

**AGENDA
PORT AUTHORITY OF THE CITY SAINT PAUL
REGULAR BOARD MEETING
NOVEMBER 28, 2017 - 2:00 P.M.**

LOCATION: 380 St. Peter Street, Suite 850, Saint Paul, MN 55102

MINUTES

1. Approval of the Minutes from the October 24, 2017 Annual Board Meeting

CONFLICT OF INTEREST

NEW BUSINESS

ADMINISTRATIVE

1. Resolution No. 4616 Certification of Tax Levy
2. Resolution No. 4617 Appointment of Pension Committee Members
3. For Approval 2018 Budget
4. For Acceptance September 2017 Year-to-Date Financial Statements

CREDIT COMMITTEE

1. Resolution No. 4618 Renew Army Corps of Engineers License Agreement to Deposit Dredge Materials on Southport Dredge Material Management Facility
2. Resolution No. 4619 2018 Lease Amendment and Rental Rate Adjustment
Flint Hills Resources Pine Bend, LLC
3. Resolution No. 4620 Decertification of the Hazardous Substance Subdistrict Portion of the Williams Hill Business Center, Energy Lane Business Center and Great Northern Business Center Phase II Redevelopment TIF Districts

GENERAL MATTERS

1. Informational President's Report
2. Such Other Business as May Come Before the Board

**PORT AUTHORITY OF THE CITY OF SAINT PAUL
MINUTES OF THE ANNUAL BOARD MEETING
OCTOBER 24, 2017**

The annual meeting of the Port Authority Board was held on October 24, 2017 at 2:30 p.m. in the Board Room of the Saint Paul Port Authority located at 380 St. Peter Street, Suite 850, Saint Paul, Minnesota.

The following Commissioners were present:

John Bennett

Paul Williams

Dan Bostrom

Dai Thao

John Marshall

Don Mullin

Nneka Constantino

Also present were the following:

Lee Krueger

Laurie Hansen

Pete Klein

Michael Linder

Dana Krueger

Sarah Savelle

Ava Langston-Kenney

Linda Williams

Monte Hilleman

Ann Kosel

Keith Mensah

Laurie Siever

Andrea Novak

DeAnne Bennett

Eric Larson, General Counsel, City of Saint Paul

Mark Allseits, University of St. Thomas

Ken Watts, District Energy

Andrew Kasid, District Energy

Ben Johnson, Barnes and Thornburg, LLP

Toua Xiong, Hmongtown Marketplace

Nou Vang, Hmongtown Marketplace

APPROVAL OF MINUTES

Motion was made by Commissioner Williams to approve the minutes of the Board meeting held on September 26, 2017. The motion was seconded by Commissioner Bostrom, submitted to a vote and carried unanimously.

CONFLICT OF INTEREST

Commissioner Constantino informed the Chair that she would abstain from discussion and voting on Resolution No. 4610.

NEW BUSINESS

ADMINISTRATION

ELECTION OF OFFICERS

Commissioner Marshall made a motion to nominate the following Commissioners for the 2017/2018 officer positions: Chair, John Bennett; Vice Chair, Paul Williams; Secretary, Don Mullin, Treasurer, John Marshall; Assistant Treasurer, Laurie Hansen; and Assistant Secretary, Eric Larson. The motion was submitted to a vote and carried unanimously.

CREDIT COMMITTEE

RESOLUTION NO. 4610 DISTRICT ENERGY ST. PAUL, INC. – AUTHORIZATION FOR AN APPROXIMATE \$25,000,000 TAX-EXEMPT AND TAXABLE BOND ISSUE

Motion was made by Commissioner Williams to approve Resolution No. 4610 which was reviewed by the Credit Committee and recommended for approval by the Board. The motion was submitted to a vote and carried by a vote of six with Commissioner Constantino abstaining.

RESOLUTION NO. 4611 PUBLIC HEARING – CONVEYANCE OF LAND TO S & R CONSULTING, LLC

Motion was made by Commissioner Williams to approve Resolution No. 4611 which was reviewed by the Credit Committee and recommended for approval by the Board.

Chair Bennett stated that in accordance with Minnesota Law, the Port Authority is required to hold a public hearing regarding Resolution No. 4611, and declared the Public Hearing open. He asked if anyone in attendance wished to address the Board. No one came forward and, therefore, Chair Bennett declared the Public Hearing closed and asked to take a roll call vote.

Chair Bennett stated that a roll call vote is required under Chapter 469 and the Commissioners voted as follows:

Commissioner Williams	- aye	Commissioner Bostrom	- aye
Commissioner Thao	- aye	Commissioner Marshall	- aye
Commissioner Mullin	- aye	Commissioner Constantino	- aye
Chair Bennett	- aye		

The motion carried unanimously.

RESOLUTION NO. 4612
AWARD OF CONTRACT – ENERGY PARK UTILITY COMPANY BOILER REPLACEMENT

Motion was made by Commissioner Williams to approve Resolution No. 4612 which was reviewed by the Credit Committee and recommended for approval by the Board. The motion was submitted to a vote and carried unanimously.

RESOLUTION NO. 4613
ENERGY PARK UTILITY COMPANY FRANCHISE – APPROVAL OF RATES

Motion was made by Commissioner Williams to approve Resolution No. 4613 which was reviewed by the Credit Committee and recommended for approval by the Board. The motion was submitted to a vote and carried unanimously.

RESOLUTION NO. 4614
**GRANT APPLICATION TO MINNESOTA’S PORT
DEVELOPMENT ASSISTANCE PROGRAM TOWARDS
CONSTRUCTION OF A BARGE MOVING SYSTEM AT THE RED ROCK TERMINAL**

Motion was made by Commissioner Williams to approve Resolution No. 4614 which was reviewed by the Credit Committee and recommended for approval by the Board. The motion was submitted to a vote and carried unanimously.

RESOLUTION NO. 4615
**APPLICATION TO MINNESOTA’S DEPARTMENT OF
EMPLOYMENT AND ECONOMIC DEVELOPMENT AND
METROPOLITAN COUNCIL FOR CONTAMINATION CLEANUP GRANT FUNDS
FOR HMONGTOWN MARKETPLACE LOCATED AT 217 COMO AVENUE, ST. PAUL, MN**

Motion was made by Commissioner Williams to approve Resolution No. 4615 which was reviewed by the Credit Committee and recommended for approval by the Board. The motion was submitted to a vote and carried by a vote of six