;
   Rick Pearson, Community Development Coordinator
   Ron Batty, REDA Attorney

3. The purpose of the meeting was to discuss negotiation strategy for 4530 Regent Development purchase proposal. Board members provided instruction to the Executive Director.

[NOTE: A tape recording of this meeting will be available after the property has been acquired.]

4. The meeting was adjourned at 7:17 pm.

| | |
|---|---|
| Marcia Glick, Recorder | George B. Selman, President |

City of Robbinsdale

To: Mayor and City Manager

From: Marcia Glick, City Manager

Date: May 8, 2015

RE: Set work session May 15th

Background

Last fall REDA was introduced to a concept for an apartment development at 36th & France tentatively called The Fawcett. The developer has advanced the financing for the project and is ready to ask REDA to consider pay-as-you-go tax increment financing to bridge the anticipated financing gap for the luxury apartment project.

Recommendation

By motion, schedule a work sessions for 6 pm on May 15th for the purpose discussing a tax increment financing proposal for a development at the NE corner of 36th & France.

Marcia Glick

Marcia Glick, City Manager

**AGENDA ITEM # 4C**
**May 8, 2018**

**CONSENT AGENDA: Disbursement Requests for period ending May 8, 2018**

This information will be distributed at the meeting.

AGENDA ITEM #
May 8, 2018

***Public Hearing:*** **Business Subsidy Request 4131-35 W Broadway**

## BACKGROUND:

Pro Meals LLC has a contract for deed for the property at 4131-35 W Broadway and has requested consideration for financial assistance and renegotiation of the purchase and development agreement with Robbinsdale Economic Development Authority (REDA). The purchase of the property was originally for the Performance Meals venture and retail; then changed to Performance Meals, office, and a smaller retail area – the retail concept did not proceed.

Pro Meals notified REDA in December 2017 of the end of the agreement with Performance Meals and their intention to completely renovate the building as a new location for Pig Ate My Pizza which would be operated by Soul Brothers LLC.

In an update on the remodeling plan budget, REDA was informed that due to the poor condition of the building, an alternative of a new building was being considered. The concept (shown in Exhibit 1) is for a 2 story building with part of the 2nd floor being an outdoor patio. An updated site plan is shown as Exhibit 2.

A public hearing was held on April 10, 2018 regarding an estimated business subsidy of $520,000. The total was a combination of a request for REDA to consider a reduced purchase price under the redevelopment agreement and anticipated funds from a Hennepin County grant which could cover some of the site preparation and relocation of utilities. The draft minutes of the meeting are included in the agenda packet. In addition to the applicant, a letter was submitted from Wicked Wort, and Steven Menya from Lions Gym and Steven Carlyle from Wicked Wort each expressed concern about increased parking demands.

The public hearing was re-advertised for tonight's meeting as the budget details were still being reviewed and specific terms for the business subsidy were still being developed. The total business assistance requested is $541,654. The May 1, 2018 summary sheet prepared for the request is shown as Exhibit 3 which includes an additional cost of $10,021 confirmed for relocation of Century Link Services to the group of businesses.

## DISCUSSION:

The public hearing is related to financial assistance requested for redeveloping the site, replacing two substandard buildings with the new two-story building with a partial basement. The new building is proposed to house a restaurant, catering services and a private event space. The 2018 Estimated Market Values, updated with new data available, is $402,000; the estimated finished site value is $1.5 Million. Financial assistance includes a request to renegotiate the purchase and development agreement, which currently has $314,000 left on the contract; as well as funds to demolish the existing buildings, estimated at $70,000, and to assist with other construction costs involving relocation of electric utilities, century link utilities, soil stabilization, and other items identified in the updated budget shown in Exhibit 4. The costs include updated information from Xcel and contractor estimates on related to preparing the site for transformer and pole relocation as well as electrical updates required for Wuollet Bakery and Strait Stuff. The total business assistance requested is $541,654. The construction of the new building would be privately financed.

REDA has a long history of investment in downtown Robbinsdale as outlined in Exhibit 5. Funds available to REDA for this site include future tax increments from TIF District No. 10, grants it may obtain from other agencies, and development accounts. Any allocation of funds at the level requested are subject to Business Subsidy Criteria (Exhibit 6) which includes consistency with the Comprehensive Plan and downtown architectural design guidelines. REDA must also determine that the project would not occur but for the assistance provided. The Hennepin County grant requires a minimum job creation of 13 new full-time jobs at a minimum wage of $13.01 per hour and REDA has consistently required the business to remain in operation for a minimum of five years after receipt of a business subsidy (Business Criteria V).

TIF District No. 10, including this property and the Travail restaurant on the other side of West Broadway, was certified in March 2013. Simply stated, the property tax payments for the improved sites in this district, which are in excess of the taxes based on the sites in 2012 (funds which only exist because of the higher taxes related to redevelopment), are paid to REDA to repay assistance provided. Information on the district is shown in Exhibit 7. There is currently $291,866 in the budget identified as purchase price Write Down for the 4131-35 site. If county grant funds are not approved or approved at a total less than requested, REDA could consider amending the TIF budget.

**Business Subsidy Criteria – Refer to Exhibit 8**
**Architectural Design Guideline Review – Exhibit 9**
**But-For Review – Exhibit 10**

**TIF Consideration** – Per Jason Aarsvold of Ehlers, the current district without further redevelopment and which is generating tax increment of $28,825 in 2018 is expected to generate a total of $634,000 through the last increment payment in 2039. If the new building were completed and valued at $1.5M for taxes payable in 2020, the increment would increase to about $58,700 annually and would be expected to generate $1,230,000 through the life of the district. If tax increments are the expected source for repayment of assistance, a provision for a reliable repayment stream would include, at minimum, an Assessment Agreement establishing a guaranteed minimum property value for taxation purposes and a 2nd mortgage on the property.

**Written Comment Received April 10, 2018 and REDA Attorney Response**
The letter received from Wicked Wort at the April 10, 2018 meeting is included as Exhibit 11. The response from REDA Attorney to issues raised is included as Exhibit 12.

**Written Comment Received Through Printing of Agenda on May 4, 2018**
Letters submitted from members of the public to be added to the public hearing are included as Appendix 1.

**Assistance from Hennepin County Economic Development Infrastructure Fund Grant**
A grant application has been submitted to Hennepin County for eligible costs including demolition, shoring, utility relocations, and repaving and striping the parking lot totaling $216,633 (refer to Exhibit 4). County staff recommendation to the County board is an award of $164,000; a combination of job creation plus assistance related to collateral costs for other businesses. Late information was also provided regarding the CenturyLink utility relocation cost of $10,021. The County grant would be to REDA. It would be expected that REDA's agreement with the developer would include job performance requirement for the portion of the grant related to job creation by Soul Brothers (Travail plus PAMP) and furthermore that portion of assistance would be in the form of a forgivable loan.

Staff will provide an update on the County Grant review to the meeting.

**Consideration of REDA Assistance**

The request to write down the acquisition price related to clearing a site to prepare for new construction is a typical assistance approved by REDA and this typically also includes the cost of demolition. In the example of assistance provided at 4124 W Broadway, the repayment via tax increments was secured through a mortgage plus interest at 2%.

Part of the request for assistance would be to cover the collateral impacts of construction related to relocation of electrical, phone/internet for adjacent businesses. This assistance would be within the downtown redevelopment area, but outside of the TIF district.

The portion of the request to the County grant, not recommended for funding by the subcommittee will be known by the time of the meeting. Some of the line items included in the County submission are not typically items where REDA would provide assistance. Staff will bring a recommendation to the meeting.

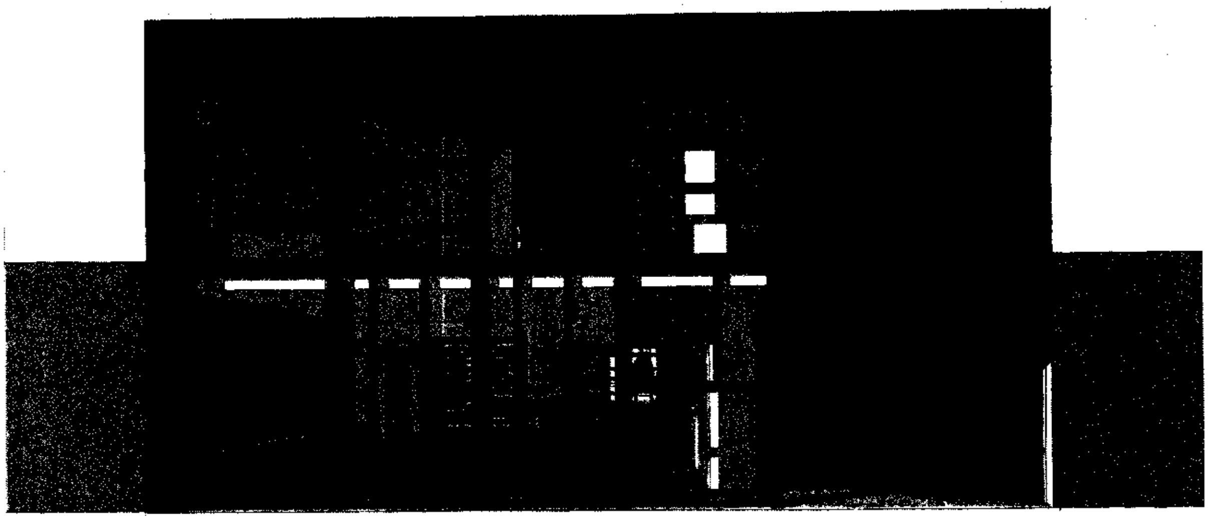
**RECOMMENDATION:**

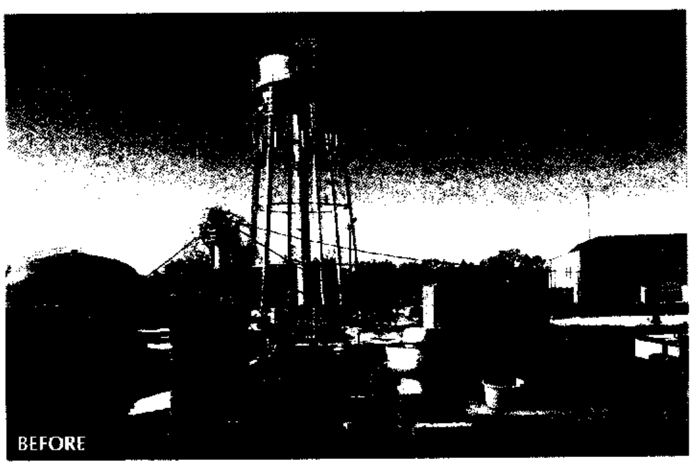
1. Hold the public hearing on the request to receive public testimony.
2. By Motion, receive the letters in Appendix 1 and any other letters received during the public hearing as part of the record.
3. Close the public hearing.
4. Discuss the funding requests 1) site acquisition cost; 2) anticipated assistance through county grant; and 3) assistance sought not recommended by the county for funding.
5. Determine whether to take action with direction to staff on components of approval or to direct staff to bring back an agreement for consideration at the June 12th REDA meeting.

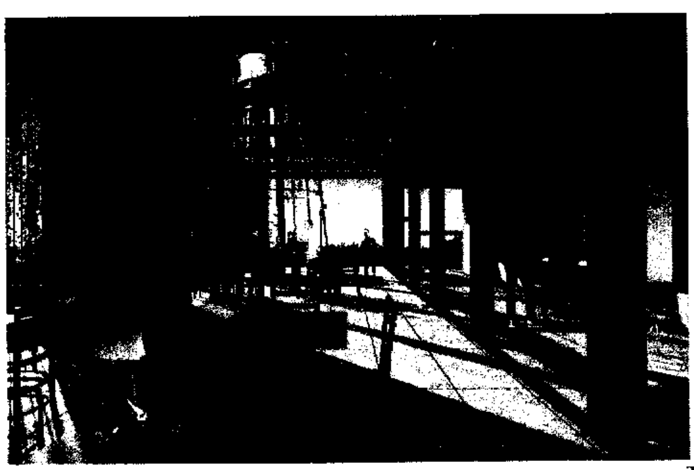
Marcia Glick

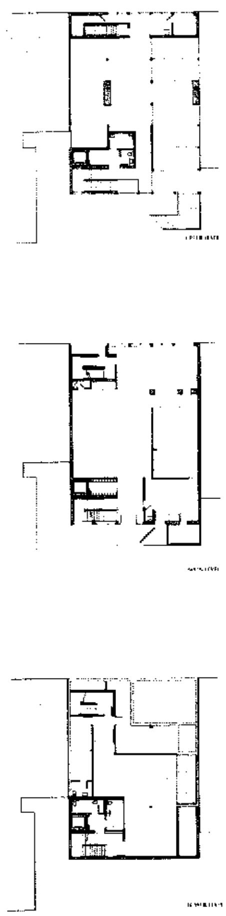
Marcia Glick, Executive Director

Exhibit 1





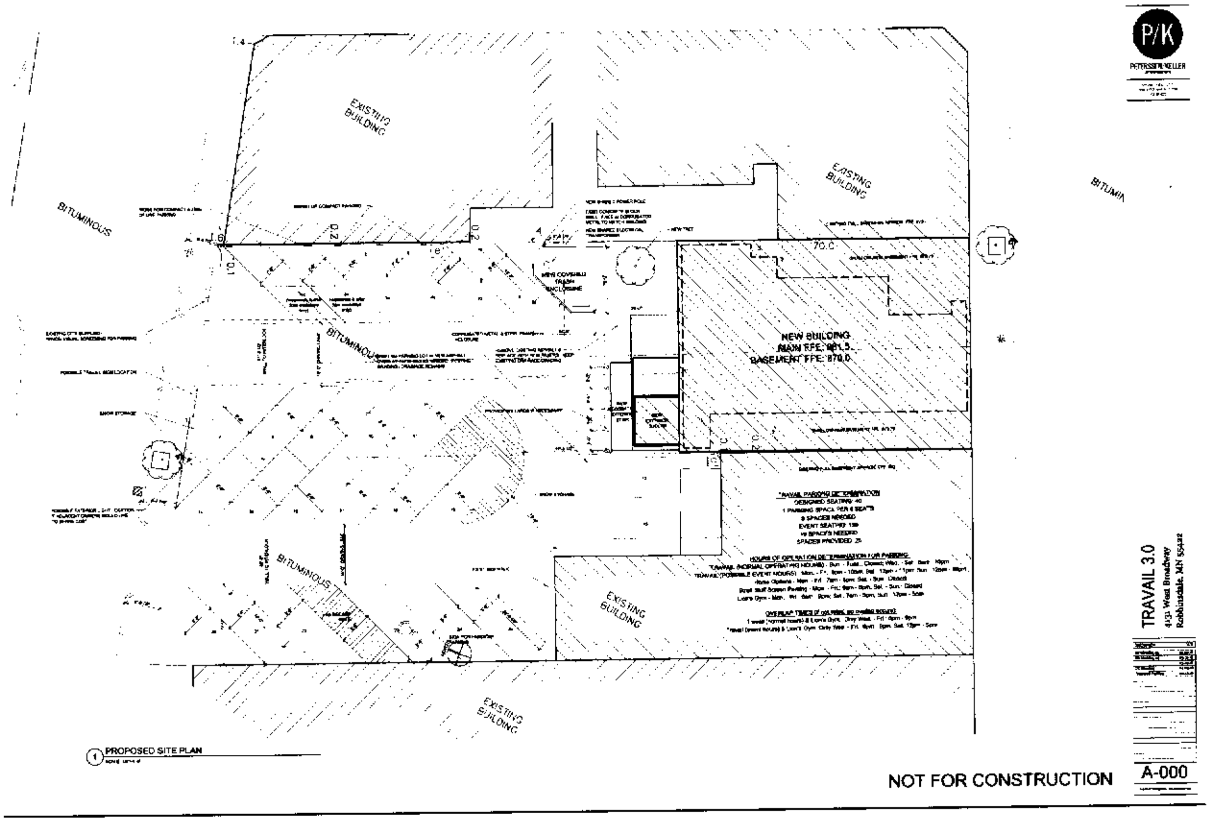





4135 & 4131 WEST BROADWAY

TRAVAIL
Kitchen & Amusements

PETERSSEN/KELLER
architecture



EXISTING BUILDING
EXISTING BUILDING
EXISTING BUILDING
EXISTING BUILDING
BITUMINOUS
BITUMINOUS
BITUMINOUS
NEW BUILDING
BASEMENT FFE: 870.0
HOURS OF OPERATION DETERMINATION FOR PARKING
PROPOSED SITE PLAN
P/K
TRAVAIL 3.0
4131 West Broadway
Robbinsdale, MN 55422
A-000
NOT FOR CONSTRUCTION

EXHIBIT 3

# SUMMARY
# BUSINESS SUBSIDY
# ROBBINSDALE ECONOMIC DEVELOPMENT AUTHORITY
# PROMEALS, LLC

The Robbinsdale Economic Development Authority ("REDA") is considering granting a business subsidy to ProMeals, LLC, a Minnesota limited liability company ("ProMeals"). This is a business subsidy under Minnesota Statutes, sections 116J.993 through 116J.995 (the "Business Subsidy Act"). The business subsidy requested is for up to **$541,654** for the purpose of redevelopment of the properties located at 4131 – 4135 West Broadway in downtown Robbinsdale (the "Property"). Assistance is requested to be targeted to several items, including writing down the cost of acquisition of the Property from REDA, demolition of the existing buildings, soil correction and other subgrade work for the new structure, parking lot repair and utility relocation. The Property is located in REDA's Redevelopment Project Area No. 10 and Tax Increment Financing (Redevelopment) District No. 10. Following demolition and site clearance, ProMeals would construct a new building which is proposed to house corporate offices, a restaurant, catering services and a private event space. Assistance offered to ProMeals may be partially repaid through tax increments collected on the increased value of the Property after completion of the new building. At minimum, ProMeals would be required to create at least 13 new full-time jobs at a minimum wage of $13.01 per hour, exclusive of benefits and business would be required to remain in operation for a minimum of five years. Failure by ProMeals to achieve these goals could result in repayment of some or all of the business subsidy.

The business subsidy proposed includes:

- REDA reduction on the contract for deed price by $315,000; to be repaid with interest via tax increments generated by increased property taxes paid by the developer and guaranteed by an Assessment Agreement and mortgage
- Funds eligible through Hennepin County Economic Development Infrastructure Fund grant for demolition, site excavation, shoring, relocated electrical utilities and related costs, new sanitary and storm sewers, and parking lot resurfacing after excavation in the amount of $216,633
- **Additional funding for Century Link relocation $10,021**

Tax increment expected to be generated by the new development is $596,000.

In their deliberations, REDA will consider extent to which it would assist with development costs not covered by grant funding.

Jobs to be retained or created via construction of the new restaurant and relocation of Pig Ate My Pizza total 47 current jobs and 13 new jobs, not including culinary school interns.

Exhibit 4

Site Development Total Costs

| Activities | Cost |
|---|---|
| Activities Required to Clear the Site for New Construction or as a result of removals, and higher costs for infill construction. Eligible expenses under County Grant. **Assistance requested for these activities** | |
| • Demolition – structure, interior basement walls, foundation and basement slab – anticipate retaining exterior walls. | • $70,000 |
| • Site excavation – for full basement and utility connections | • $16,250 |
| • Shoring - Soil Solidification (3 sides) | • $36,000 |
| • Repair parking area impacted by utility relocations | • $35,000 |
| • New sanitary sewer line to Hubbard Ave and New storm sewer line | • $30,000 |
| • Underground electrical and temporary power for new building during construction | • $11,358 |
| • Site preparation for relocation of electrical power pole on private property | • $ 7,725 |
| • Electrical work required to underground connection for Strait Stuff and convert motors at bakery | • $ 5,300 |
| • Xcel charge for relocation of pole and transformer including temporary power during transition. | • $ 5,000 |
| Sub-total - Submitted to County Grant | $ 216,633 |
| • Relocation of Century Link Services | $ 10,021 |
| | $226,654 |
| Construction Cost – | |
| • General including supervision, safety, dumpsters, consumables | • $165,393 |
| • Site Preparation – labor, daily cleanup, protections | • $ 33,696 |
| • Structural Metal Framing, Installation, Corrugated Metal Panels. | • $119,300 |
| • Finish carpentry, millwork, rough carpentry/framing. | • $223,974 |
| • Roof membrane and pavers for exposed deck area | • $115,500 |
| • New concrete footings, foundations, slab and elevator pit | • $139,970 |
| • CMU exterior walls, elevator shaft | • $ 78,960 |
| • Doors and Windows | • $241,968 |
| • Finishes – drywallk tile, ceilings, painting | • $183,745 |
| • Rooftop fireplace | • $ 23,000 |
| • 3-stop elevator | • $105,000 |
| • Fire Sprinklers, plumbing, HVAC | • $263,125 |
| • Electrical | • $185,500 |
| • Final clean/insurance/permit | • $ 49,339 |
| • Contractor Overhead/Profit | • $108,980 |
| Sub-total Construction – Private financing | $2,037,450 |
| Total Site Redevelopment Cost | $2,264,104 |
| Additional costs – | |
| kitchen equipment and furnishings | Paid by owners |
| ***Site Acquisition*** | ***$390,000*** |
| - ***Soul Brothers paid to date $76,000*** | |
| - ***Request REDA write down using TIF $314,000*** | |

**Description of Work For Which Assistance Has Been Requested:**
**There are many complications with the combined building and site because of its age and substandard building practices from previous eras. Two buildings constructed at different times 1900 and 1927 were combined into one facility which has compounded the process of rejuvenating the existing building, as well as making it difficult to utilize any of the existing foundation and footings. As described above, the original plan was a complete remodel. As plans were developing and new problems discovered, this was no longer realistic.**

- Electric utility relocation: Current electrical utility pole is located directly behind existing building with outdated transformer. Power supplies 4 adjacent buildings and businesses from a power pole and overhead lines. The utility needs to be moved as a first step to allow for demolition. The new power supply will be run underground to each business and a new transformer will need to be installed. Excavation, digging, trenching and concrete/asphalt work will be required to accomplish this. Quotes for site preparation, electrical changes, and Xcel's estimates for cost for transformer relocation have been updated.
- New sanitary & storm sewer lines and connection: Existing buildings sewer exits are insufficient for current or future building. The main sewer exit needs to be lowered and a new line run to Hubbard Avenue. Storm sewer connection would carry roof drain run off plus parking lot run off. Excavation, digging, trenching and asphalt work will be required to accomplish this.
- The structural engineer reviewed information about the building and provided that the existing building foundation is not capable to support substantial renovation. He noted several areas where footings are not present creating a questionable situation from a structural/safety standpoint.
- Demolition: a surgical demolition is required due to the building being located between 2 existing buildings whose foundation and footings may need support. Experience when building the 4124 West Broadway restaurant included the need to underpin one of the adjacent buildings.
- Century Link utility relocation –similar to Xcel services come from Hubbard to transformer at base of utility pole. Relocation requires new service connections to the group of businesses.

Exhibit 5

REDA Investment in Downtown Robbinsdale

The REDA has among its missions promoting redevelopment of blighted buildings across the city and specifically in the downtown area. With this mission, REDA has been involved in the redevelopment of almost every downtown business in some way or another. Among building sites on the downtown main street block of West Broadway that REDA has owned at one point are:

- TSG – 418 1W Broadway
- Kings & Queens Tailors – 4179 W Broadway
- Wickedly Charming/Wicked Wort – 4165-75 W Broadway
- Performance Meal building – 4131-35 W Broadway,
- Travail – 4124 W Broadway,
- Mamas/Pig Ate My Pizza (PAMP) & McDonalds – 4150-54 W Broadway & 4601 Lake Drive
- Nonna Rosas – 4160 W Broadway
- Multi-tenant building - 4180 W Broadway

In each of these cases, REDA bought the building that was there and either:

- sold the building in an agreement where the buyer got a great deal on the price in exchange for doing specific renovations; or
- bought a building in very poor shape, tore it down, and sold the land with the requirement that the buyer build a specific building with a guaranteed minimum market value.

REDA also currently owns

- Broadway court – 4100 W Broadway,
- The plaza - 4151 W Broadway
- The former dentist office 4614 41-1/2
- BP station 4205 W Broadway (purchase in process)

In the case of Town Center, US Bank, Copperfield Hill, Lilac Parkway, The Cunningham, Lilac Way, Broadway Court, the townhomes across W Broadway from Elim Church, TSG, Mamas/PAMP building – which included relocation of McDonalds, and Travail - REDA bought a building and tore it down. Broadway Court was supposed to be built by a developer after the site was cleared, but REDA ended up building it and operates it as an investment. The rest were sold with the buyer constructing a new building in exchange for a purchase price much lower than REDA had paid.

Almost all of the other downtown businesses have gotten grants or forgivable loans for awnings, signs, windows, doors, and similar façade improvements.

In the case of Wuollet Bakery, REDA provided a low interest loan to accelerate the opening of the retail portion of the bakery and pledged to assist in addressing on-site hazardous materials concerns (which turned out to be nothing.)

In the case of TSG, REDA also assisted in the extraordinary cost of shoring up the site adjacent to 42nd Avenue and assisting in the cost of addressing an unusual sanitary sewer situation with the Tailor's shop.

REDA also purchased a house at 4125 Lakeland which was cleared and a developer built the dentist and architects office building.

REDA invests heavily in the downtown because it is the heart of the city.

Exhibit 6

# ROBBINSDALE ECONOMIC DEVELOPMENT AUTHORITY
# BUSINESS SUBSIDY CRITERIA
**(Revised April 8, 2003)**

## I. Purpose

This document includes the criteria to be considered by the Robbinsdale Economic Development Authority ("REDA") to evaluate requests for business subsidies. It is the intent of REDA in adopting these criteria is to comply with Minnesota Statutes, Sections 116J.993-116J.995 (the "Act"). These criteria have been revised to reflect the statutory changes required by Minnesota Laws 2000, Chapter 482. REDA hereby adopts the definitions contained in the Act for application in the criteria.

## II. Goals and Objectives

It is REDA's intent to advance the following goals and objectives in granting business subsidies:

a) Projects must be consistent with Robbinsdale's comprehensive plan and any other similar land use plan or guide for development of the community, including the Robbinsdale downtown architectural guidelines.

b) Business subsidies must be justified by evidence that the project cannot reasonably be expected to proceed without the benefit of the subsidy. If tax increment financing is used to grant a subsidy, the recipient must demonstrate compliance with all statutory requirements of the TIF Act, including the "but for" test. The recipient will be required to provide all documentation necessary for REDA to make the requisite fundings under the TIF Act and the Act.

c) Projects must advance one or more of the criteria specified in Article III.

## III. Business Subsidy Criteria

REDA recognizes that every proposal is unique. Nothing in these criteria shall be deemed to be an entitlement or shall establish a contractual right to a subsidy. REDA reserves the right to modify these criteria from time to time and to evaluate each project as a whole but criteria shall not be adopted on a case-by-case basis. The following criteria shall be utilized in evaluating each request for a business subsidy:

a) Increase in tax base. While an increase in the tax base cannot be the sole grounds for granting a subsidy, REDA believes it is a necessary condition for every subsidy.

b) Jobs and Wages. In those instances in which job creation is determined to be a goal, it is REDA's intent that the grantee create the maximum number of livable wage jobs in connection with the project. A livable wage job is defined as one which pays at least 150 percent of the Federal minimum wage in effect on the date of approval of the business subsidy by REDA. The goal may include jobs to be retained but only if job retention is specific and demonstrable. The wage and job goals must be attained within two years of the benefit date. REDA may, after a public hearing, extend for up to one year the period for meeting the wage and job goals. If REDA determines after a public hearing that jobs and wages are not a goal in a specific instance, the wage and job goal may be set at zero.

c) Economic Development. Projects must promote one or more of the following:

1. Encourage economic and commercial diversity within the community.

2. Contribute to the establishment of a critical mass of commercial development within an area.

3. Provide basic goods and services, increase the range of goods and services available or encourage fast-growing businesses.

4. Promote redevelopment objectives and removal of blight, including pollution cleanup.

5. Promote the retention or adaptive reuse of buildings of historical or architectural significance.

6. Promote additional or spin-off development within the community.

7. Encourage full utilization of existing or planned infrastructure improvements.

IV. <u>Minimum Requirements</u>.

a) In order for a recipient to be eligible for a business subsidy, the following minimum requirements must be met:

1. Compliance with Goals and Objectives, sections a) and b);

2. Compliance with Business Subsidy Criteria, section a);

3. Compliance with Business Subsidy Criteria, sections b) and/or c).

b) REDA may deviate from the criteria contained herein by documenting in writing the reason for the deviation and attaching a copy of the document to its next annual report to the Minnesota department of trade and economic development.

V. Subsidy Agreements; Reporting Requirements.

a) Any subsidy granted by REDA will be subject to the requirement of a public hearing, if required by law. Recipients shall be required to enter into a written subsidy agreement with REDA, which agreement must also be approved by the Robbinsdale city council. The agreement shall contain measurable, specific and tangible goals and will require reimbursement of the business subsidy for failure to achieve the specified goals or for breach of the agreement.

b) It will be necessary for both the recipient and REDA to comply with the reporting and monitoring requirements of the Act.

c) A recipient may be authorized to move from Robbinsdale within five years of the benefit date only if, after a public hearing, REDA approves the request to move.

Exhibit 7

Redevelopment District/Tax Increment District No 10

Prior to construction of the Travail building at 4124 W Broadway, the two properties at that location and the two properties at 4131-35 W Broadway were certified as a redevelopment and tax increment financing district. These were the most rundown buildings on the block. Inclusion in a tax increment financing district provides financing tools to help subsidize the cost of redevelopment. The established budget for the district is approximately $750,000.

In the case of Travail, the developers were able to negotiate a low purchase price for the foreclosed properties and approached REDA with a proposal to construct a new privately financed building on the site if REDA could assist with the acquisition and site clearance. REDA agreed to the request after consideration at a business subsidy hearing. A $300,000 mortgage on the property will be released when tax increment proceeds repay REDA plus interest of $78,402. REDA was also able to receive a grant from the Metropolitan Council to pay for the cost for removal and disposal of asbestos materials in the building.

In the case of 4131-35 W Broadway, the developers approached REDA with a request for financing the acquisition of the site as they had negotiated a purchase agreement with the then owner. The owner had agreed to sell the building for $390,000 (the owner had a firm $500,000 price for REDA purchase). An independent appraisal was provided showing an "as is" value of $395,000. REDA agreed to an assignment of the purchase agreement – the developer contributed $39,000 down payment and has paid down the balance of the contract for deed to $314,000. The original concept of Performance Meals transitioned into an expected complete renovation of the site for relocation of Pig Ate My Pizza, with local private financing including full payment on the contract for deed to REDA. After discovering more defects on the site than envisioned, the developer approached REDA staff with a proposal to renegotiate the development agreement and construct a new building in place of existing structures.

The remaining Tax Increment Financing current budget of $291,866 could be available for this site. In addition REDA could amend the budget and is able to use up to 25% of TIF on costs outside of the district such as electrical work and centurylink relocation at adjacent properties, if not funded through the grant.

**Business Subsidy Criteria** Exhibit 8

- II a) Consistency with Comprehensive Plan – a restaurant in downtown Robbinsdale
- II a) Consistency with downtown architectural design guidelines – See Exhibit 9
- IIB) "but for" – See Exhibit 10
- III a) Increase in tax base – 2018 assessor valuation of site $402,000; $1.5M value proposed. Value reviewed by Jason Aarsvold with consultation with the Hennepin County Assessors office confirmed that $1.5 M value is reasonable for planning purposes. This is based on an estimate of $200-$300/sq.ft., an estimate of 4,175 sq.ft. above ground, plus value related to the basement and upper level patio.
- III b) Jobs and Wages – 150% of federal minimum wage is just under $11; the goal may include retained jobs; goals set must be met within 2 years or 3 subject to stated procedures. The minimum wage for this employer is $14. Employees at the new building would be a combination of retained staff from current operation and new employees.
- III c) Economic Development **1 or more** of the following:
  - Encourage economic and commercial diversity
  - Contribute to the critical mass of commercial development
  - Provide basic goods/services, increase range of goods/services, encourage fast-growing businesses.
  - **Promote redevelopment objectives and removal of blight.**
  - Promote retention or adaptive reuse of buildings
  - Promote additional or spin-off development
  - Encourage full utilization of existing or planned infrastructure.
- V – Recipient may be allowed to move within 5 years (without repaying assistance) only if REDA approves after a request to move.

Minimum requirements:

- Goals and Objectives IIa (comp plan and architectural guidelines and IIb ("but for")
- Business Subsidy IIIa
- Business Subsidy IIIb (jobs) and/or IIIc (Economic Development)

Exhibit 9

**Architectural Design Guidelines Review**
**Travail Building Concept Comments, 4133-35 West Broadway**

**Summary:**
The Travail building concept includes elements that are consistent with the downtown architectural design guidelines. Those elements include:

- 60% of the West Broadway elevation is glass which does allow pedestrians to see the activity inside the building.
- The balance of the materials are masonry and (presumably) metal framed windows.
- The entry from West Broadway is recessed.

While the building's architecture does not evoke the traditional store-front character of the street-car era, it is not a specific requirement and is only implied by the guidelines. The decline of the retail niche means that the storefront pattern usually needs to be adapted for other uses.

**Excerpts from Downtown Architectural Design Guidelines concerning new infill construction:**
"New infill construction should have a sense of being grounded in history and should seek to establish a design dialogue with the underlying historic vernacular of a "street car era", downtown main street. The core should have a traditional "Main Street" look with elements such as the siting of buildings adjacent to the sidewalk, large display windows, window transoms, small decorative signs, awnings and decorative street furniture."

| Applicable Downtown Architectural Design Guideline for new construction | Travail Building Concept, 4133-35 West Broadway |
|---|---|
| **Height**<br>With the possible exception of very important civic or cultural facilities which could act as visual landmarks in the City, new development within the commercial core should complement the existing pattern of building heights.<br><br>Proposals should strive to maintain compatibility of cornice lines, floor to floor heights where these are strongly expressed, sign bands, and any other elements which serve to unify the street elevation as a whole.<br><br>New development should be one or two story structures. However taller structures could be accommodated by stepping back the upper levels from the street face. This would allow buildings up to four stories, with one or two stories built at the street face or front property line. | **Height**<br>The proposed building is 2 stories, or approximately 26 feet in height. The second floor lines up with the top of the adjacent building parapets.<br><br>The two story height is consistent with the standards and is a welcome addition to the block which is otherwise somewhat dominated by Broadway Court on the southeast end of the block.. |

| | |
|---|---|
| **Fenestrations: Windows and Doors**<br>*Note the difference between upper story openings and storefront, or street level openings. Usually there is a much greater transparent or glazed open area at storefront level, for pedestrians to have a better view of the merchandise displayed behind; there are wide, horizontal windows and little or no spacing between openings. Upper story openings are predominantly narrow with a vertical orientation.*<br><br>The size and proportion of window and door openings of an infill or rehabilitated building should incorporated a minimum of 60% glazed area at street level to avoid blank walls and invite pedestrian retail activity. Avoid areas of blank wall (no windows) at the street level to prevent an uninviting street environment. | The building concept has 2 stories of windows amounting to approximately 60% of the exterior façade. Brick "frames" the building corners and the wall space above the first floor recessed entrance.<br><br>The traditional store-front architecture with display windows, transoms and kick-plates on either side of a recessed entry is not a specific requirement of the zoning district and has not been built in many years. The decline of the retail niche means that the storefront pattern usually needs to be adapted for other uses. |
| **Entries**<br>*Commercial storefront entries were typically recessed. This provided more area display space, a sheltered transition area to the interior of the store, and emphasized the entrance.*<br>Recessed entries should be….required in new storefront construction. Commercial entry doors use large, glass panels with vertical proportions to aid a sense of invitation and openness to the business. Solid or residential-type doors with small areas of glass should be avoided. | The building entry to West Broadway will be recessed, on the north side of the building. Like other buildings in the downtown, there is a pedestrian oriented entrance in the front and an entrance in the rear which is convenient for the parking. |
| **Display windows**<br>*The display window is the link between the pedestrian environment outside and the business inside.*<br>Glass should be transparent to be open for pedestrian viewing. If there are bars or offices in storefronts downtown, blinds or café curtains can be used for privacy. | The windows are floor-to-ceiling allowing full view of the lounge, and limited views of the main dining room and prep kitchen. |
| **Kick plates**<br>*The kick plate, or bulkhead, functions to protect the display window by raising the glass area to a safer and more easily viewed height.* | There are no kick-plates on the windows. |
| **Transom windows**<br>*Transom windows were smaller windows above the display windows that functioned as early energy savers. They allowed daylight to enter deep into the interior space and heat to escape. Transoms also continued the transparentness of the storefront up to the top "frame" of the upper façade, and are therefore an important element in the proportion of the building front.* | The windows are segmented into a grid of eight large groupings of irregular rectangular windows. It is unknown if any can be opened. |

| | |
|---|---|
| **Rhythm**<br>*The existing pattern of large display windows, recessed entries and window transoms can be drastically impacted by wide expanses of blank walls or undifferentiated windows. Such negative impacts can be avoided by breaking up masses into smaller units of scale to better relate to existing conditions and pedestrian proportions.*<br><br>An existing example of a rhythm of storefront openings includes the Urban Block – Ace Hardware and Lathrup Paint.<br><br>A successful example of a new infill project is the Pig Ate My Pizza (former Robbins' Steak House) and Marna's (formerly Paeonia Florist) | The building entry on the right side follows the pattern set by Woullet Bakery, Straight Stuff and Lion's Gym.<br><br>Given that the same block includes the 4-story Broadway Court, the proposed two story building brings some height to the rest of the block. |
| **Materials**<br>*Traditionally, buildings within the commercial core would have been constructed with brick, stone or wood. ...Compatibility with similar exterior construction materials in the immediate area is recommended in order to maintain the distinct character and harmony of the area.*<br>The used of materials that continue to enhance the "Main Street" character are encouraged. Such traditional materials as brick, stone and stucco should be considered as "primary" building materials. Tile, stone, metal and wood are acceptable as accent materials. Bricks in the red tones are encouraged. Modular brick are encouraged, as the oversized brick tend to lose the appropriate scale at a pedestrian level.<br>Whenever new development adjoins existing construction the new proposals should respect the "Main Street" character, and seek to use building detailing that is sensitive to this long term objective. Infill construction should reflect some of the detailing of surrounding buildings in window shape, cornice lines and brick work and should continue to build upon the "Main Street character. | The building concept shows the majority of the façade to consist of glass, and the balance masonry. |
| **Awnings**<br>Canvas awnings were a familiar feature of the 19th and early 20th century storefronts and can play a part in enhancing the "Main Street" character. Apart from their primary purpose of sun protection for large display windows, they also offer shelter to pedestrians and can serve as a sign panel for the business. | There are no awnings proposed. |

Exhibit 10

But-For Test Review
Jason Aarsvold - Ehlers

If we approach this as if a developer were to build the project and lease it back to Travail, I estimate that the developer would need to charge $36 per square foot in order to achieve a 10% ROI. This assumes:

-REDA writes down the land as currently anticipated -The total rentable square footage is 6,755 which includes the basement -Developer finishes the space with the FF&E

Market rent is probably in the range of $20 to $30 per square foot, with $25 being a reasonable assumption.

If that developer were to receive a grant, or other similar funding in the amount of the stated gap ($498,575), then the rent that the developer would need charge for the same return on investment could be reduced to $28.75 per square foot. This is now within range, but still likely higher than the market could pay.

Based on this, we can conclude that the project is unlikely to proceed, but for the assistance. This assistance would include BOTH the land write down and the additional $498,575.

BIRDTOWN MINN

Wicked Wort

Brewing Company

SPEAKEASY

EST. 2014

April 9, 2018

**Email and US Mail**
Robbinsdale Economic Development Authority
c/o Marcia Glick
4100 Lakeview Avenue North
Robbinsdale, Minnesota 55422-1898
mglick@ci.robbinsdale.mn.us

**Re: Letter in Opposition to ProMeals, LLC's Application for Business Subsidy**

Dear President Selman and Commissioners:

I write on behalf of Wicked Wort Brewing Company[1] to oppose ProMeals, LLC's request for a business subsidy to redevelop the building located at 4131 – 4135 West Broadway in downtown Robbinsdale. The proposed subsidy is inconsistent with Robbinsdale Economic Development Authority's Business Subsidy Criteria and the Business Subsidy law and would violate commitments made to Wicked Wort as part of its relocation to Robbinsdale in 2015. This letter constitutes Wicked Wort's complaint under Minn. Stat. § 116J.994, subd. 11(b).

The fundamental problem with the proposed subsidy is that it does not add a single new business to the Robbinsdale community, and instead, makes a massive cash infusion to an existing, successful business as it moves into direct competition with another existing business. As you know, the purpose of the requested subsidy is to renovate the property for use by the restaurant Pig Ate My Pizza, whose current property would then be taken over by Travail. ProMeals then intends to construct a new building, which is proposed to house "corporate offices, a restaurant, catering services and a private event space." In the process, ProMeals intends to add a brewery to Pig Ate My Pizza, a move which would bring it into direct and harmful competition with Wicked Wort, and violate commitments made to Wicked Wort on which Wicked Wort relied when it moved to Robbinsdale.

[1] Wicked Wort is located in taxable property in downtown Robbinsdale.

A. **<u>ProMeals does not meet Robbinsdale Economic Development Authority's Business Subsidy Criteria.</u>**

First, ProMeals' application does not meet REDA's established criteria for business subsidies. REDA has stated that its central objective is to make sure that subsidies "must be justified by evidence that the project cannot reasonably be expected to proceed without the benefit of the subsidy." Here, if the project in question is the establishment or maintenance of a successful business in Robbinsdale, it is clear that this criteria is not met. Both Pig and Travail have successfully operated in Robbinsdale for several years, and there is no reason to believe they will not continue to be successful without being given a new building at public expense. If, on the other hand, the project is the replacement of an older building on West Broadway for a newer one, there is no evidence that a private business could not finance a new project at this location, particularly with the benefit of the generous grants provided by Robbinsdale to renovate building facades in the downtown area. For this reason, ProMeals' proposal does not meet REDA's central objective, and its application ought to be denied.

Additionally, a business cannot obtain a subsidy unless its project advances one or more of the following criteria: (1) job creation or retention, and wage improvement, or (2) economic development. However, the ProMeals project does not advance either of these criteria. First, the project cannot be justified by creation of jobs and wages. A project goal may also include job retention but **<u>only</u>** in the event job retention is specific and demonstrable. Here, ProMeals apparently will retain old employees and hire new employees at the new location. However, there is no documentation of specific job loss which would justify the project on the basis of retained employees. ProMeals also has yet to show its plan or capacity to create **<u>new</u>** full-time jobs in its proposed new location. Whether it can do so is questionable in light of the fact that no new business is being created in or relocated to Robbinsdale – rather, an existing business is simply moving to another building.

Second, a subsidy to ProMeals cannot be justified on economic development grounds. To satisfy this criteria, projects must promote one or more of the following:

1) Encourage economic and commercial diversity within the community.
2) Contribute to the establishment of a critical mass of commercial development within an area.
3) Provide basic goods and services, increase the range of goods and services available or encourage fast-growing businesses.
4) Promote redevelopment objectives and removal of blight, including pollution cleanup.
5) Promote the retention or adaptive reuse of buildings of historical or architectural significance.
6) Promote additional or spin-off development within the community.
7) Encourage full utilization of existing or planned infrastructure improvements.

*See* REDA Business Subsidy Criteria (April 8, 2003).

It is hard to see how the proposed project promotes any of these objectives. ProMeals' proposed project will not encourage commercial diversity within the community, because it will just build a new structure for a restaurant that already exists two blocks away. For the same reason, ProMeals will not contribute to the establishment of a critical mass of commercial development on West Broadway or increase the range of goods and services available in Robbinsdale.

There is also little evidence that the project is necessary to remove blight. While the building in question may need repairs – even substantial ones – there is no evidence that it is necessary to tear it down and build a new one. Incurring that expense without even bringing in a new business appears to be a poor use of district funds. ProMeals will also not be promoting the retention or adaptive reuse of buildings of historical or architectural significance. Indeed, ProMeals will do the opposite. The proposed project is to tear down an old existing structure and build a wholly new building for ProMeals's new restaurant location. There is also no evidence that ProMeals's proposed project will promote additional or spin-off development within the community. In fact, it may have the opposite effect. If REDA provides a business subsidy to this already successful restaurant group in the area, private developers may become less interested in supporting smaller entrepreneurs and local businesses for fear that they will be unable to compete with the subsidized establishments. ProMeals's proposed project also will have no impact on utilization of existing or planned infrastructure improvements.

ProMeals's proposed redevelopment project does not promote Robbinsdale's long-term economic growth and security. By simply moving Pig to another newly developed building on the same block, ProMeals will not be engaged in commercial expansion on West Broadway or in the community as a whole. Rather, it will merely be filling one empty commercial space while leaving another behind. By funding this project, REDA runs the risk of losing $520,000 and an available commercial space for a project better suited to Robbinsdale's economic needs.

## B. ProMeals May be Ineligible for a Business Subsidy

It also appears likely that ProMeals is ineligible for a Business Subsidy because it has not yet fulfilled its obligations under past business subsidies. A recipient that fails to meet the terms of a subsidy agreement may not receive another business subsidy for a period of five years from the date of failure, unless it repays the subsidy. Minn. Stat. 116J.994, subd. 6(b).

According to documents received by Wicked Wort from REDA under the Minnesota Government Data Practices Act, REDA has already provided substantial assistance to ProMeals. The goals established for that business subsidy included the construction of certain minimum improvements. REDA did not provide Wicked Wort with the exhibit listing those repairs, but it appears that they included roof repair, parking lot repairs, and other remodeling. According to emails exchanged by Marcia Glick and James Winberg in May and June 2017, those repairs have not yet been completed. Also, Turducken LLC, the entity that owns and operates Travail and which received a business subsidy in 2012-2013, indicated on its 2018 report that it has not met all goals established for that subsidy. Accordingly, it appears that granting the proposed subsidy would violate Minnesota law. It is also unclear why REDA would grant another large cash infusion to a business that has outstanding obligations incurred as a result of previous assistance.

## C. Granting the Request would Violations Commitments Made to Wicked Wort.

Finally, granting a business subsidy to ProMeals would violate commitments made to Wicked Wort as part of Wicked Wort's agreement to locate its business in Robbinsdale. When Wicked Wort agreed to make the financial commitment to open in the smaller Robbsindale market rather than in a larger City, Robbinsdale agreed not to provide subsidies to other breweries to move to the area. Without this commitment, Wicked Wort would not have built its brewery in Robbinsdale.

This proposal would violate that commitment. ProMeals made it clear that part of their business plan is to not only serve food at the new location of Pig, but also tap into the brewery industry by brewing and serving its own beer. Granting ProMeals a business subsidy that allows them to develop and operate a brewery will negatively affect Wicked Wort. It does not serve the interests of the City of Robbinsdale to finance a business that will directly compete with, and detrimentally affect other businesses already existing in the City. Moreover, if the proposed business subsidy proceeds, Wicked Wort will have no choice to but to consider taking legal action to remedy the violation of the development agreement between it and Robbinsdale and protect its business.

Wicked Wort appreciates the commitment that Robbinsdale has made to the success of its downtown and values the relationship between REDA and the Robbinsdale business community. However, the proposal made by ProMeals is not the right way to proceed with the development of Robbinsdale's downtown area. The benefits to the community are too few, and the potential damage to a successful existing business is too great. Therefore, Wicked Wort asks that REDA deny ProMeals application for a business subsidy.

Very Truly Yours,

Steven Carlyle
Wicked Wort Brewing Company
Owner-President
Ph# 763.302.9849
wickedwortbrewingcompany@gmail.com

EXHIBIT 12

Kennedy & Graven
CHARTERED

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May 1, 2018

Mr. Steven Carlyle
Wicked Wort Brewing Company
4165 W. Broadway
Robbinsdale, MN 55422

Re: Complaint Regarding Business Subsidy for ProMeals, LLC

Dear Mr. Carlyle:

This is in response to your complaint dated April 9, 2018 addressed to President Selman and Commissioners regarding consideration by the Robbinsdale Economic Development Authority ("REDA") of a request by ProMeals, LLC ("ProMeals") for a business subsidy at 4131 – 4135 West Broadway in Robbinsdale (the "Property"). This constitutes REDA's reply under section 116J.994, subd. 11(b) of the Minnesota Business Subsidy Act. Your complaint includes three elements.

A. You state that the requested subsidy does not meet REDA's business subsidy criteria. Under state law business subsidy grantors are required to establish criteria in order to evaluate business subsidy requests. The statute includes a description of some of the elements which must be included in criteria but allows grantors discretion in the specifics. REDA's amended criteria were adopted on April 8, 2003. REDA's criteria were provided to the Minnesota Department of Employment and Economic Development following adoption and are very similar to criteria adopted by other grantors throughout the state.

A business subsidy must be memorialized in a business subsidy agreement. Two key elements of most subsidies are the job and the wage goals and the requirement that the grantee continue operations within the jurisdiction for at least five years after the benefit date. Even those requirements, however, may be waived by the grantor under certain circumstances, which is consistent with the flexibility that must be inherent in all business subsidy decisions. REDA's criteria explicitly include language that makes clear that no applicant has a right to a subsidy and that REDA retains the statutory right to deviate from its criteria by documenting its reasons in writing.

According to REDA's criteria, a business subsidy is required to:

a) be consistent with the Robbinsdale comprehensive and other relevant land use plans, including the downtown architectural guidelines;

b) be justified by evidence the project cannot reasonably be expected to proceed without the subsidy;

c) increase the tax base; and

d) either meet certain job and wage goals or meet one or more specified economic development goals.

Because no decision has yet been made regarding ProMeal's request, it is premature to allege that there is a violation of REDA's business subsidy criteria. However, if REDA chooses to grant a subsidy regarding the Property, there exists ample evidence that the criteria will be met and such will be detailed in the business subsidy agreement.

B. You state that ProMeals is ineligible for a subsidy because it has "not yet fulfilled its obligations under past business subsidies." You also quote Minn. Stat., section 116J.994, subd 6(b) for the proposition that a recipient who has failed to meet the terms of a subsidy agreement cannot receive another subsidy for five years. This is irrelevant because ProMeals did not receive a business subsidy regarding the Property. The Contract for Purchase and Redevelopment entered into in January, 2016 between REDA and ProMeals involved a sale of the Property on a contract for deed at fair market value. There was no business subsidy and the agreement explicitly notes three exceptions to the Business Subsidy Act involved in the transaction. If there was no business subsidy, there can be no violation of the Business Subsidy Act.

If your reference is with regard to the property at 4122 - 4128 West Broadway, that, too, is inaccurate. That transaction did involve a business subsidy but it was with a different recipient, Turducken, LLC. Turducken has, in fact, satisfied its jobs and wages obligations under its agreement with REDA. It has not yet satisfied the obligation to remain in business for five years from the benefit date because that period of time has not elapsed. In addition, that requirement applies to remaining in business within the jurisdiction granting the subsidy. That means that a move within Robbinsdale is permitted.

C. Finally, you say that granting the requested business subsidy would violate commitments made to Wicked Wort when it located in Robbinsdale because an unnamed party "agreed not to provide subsidies to other breweries to move to that area." You cite no evidence for such a commitment and REDA is at a loss to understand to what you are referring.

REDA entered into a non-business subsidy agreement with Wicked Wort on July 8, 2015 regarding the property at 4165 – 4175 West Broadway. There is absolutely nothing in that agreement which states or even implies any limitations on REDA's ability to assist other businesses in the area. The only "exclusive" arrangement agreed to by REDA was an early Exclusive Rights Agreement whereby REDA agreed to deal exclusively with Wicked Wort while negotiating a definitive development agreement. The clear purpose of such agreement, which is similar to ones REDA has entered into with other prospective developers, is to give the developer the assurance that REDA is negotiating in good faith and not conducting parallel discussions with others for the same property. Once the parties execute a definitive agreement or end negotiations, such an agreement is satisfied and terminates. It has no relationship to any long-term commitment about other businesses. REDA officials deny there were any representations or commitments made to Wicked Wort regarding assistance to competing businesses in the area. Even if Wicked Wort thought such a commitment had been made previously, the agreement between REDA and Wicked Wort explicitly says that is supersedes all previous agreements, written or oral.

Some of the discussion also seems to revolve around liquor licenses for Wicked Wort and other businesses in the area. REDA plays no role in the consideration of liquor licenses; that is the sole business of the Robbinsdale city council. The city is required to administer its liquor licenses in accordance with the city code and state law and to issue or refrain from issuing licenses in accordance with the same. The city could not and would not promise to do otherwise.

Very truly yours,

Ronald H. Batty
REDA Attorney

RHB/ktb

cc: Marcia Glick
REDA Board of Commissioners

Appendix 1

Letters received related to Public Hearing –

Business Subsidy Request 4131-35 W Broadway

April 30, 2018 VIA EMAIL

City of Robbinsdale
Attn: Marsha Glick, City Manager
4100 Lakeview Avenue North
Robbinsdale, MN 55422

Dear Marsha,

I am writing to you to make you aware of my opinions concerning the situation and potential new circumstances in downtown Robbinsdale.

I am renewing my statement of concern relative to the horrendous parking situation in and around downtown Robbinsdale. The City must find and provide more parking opportunities for all who visit downtown. It is to the point where people avoid our downtown area because they can't find parking. I am aware of nearby parking opportunities that should be made known to the public by signage and directional information. I am aware of the plans for the old BP station across from one of my buildings. All of this would be a good start. But, the City must be proactive, like other suburbs, and find more parking solutions. I receive complaints from my tenants because neither their patrons nor they are able to find parking in the lot behind our buildings because spaces are taken by people who don't patronize their businesses. I have to drive around all of the time trying to locate parking so that I can open my business and unload my inventory. Yet, we are being charged for snow removal and maintenance of the lot. This is a big negative for any potential expansion, development and quality of business environment.

I would like to provide with my opinion as to any new development for the downtown of Robbinsdale. I am pro-development. It is inevitable and can be a very good benefit to the downtown area and Robbinsdale as a whole. For any city to survive and become better and more appealing in today's competitive business and residential environments, a city must be open to evolution and future growth. A city must be business friendly and provide an excellent quality of life for its citizens. Development and continual movement forward in a reasonable manner keeping in mind the overall and future public good and potential benefits should be the goal. I feel that we have an adaptable downtown area. I feel that the pedestrian and consumer experience can be enhanced by carefully considered development and repurposing of existing buildings in our downtown area. I believe that new development and buildings that are energy efficient, functional and attractive would bring strength to our business environment and grow the City's tax base. Of course, development should be respectful of and complement the historic nature of our downtown and existing buildings, like mine. New development does not have to match the existing buildings. I like diversity and variety. As long as new development respects the past and provides attractive contemporary options, I am in favor of it.

Thank you for your time.

Yours truly,

Celeste M. Shahidi, CMO
Robbinsdale Historic Properties, LLC
612 801 5707

# Salyers

*3980 Lake Curve Avenue N, Robbinsdale, MN 55422*

**May 1, 2018**

**Attn: Robbinsdale Economic Development Authority**

Robbinsdale City Hall
4100 Lakeview Avenue N
Robbinsdale, MN 55422

Re: 4131-35 West Broadway – Business Subsidy

**To whom it may concern:**

The property at 4131-35 West Broadway is part of the central business district in downtown Robbinsdale, and one of a handful of downtown properties that has not been improved. Due to its substandard condition, it is understood that it needs to be torn down and rebuilt.

This property's redevelopment is an important part of creating a vibrant downtown. Having a vibrant downtown will bring more visitors to our community, be good for local businesses, improve property values, and offer residents a higher quality of life. Because of this, we are supportive of REDA providing business subsidies for this property to any qualified developer.

Additionally, we are pleased that the group that owns Travail and Pig Ate My Pizza and d/b/a ProMeals, LLC is interested in redeveloping this property. This group is an ideal developer for this property with prior experience successfully redeveloping another downtown Robbinsdale property and operating businesses that bring vibrancy to the city.

We are excited to see new development and improvements in the city and look forward to the redevelopment of the property at 4131-35 West Broadway.

**Sincerely,**

Greg + Jen Salyers

**Greg and Jen Salyers**

May 4, 2018

Robbinsdale Economic Development Authority
4100 Lakeview Avenue North
Robbinsdale, MN 55422

Commissioners,

This is a letter of support for the redevelopment of the building at 4135 W Broadway Avenue next to our location.

Over the eleven years that Wuollet Bakery has been part of Robbinsdale, we have observed changes and improvements that are positively reshaping the downtown area. Older buildings renovated or razed and new buildings being built have stimulated change.

With the leadership of Mike Brown, Bob Gerken, and James Winberg, Robbinsdale has benefited by having Travial and Pig Ate My Pizza as part of our community. We ask for your continued support of their efforts.

Sincerely,

Jim Jurmu, Mike Jurmu, Doug Wuollet
Owners, Wuollet Bakery, Inc.

To: Members of the Robbinsdale EDA

RE: Support of Broadway redevelopment

Our family loves Robbinsdale so much that we returned a second time after living out of state. Beyond my husband desires to return to the Fire Department, the potential and promise of this community brought us back, namely marked by the incredible economic development we discovered upon our return. In two short years, West Broadway Avenue exploded with new businesses and growing traffic: Lions Gym, Wicked Wort, Golden Age, Performance Meals, Embrace the Wobble. Not only were these businesses established, the community also realized and acted on the spotlight and traffic brought to town by the Travail Collective in a smart and progressive way, while preserving the small-town ethos of Birdtown. We were reminded why we want to be a part of this community.

We also caught a glimpse of the vision work done for the downtown corridor area, in anticipation of the planned light rail expansion. It's a smart vision, one that holds promise to raise all of the local businesses and contribute even more to our economic base and property values.

Vision is one thing. Taking action to bring it to life is what really matters. For businesses to continue to invest in our community and fit into that vision, we as a community need to act on pragmatic ways for us to invest in them.

One of those ways is to invest in the infrastructure available on West Broadway. The idea of replacing blighted structures has precedence in Robbinsdale, and we know that when TIFF funds are applied to write down the cost of redevelopment, it attracts strong companies to Robbinsdale and its imperative for keeping businesses here, too. Taking a long-term view of development with a smart plan and thoughtful space design will deliver a return on the community investment in renovating properties along West Broadway.

As the founder of my own startup, I find myself dreaming of a retail storefront along West Broadway, and the visioning work by the city fuels that interest increased traffic, greater economic stimulus, job creation and community pride. As both a resident and a small-business owner, I want that vision to become a reality and a practical option for my own business. Supporting TIFF requests to help with redevelopment sends a strong signal that I should consider Robbinsdale for my own business. Please continue to invest in Robbinsdale and our economic prosperity.

Thank you for your consideration.

Kelly Groehler
Robbinsdale

ROBBINSDALE
DENTALCARE
HEALTH · COMMUNITY · COMPASSION

May 4, 2018

Clinton Been
3920 W Broadway Ave.
Robbinsdale, MN 55422

Marcia Glick
Robbinsdale City Hall
4100 Lakeview Avenue North
Robbinsdale, MN 55422

Dear Mrs. Glick,

I am writing this letter to add my support for the proposed redevelopment of the properties at 4131-35 West Broadway. It is my understanding that the owners of the restaurant Travail are seeking to demolish two substandard buildings and replace them with a new two-story building. To me this seems like a tremendous opportunity for the City of Robbinsdale. My dental practice has been in Robbinsdale since 1971. By speaking with my business partners and through my own experiences, we have seen first-hand the positive influence Travail has had on the community. A new observation of ours is that patients regularly express excitement about living in a town with Pig Ate My Pizza and Travail. As a result of these conversations, I often find myself promoting that patients visit other adjacent businesses such as Lion's Gym, Wicked Wort, or Marna's Café. The proposed redevelopment seems to me as an opportunity for the City of Robbinsdale to cement its existence as a "Foodie" hot spot, similar to Eat Street in South Minneapolis. It seems likely to me that Travail's and Robbinsdale's investment in this location will render dividends not only for those businesses which surround it on West Broadway, but also for the city at large. Thank you for taking the time to read my letter and consider my observations.

Kind Regards,

Clint Been DDS

Clinton Been, DDS
Robbinsdale DentalCare

AGENDA ITEM #
May 8, 2018

## ***PUBLIC HEARING: Disposition of land at 4524 Regent Ave. N.***

Glenn Hammer has failed to meet critical deadlines of the development agreement for 4524 Regent Ave. N. and has forfeited his escrow. The public hearing notice for the disposition of the lot has been republished.

## **ANALYSIS/CONCLUSION:**

The lot is available to someone who is willing to construct a house that is consistent with Quail Ridge standards.

The estimated market value for the lot is $55,000. The lot price has been $40,000 to allow for lot clearing and development expenses.

## **RECOMMENDATION:**

1. Open the public hearing.
2. Continue the public hearing until 7 pm, June 12, 2018, or earlier

Marcia Glick, Executive Director

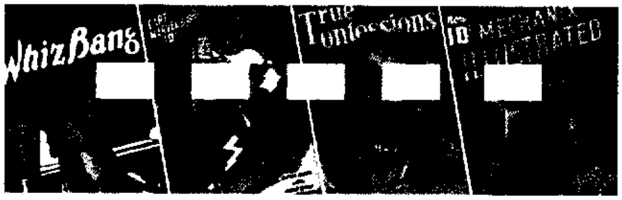
CONCURRENCE:

Rick Pearson, Community Development Coordinator

AGENDA ITEM #
April 10, 2018

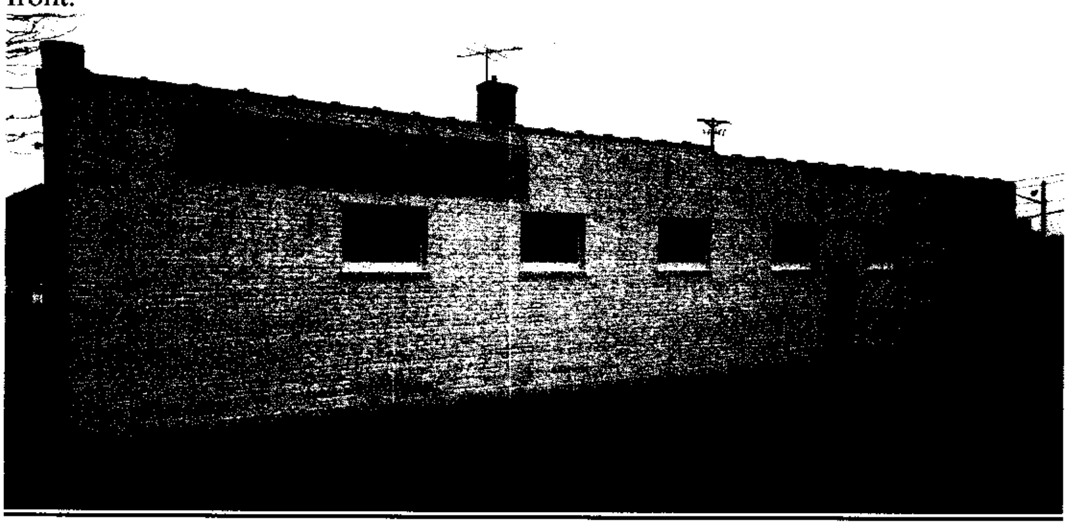
***Old Business: Downtown Mural Proposal***

**BACKGROUND:**
At the April REDA meeting, the concept of sponsoring a mural on the south wall of Ace Hardware was reviewed including the concept designs below. Feedback was interest in seeing other designs including ones that might incorporate the windows





**More information**: A photo of the wall in question (71' x 15') is shown below showing 6 windows and a door as well as vines on the east which would need to be eradicated. The windows provide natural light for the store. The door is not used, is covered over with plywood and has shelving in front.



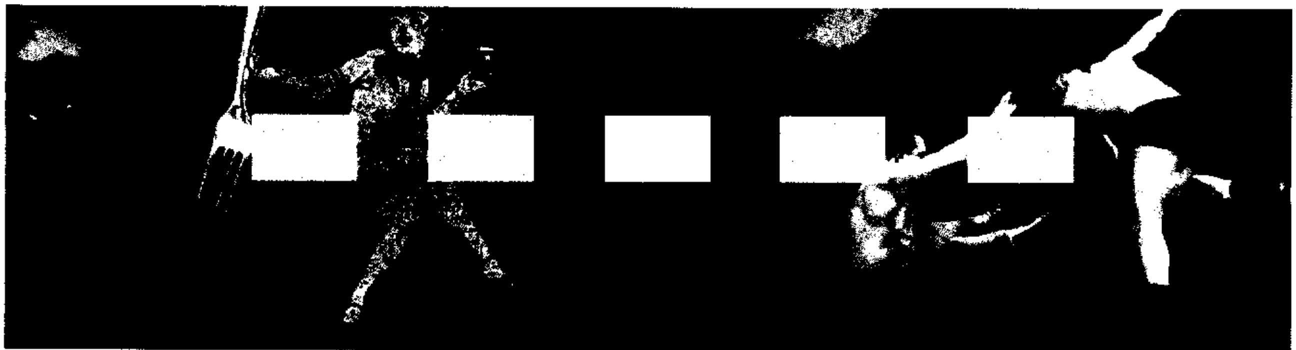
**Budget**
The budget compiled for the April designs is shown below. A bid for wall preparation has been updated. There is $950 in donations on hand; other contributions could be sought and an option of Birdtown half marathon contribution. The Robbinsdale Chamber Board indicated that they would need more details and confirmation of REDA participation before deciding on any contribution.

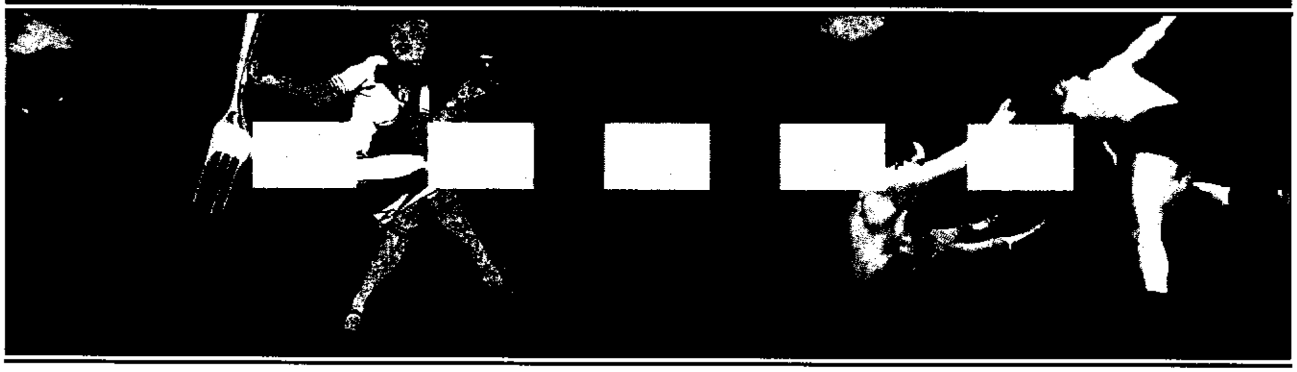
| | Whiz Bang Mural | 125 Year Mural | |
|---|---|---|---|
| Labor/Artist Commission | $7000 | $5000 | |
| Wall preparation | $980 | $980 | Per bid |
| Lift rental | $ 545 (month) | $ 389 (week+1 day) | |
| Paint | 8 gallons/6 quarts<br>Donation from Ace | 5 gallons/3 quarts<br>Donation from Ace | |
| Anti-graffiti Coating | Not used last mural | Not used last mural | |

**New Designs**

At the April REDA meeting board members suggested steering away from the 125th Bday and either something with Whiz Bang and a space providing information on Fawcett publications or something "whimsical" using the windows/bright colors/interesting ideas not related to history

The artist submitted two new designs were submitted and are shown below.





**RECOMMENDATION:**

Provide direction.

Marcia Glick, Executive Director

City of Robbinsdale

To: Mayor and City Manager

From: Marcia Glick, City Manager

Date: May 8, 2015

RE: Discuss plans for 4205 W Broadway

Background

With title conditions resolve the closing for the old BP station at 4205 West Broadway should be moving forward shortly. Next step is clearing the site and constructing a temporary parking lot.

Discussion

Given the complexity of the demolition including tank removal and staff workload, a consultant should be hired to prepare plans and specifications for the site clearance including potential development for remediation if unexpected materials are discovered and to prepare plans and specifications for the parking lot construction project.

Recommendation

Staff will bring an update to the meeting.

Marcia Glick

Marcia Glick, City Manager

Agenda Item # _
May 8, 2018

**INFORMATION ONLY: Project Updates**

| ADDRESS | COMMENTS |
|---|---|
| **Twin Oak cul-de-sac** *(Beckmann)* | Working with potential homeowers on plans. |
| **3807 Major** *(Hyland)* | TIF 2000-8. Homeowners moved in 12.16.17. Exterior work needs to be completed – painting, landscaping, sidewalk. Certificate of Completion not yet signed. |
| **4629 France** *(Carlyle)* | Lot sold. Owner has building permit to start construction. |
| **4524Regent** | Property to be remarketed. ***See agenda item.*** |
| **4530 Regent** *(Peterson)* | Lot sold. Expect construction to start soon. |
| **3912 Quail** *(Beckmann)* | TIF 2000-9. Purchase agreement signed. Closing deadline 5/31/2018 |
| **3905 Quail** *(Beckmann)* | TIF 2000-9. Property sold. Building permit submitted. |
| **3606 Lake Drive** | Considering Park option. |
| **4136 Regent – Garages** *(Pendergast)* | TIF Project 8: Mortgage payments for acquisition started 6/2016. |
| **39xx W. Broadway** | Property is tax exempt pending redevelopment. |
| **3636 France** | Property REDA owns north of St Petersburg – possible sale in 2018 |
| **3600 France** | Special meeting May 15th at 6 pm to consider TIF Consideration. ***See agenda item.*** |
| **MNDOT Misc. (lots to acquire)** | 1. Vera Cruz between 41 & 42. 2 buildable lots available.<br>2. 42xx Toledo-lot on new street/new alley – appraisal requested<br>3. Easement Only – aging title commitment – on hold:38th & Vera Cruz |
| **3760 Lee** | Possible sale to City for water treatment plant. |
| **3108-12 Grimes** | Holding. |
| **4212 Grimes; 4364 Grimes** | Neighbors maintaining |
| **OPEN TO BUSINESS** | Office Hours even numbered months. 1st Wednesday 9:30-11:30 a.m. Multi-year contract with ability to cancel. |
| **4205 W Broadway BP Station** | Purchase agreement signed. Title issue resolved. County assisting with environmental follow up. County grant $400,000 TOD. Expect closing in May. |
| **4614 41 ½ Ave N** | Building leased to Soul Brothers for office, meeting space, and catering office. |
| **Terrace Redevelopment TIF Agt.** | Hy-Vee construction underway. Future action on TIF Note, etc. |
| **4165 Hubbard** *NSide Oriental Mkt* | Lease payments on schedule |
| **4501 Orchard** | Contract for deed paid in full. REDA has right to review plans for through 2028. |
| **4131-35 W Broadway** | Request to consider assistance for clearing site for construction of a new building. ***See agenda item.*** |
| **Lions Gym Façade loan** | Projects completed–forgiven after 10 years (January 2022) |
| **EMI Rehab Façade loan** | Projects completed –forgiven after 10 years (January 2022) |
| **Wicked Wort – Façade loan** | Project completed – forgiven after 10 years (December 2025) |
| **Golden Age Design Façade loan** | Project completed – forgiven after 10 years (December 2026) |
| **Clare Housing TIF District** | Pay-as-you-go TIF agreement. |
| **Downtown/Plaza Project** | 2nd Mural option for Ace Hardware. ***See agenda item.*** |
| **Business District Initiative** | See Detail on next page. Completion required by October 2018. |

Marcia E. Glick

Marcia Glick, Executive Director

| Business District Initiative - $35,000 Project deadline October 2018 | | |
|---|---|---|
| Ace Hardware<br>- Awning<br>- Tuckpointing and parapet cap | Total Budget<br>$3,433.20<br>$26,400 bid | Grant<br>$1,144.40 complete<br>$ 8,800 reserved |
| Straight Stuff<br>- awning & paint | $3,029.62 | $1,010 complete |
| Performance Meals<br>- awning<br>- window and other façade update | $2,900<br>~~$22,101~~ | $ 966.77 complete<br>~~$7,367~~ |
| 4180 W Broadway<br>- awnings & paint | $6,200 | $1,111.29 complete |
| Lions Gym<br>- Hubbard window/door also doing window on N side | $5,842 grant elig.<br>$ 7,368 total | $1,947.70 complete |
| Wickedly Charming<br>- Windows, stucco repairs, signs | $4,746.68 | $1,582.22 complete |
| Golden Age Design<br>- Hubbard side sign, ~~lights~~, paint<br>- Loan on WB side<br>- Decided not to do lighting addition | $5812 total project<br>- $3,874.67 loan | $ 1,937.33 complete |
| P & D Mechanical (early 2018)<br>- Confirmed interest in N side stucco | *Nothing submitted* | |
| Nonna Rosa's<br>- Awnings<br>- Considering window updates | $2,670 est. plus permits included rear entrance not eligible for grant.<br>*Nothing submitted* | $ 769.33 awnings |
| Broadway Court<br>- Commercial Space awning and lighting updates | $5034 | $1,678 complete |
| Wicked Wort<br>- Time/Temp Sign Update | $29,661.07 | $9,887.02 complete |
| Marnas<br>- Awning and Lights replacement | $8,500 | $2,833.33 reserved |
| | Total Investment $70,854.57<br>Pending $34,900<br>Total project $84,356.50<br>Incentive Budget $35,000 | Total Complete $22,333.66<br>Pending $ 11.633.33<br>Total $31,133.66<br>Remaining $3,866.34 |

REDA can consider applying again for grant assistance if sufficient projects are identified.

Handouts 5.8.18

**Robbinsdale Economic Development Authority**
*President Selman*
*Commissioner Rogan*
*Commissioner Blonigan*
*Commissioner Murphy*
*Commissioner Backen*
*Executive Director Marcia Glick*

Please be advised that this letter is in lieu of attending the REDA public hearing on Tuesday, May 8, 2018 due to being out of town.

We believe the business subsidy request for 4131-35 W Broadway is a positive development for the City of Robbinsdale as other businesses have failed to thrive in this space due to the substandard nature of the buildings. In addition, the owners of Travail have demonstrated that they are an economic and public relations asset to this community.

TSG is pleased to write this letter in full support of the Travail project in tearing down the two properties on W Broadway for purposes of constructing a more viable structure for their business.

Sincerely,

**TSG**
Mark & Jill Steinhauser

5/1/2018

Amanda Kist
Salon HALO
4101 West Broadway Ave, N
Robbinsdale, MN

REDA
City of Robbinsdale

**Greetings Members of REDA**

It has come to my understanding that the Travail Cooperative intends to demolish and rebuild the building now known as Performance Meals; 4135 West Broadway. Following the communities response and the responses of local businesses I would like to add that we, as Salon HALO, welcome the new development that is proposed with the building sight and the expansion of Pig Ate My Pizza to the existing Travail location.

We have no trepidations about the architecture for the new building and the parking concerns. We believe that mixing old and new provide a prosperous view showcasing the rejuvenation of our community and there is ample parking for our downtown area.

The rebuild of the 'Performance Meal' building will add to the character of downtown Robbinsdale. Knowing that several buildings have/are in the TIF district due to the state of the building, would reflect on the revitalized area as an eye-sore. Supporting the decision that the Travail Cooperative has in making what is old once new again, and following the true meaning of their operation can only allow the Robbinsdale Downtown district to flourish and grow, thus supporting the local businesses, community and city alike.

**Thank you,**

Amanda Kist
Salon Owner, Stylist, Educator
Salon HALO

Salon HALO

Welna Ace Hardware of Robbinsdale
4140 W. Broadway
Robbinsdale, MN 55422
763-533-2758

May 7, 2018

George Selman, President
Robbinsdale Economic Development Authority (REDA)
Robbinsdale City Hall
4100 Lakeview Avenue
Robbinsdale, MN 55422

Dear President Selman,

We are writing in support of the owners of Travail, Pro Meals LLC, request for financial assistance with regard to their plans submitted to REDA for the property address of 4131-35 W. Broadway. Their plan will result in a tax base increase to the property far in excess of its current value. It will retain and expand the number of living wage jobs. It will result in the replacement of a blighted property with a beautiful addition to downtown Robbinsdale that supports necessary economic development.

While we have only owned the nearby property for a short period of time it is clear to us in that short time the value of the owners commitment and investment to Robbinsdale in their current businesses. We see on a daily basis their personal involvement which has a positive impact on their employees, the surrounding businesses and our community.

Their request appears to be consistent with the intent of Tax Increment Financing and other city economic financing tools that are being requested. We hope that REDA is able to support the funding requests.

Sincerely,

Cathy & Mark Welna

Cc: Marcia Glick, REDA Executive Director

May 7, 2018

**Email and US Mail**

Mr. Ronald H. Batty
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402

rbatty@kennedy-graven.com

**Re: Complaint Regarding Business Subsidy for Pro Meals, LLC**

Dear Mr. Batty:

I represent Wicked Wort Brewing Company ("Wicked Wort"). Mr. Carlyle of Wicked Wort forwarded me the correspondence you sent him regarding the above referenced matter, and I write in response to that letter. Wicked Wort continues to believe that the proposed subsidy, if approved, would violate Chapter 116J.

We are aware REDA has not yet made a decision regarding Pro Meals, LLC's ("ProMeals) request. However, as Mr. Carlyle explained in this letter, Wicked Wort does not believe that the proposed subsidy can meet the criteria established by REDA. ProMeals has not shown how its project will lead to job creation, and as Mr. Carlyle also explained, it does not meet any of the criteria necessary to justify the project on economic development grounds. I understand that REDA believes the project can be justified based on the removal of blight criteria; but the materials with which we have been provided so far gives no reason to believe that the building is blighted and cannot be used by another business. Moreover, as the materials provided by the City indicate, the project is incompatible with the downtown architectural design guidelines in significant ways. Finally, the proposed project will exacerbate the already serious lack of parking in Robbinsdale, and will favor an already successful business at the expense of Wicked Wort, a direct competitor.

Wicked Wort will attend the meeting tomorrow. It believes the subsidy in question is unnecessary and violates REDA's own criteria. It hopes REDA decides not to proceed with this subsidy, but if it does, Wicked Wort will take any and all steps available to it to protect its interests, both as a business and as a Robbinsdale taxpayer.

Very Truly Yours,

Hugh D. Brown

LER/HDB/hhm

086736\001\4974221.v2

April 9, 2018

**Email and US Mail**
Robbinsdale Economic Development Authority
c/o Marcia Glick
4100 Lakeview Avenue North
Robbinsdale, Minnesota 55422-1898
mglick@ci.robbinsdale.mn.us

**Re: Letter in Opposition to ProMeals, LLC's Application for Business Subsidy**

Dear President Selman and Commissioners:

I write on behalf of Wicked Wort Brewing Company[1] to oppose ProMeals, LLC's request for a business subsidy to redevelop the building located at 4131 – 4135 West Broadway in downtown Robbinsdale. The proposed subsidy is inconsistent with Robbinsdale Economic Development Authority's Business Subsidy Criteria and the Business Subsidy law and would violate commitments made to Wicked Wort as part of its relocation to Robbinsdale in 2015. This letter constitutes Wicked Wort's complaint under Minn. Stat. § 116J.994, subd. 11(b).

The fundamental problem with the proposed subsidy is that it does not add a single new business to the Robbinsdale community, and instead, makes a massive cash infusion to an existing, successful business as it moves into direct competition with another existing business. As you know, the purpose of the requested subsidy is to renovate the property for use by the restaurant Pig Ate My Pizza, whose current property would then be taken over by Travail. ProMeals then intends to construct a new building, which is proposed to house "corporate offices, a restaurant, catering services and a private event space." In the process, ProMeals intends to add a brewery to Pig Ate My Pizza, a move which would bring it into direct and harmful competition with Wicked Wort, and violate commitments made to Wicked Wort on which Wicked Wort relied when it moved to Robbinsdale.

[1] Wicked Wort is located in taxable property in downtown Robbinsdale.

## A. <u>ProMeals does not meet Robbinsdale Economic Development Authority's Business Subsidy Criteria.</u>

First, ProMeals' application does not meet REDA's established criteria for business subsidies. REDA has stated that its central objective is to make sure that subsidies "must be justified by evidence that the project cannot reasonably be expected to proceed without the benefit of the subsidy." Here, if the project in question is the establishment or maintenance of a successful business in Robbinsdale, it is clear that this criteria is not met. Both Pig and Travail have successfully operated in Robbinsdale for several years, and there is no reason to believe they will not continue to be successful without being given a new building at public expense. If, on the other hand, the project is the replacement of an older building on West Broadway for a newer one, there is no evidence that a private business could not finance a new project at this location, particularly with the benefit of the generous grants provided by Robbinsdale to renovate building facades in the downtown area. For this reason, ProMeals' proposal does not meet REDA's central objective, and its application ought to be denied.

Additionally, a business cannot obtain a subsidy unless its project advances one or more of the following criteria: (1) job creation or retention, and wage improvement, or (2) economic development. However, the ProMeals project does not advance either of these criteria. First, the project cannot be justified by creation of jobs and wages. A project goal may also include job retention but **<u>only</u>** in the event job retention is specific and demonstrable. Here, ProMeals apparently will retain old employees and hire new employees at the new location. However, there is no documentation of specific job loss which would justify the project on the basis of retained employees. ProMeals also has yet to show its plan or capacity to create **<u>new</u>** full-time jobs in its proposed new location. Whether it can do so is questionable in light of the fact that no new business is being created in or relocated to Robbinsdale – rather, an existing business is simply moving to another building.

Second, a subsidy to ProMeals cannot be justified on economic development grounds. To satisfy this criteria, projects must promote one or more of the following:

1) Encourage economic and commercial diversity within the community.
2) Contribute to the establishment of a critical mass of commercial development within an area.
3) Provide basic goods and services, increase the range of goods and services available or encourage fast-growing businesses.
4) Promote redevelopment objectives and removal of blight, including pollution cleanup.
5) Promote the retention or adaptive reuse of buildings of historical or architectural significance.
6) Promote additional or spin-off development within the community.
7) Encourage full utilization of existing or planned infrastructure improvements.

*See* REDA Business Subsidy Criteria (April 8, 2003).

It is hard to see how the proposed project promotes any of these objectives. ProMeals' proposed project will not encourage commercial diversity within the community, because it will just build a new structure for a restaurant that already exists two blocks away. For the same reason, ProMeals will not contribute to the establishment of a critical mass of commercial development on West Broadway or increase the range of goods and services available in Robbinsdale.

There is also little evidence that the project is necessary to remove blight. While the building in question may need repairs – even substantial ones – there is no evidence that it is necessary to tear it down and build a new one. Incurring that expense without even bringing in a new business appears to be a poor use of district funds. ProMeals will also not be promoting the retention or adaptive reuse of buildings of historical or architectural significance. Indeed, ProMeals will do the opposite. The proposed project is to tear down an old existing structure and build a wholly new building for ProMeals's new restaurant location. There is also no evidence that ProMeals's proposed project will promote additional or spin-off development within the community. In fact, it may have the opposite effect. If REDA provides a business subsidy to this already successful restaurant group in the area, private developers may become less interested in supporting smaller entrepreneurs and local businesses for fear that they will be unable to compete with the subsidized establishments. ProMeals's proposed project also will have no impact on utilization of existing or planned infrastructure improvements.

ProMeals's proposed redevelopment project does not promote Robbinsdale's long-term economic growth and security. By simply moving Pig to another newly developed building on the same block, ProMeals will not be engaged in commercial expansion on West Broadway or in the community as a whole. Rather, it will merely be filling one empty commercial space while leaving another behind. By funding this project, REDA runs the risk of losing $520,000 and an available commercial space for a project better suited to Robbinsdale's economic needs.

## B. ProMeals May be Ineligible for a Business Subsidy

It also appears likely that ProMeals is ineligible for a Business Subsidy because it has not yet fulfilled its obligations under past business subsidies. A recipient that fails to meet the terms of a subsidy agreement may not receive another business subsidy for a period of five years from the date of failure, unless it repays the subsidy. Minn. Stat. 116J.994, subd. 6(b).

According to documents received by Wicked Wort from REDA under the Minnesota Government Data Practices Act, REDA has already provided substantial assistance to ProMeals. The goals established for that business subsidy included the construction of certain minimum improvements. REDA did not provide Wicked Wort with the exhibit listing those repairs, but it appears that they included roof repair, parking lot repairs, and other remodeling. According to emails exchanged by Marcia Glick and James Winberg in May and June 2017, those repairs have not yet been completed. Also, Turducken LLC, the entity that owns and operates Travail and which received a business subsidy in 2012-2013, indicated on its 2018 report that it has not met all goals established for that subsidy. Accordingly, it appears that granting the proposed subsidy would violate Minnesota law. It is also unclear why REDA would grant another large cash infusion to a business that has outstanding obligations incurred as a result of previous assistance.

## C. Granting the Request would Violations Commitments Made to Wicked Wort.

Finally, granting a business subsidy to ProMeals would violate commitments made to Wicked Wort as part of Wicked Wort's agreement to locate its business in Robbinsdale. When Wicked Wort agreed to make the financial commitment to open in the smaller Robbsindale market rather than in a larger City, Robbinsdale agreed not to provide subsidies to other breweries to move to the area. Without this commitment, Wicked Wort would not have built its brewery in Robbinsdale.

This proposal would violate that commitment. ProMeals made it clear that part of their business plan is to not only serve food at the new location of Pig, but also tap into the brewery industry by brewing and serving its own beer. Granting ProMeals a business subsidy that allows them to develop and operate a brewery will negatively affect Wicked Wort. It does not serve the interests of the City of Robbinsdale to finance a business that will directly compete with, and detrimentally affect other businesses already existing in the City. Moreover, if the proposed business subsidy proceeds, Wicked Wort will have no choice to but to consider taking legal action to remedy the violation of the development agreement between it and Robbinsdale and protect its business.

Wicked Wort appreciates the commitment that Robbinsdale has made to the success of its downtown and values the relationship between REDA and the Robbinsdale business community. However, the proposal made by ProMeals is not the right way to proceed with the development of Robbinsdale's downtown area. The benefits to the community are too few, and the potential damage to a successful existing business is too great. Therefore, Wicked Wort asks that REDA deny ProMeals application for a business subsidy.

Very Truly Yours,

Steven Carlyle
Wicked Wort Brewing Company
Owner-President
Ph# 763.302.9849
wickedwortbrewingcompany@gmail.com

| | Principal | Interest | total | | | Current TIF | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **2016** | 14749.77 | 15782.77 | 30532.54 | | | | | | | |
| **2017** | 16879.04 | 16429.18 | 33308.22 | | | | | | | |
| **2018** | 17742.61 | 15565.62 | 33308.23 | cumulative | | 288825 | | cumulative 4% interest | | |
| **2019** | 18650.35 | 14657.88 | 33308.23 | principal | total | 29000 | Addition from new building | | | |
| **2020** | 19604.54 | 13703.69 | 33308.23 | 38254.89 | 66616.46 | 58700 | 29700 | 29700 | | |
| 2021 | 17948.39 | 19753.26 | 37701.65 | 56203.28 | 104318.1 | | 29700 | 59400 | | |
| 2022 | 19159.42 | 18941.62 | 38101.04 | 75362.7 | 142419.2 | | 29700 | 89100 | | |
| **2023** | 19289.65 | 21374.6 | 40664.25 | 94652.35 | 183083.4 | | 29700 | 118800 | | |
| **2024** | 21151.67 | 19745.6 | 40897.27 | 115804 | 223980.7 | | 29700 | 148500 | | |
| **2025** | 23366.52 | 17530.74 | 40897.26 | 139170.5 | 264877.9 | | 29700 | 178200 | | |
| **2026** | 25813.3 | 15083.96 | 40897.26 | 164983.8 | 305775.2 | | 29700 | 207900 | | |
| **2027** | 28516.29 | 12380.97 | 40897.26 | 193500.1 | 346672.5 | | 29700 | 237600 | | |
| **2028** | 31502.32 | 9394.94 | 40897.26 | 225002.5 | 387569.7 | | 29700 | 267300 | | |
| **2029** | 34801.03 | 6096.24 | 40897.27 | 259803.5 | 428467 | | 29700 | 297000 | | |
| **2030** | 38445.15 | 2452.12 | 40897.27 | 298248.6 | 469364.3 | | 29700 | **326700** | | |
| **2031** | 3351.77 | 28.17 | 3379.94 | 301600.4 | 472744.2 | | 29700 | 356400 | | |
| **2032** | | | | | | | 29700 | 386100 | 13 years | 400701.2 |
| **2033** | | | | | | | 29700 | 415800 | **14 years** | **408053.1** |
| **2034** | | | | | | | 29700 | 445500 | 15 years | 415485.6 |
| **2035** | | | | | | | 29700 | 475200 | | |
| **2036** | | | | | | | 29700 | 504900 | | |
| **2037** | | 76028.96 | | | | | 29700 | 534600 | | |
| **2038** | | | | | | | 29700 | 564300 | | |
| **2039** | | | | | | | 29700 | 594000 | | |
| | 2018 yet to come | | | | | | | | | |
| | **312057.7** | 180116.3 | 472744.2 | | | | 594000 | 326700 | | |

$ 388,086.66 pay off prior to 10% on contract

AGENDA ITEM # ______
April 12, 2018

***Other Business*:** **Insurance Renewal - Waiving The Statutory Tort Liability Limits**

Background

Entities obtaining liability coverage from the League of Minnesota Cities Insurance Trust must decide whether or not to waive the statutory tort liability limits to the extent of the coverage purchased.

Analysis/conclusion

If the entity does not waive the statutory tort limits, an individual claimant would be able to recover no more than $500,000 from our insurance coverage on any claim to which the statutory tort limits apply. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would be limited to $2M. If we waive, a single claimant could potentially recover up to $2M on a single occurrence. Waiving the limit results in a premium increase of 3% which, for REDA is approximately $550.

The REDA has the option to purchase excess coverage in factors of $1M. The basic policy covers up to $2 M and covers several areas not covered by the Statutory Tort Liability Limits. Examples provided by LMCIT include: "Police Liability, Employment related discrimination claims, Land Use, certain types of Contract claims may expose your city to liability for damages sustained over and above the Cap." The REDA exposure above the limits relate to contract claims as it does not have its own employees.

If the REDA waives the statutory tort limits and purchases excess liability coverage, a single claimant could potentially recover an amount up to the limit of the coverage purchased (i.e. if $1M extra coverage is purchased, a person could recover up to $3M.) The total which all claimants would be able to recover for a single occurrence would also be limited to the amount of coverage purchased, regardless of the number of claimants. Purchasing additional coverage and waiving the tort liability limits increases the cost of the excess coverage by 25%.

Bill Husbands typically recommends waiving the monetary limits on the tort liability and does not recommend the purchase of excess liability coverage. Although only approximately $550 for the extra coverage, the Executive Director and Finance Director feel this is an unnecessary expense for the REDA given that REDA's activities are quite limited in the areas where the statutory limits apply.

Recommendation

Approve a motion to direct the Executive Director to execute the appropriate documents related to the 2018-2019 insurance renewal which will not include a waiver of the municipal tort liability limits and not involve the purchase of extra coverage.

Marcia Glick

Marcia Glick, Executive Director

CONCURRENCE:

Larry Jacobson

Larry Jacobson, Finance Director

City of Robbinsdale

Council Check Summary

5/8/2018 - 5/8/2018



| Company | | Amount |
|---|---|---|
| 02005 Housing Development | | 2,559.59 |
| 02576 Project 10-Downtown RO | | 2,040.40 |
| | Report Totals | 4,599.99 |

Council Check Register by GL

Council Check Register and Summary

5/8/2018 -- 5/8/2018

| Check # | Date | Amount | Supplier / Explanation | PO # | Doc No | Inv No | Account No | Subledger | Account Description | Business Unit |
|---|---|---|---|---|---|---|---|---|---|---|
| 194912 | 5/8/2018 | | **113134 BACKEN, PAT** | | | | | | | |
| | | 45.00 | REG MEETING 04/10/2018 | | 130867 | 20180508 | 2005.6139 | | Commissioner Stipend | Business & Housing Development |
| | | 45.00 | REISSUE CK REG MEET 07/1216/SP | | 130870 | 20180507 | 2005.6139 | | Commissioner Stipend | Business & Housing Development |
| | | 45.00 | REISSUE CK REG MEET 07/1216/SP | | 130871 | 20180507 | 2005.6139 | | Commissioner Stipend | Business & Housing Development |
| | | 135.00 | | | | | | | | |
| 194913 | 5/8/2018 | | **100505 BLONIGAN, WILLIAM** | | | | | | | |
| | | 45.00 | REG MEETING 04/10/2018 | | 130864 | 20180508 | 2005.6139 | | Commissioner Stipend | Business & Housing Development |
| | | 45.00 | | | | | | | | |
| 194914 | 5/8/2018 | | **114195 ECM PUBLISHERS INC** | | | | | | | |
| | | 47.60 | 4524 REGENT PHN | | 130868 | 593644 | 2005.6712 | 00005340 | Legal Notices | Business & Housing Development |
| | | 71.40 | TRAVAIL SUBSIDY PHN | | 130869 | 593645 | 2576.6712 | 00005224 | Legal Notices | Project 10-Downtown RO |
| | | 119.00 | | | | | | | | |
| 194915 | 5/8/2018 | | **108097 EHLERS & ASSOCIATES** | | | | | | | |
| | | 660.00 | TIF 10 ANALYSIS | | 130862 | 76681 | 2576.6310 | | Professional Services | Project 10-Downtown RO |
| | | 660.00 | | | | | | | | |
| 194916 | 5/8/2018 | | **100530 KENNEDY & GRAVEN, CHARTERED - REDA** | | | | | | | |
| | | 629.00 | ADMINISTRATION | | 130857 | 142561 | 2005.6311 | | Legal Fees - General Counsel | Business & Housing Development |
| | | 11.99 | ADMINISTRATION-DISBURSEMENT | | 130858 | 142561 | 2005.6214 | | Operating Supplies | Business & Housing Development |
| | | 969.00 | 4205 W BRDWAY | | 130859 | 142561 | 2005.6311 | 00005392 | Legal Fees - General Counsel | Business & Housing Development |
| | | 527.00 | 4501 ORCAHRD-DEVT AGT | | 130860 | 142561 | 2005.6311 | 00005340 | Legal Fees - General Counsel | Business & Housing Development |
| | | 1,309.00 | REDEVELOPMNT PROJ 10 | | 130861 | 142561 | 2576.6311 | | Legal Fees - General Counsel | Project 10-Downtown RO |
| | | 3,445.99 | | | | | | | | |
| 194917 | 5/8/2018 | | **113921 MURPHY, REGAN** | | | | | | | |
| | | 45.00 | REG MEETING 04/10/2018 | | 130866 | 20180508 | 2005.6139 | | Commissioner Stipend | Business & Housing Development |
| | | 45.00 | | | | | | | | |
| 194918 | 5/8/2018 | | **108789 ROGAN,DANIEL P** | | | | | | | |
| | | 45.00 | REG MEETING 04/10/2018 | | 130865 | 20180508 | 2005.6139 | | Commissioner Stipend | Business & Housing Development |
| | | 45.00 | REISSUE CK REG MEET 11/09/16 | | 130872 | 20180507 | 2005.6139 | | Commissioner Stipend | Business & Housing Development |
| | | 90.00 | | | | | | | | |
| 194919 | 5/8/2018 | | **110208 SELMAN, GEORGE** | | | | | | | |
| | | 60.00 | REG MEETING 04/10/2018 | | 130863 | 20180508 | 2005.6139 | | Commissioner Stipend | Business & Housing Development |
| | | 60.00 | | | | | | | | |
| | | 4,599.99 | Grand Total | | | | | | | |

Payment Instrument Totals

| Check # | Date | Amount | Supplier / Explanation | PO # | Doc No | Inv No | Account No | Subledger | Account Description | Business Unit |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 4,599.99 | Grand Total | | | | | | | |

**Payment Instrument Totals**

| | |
|---|---|
| Checks | 4,599.99 |
| Total Payments | 4,599.99 |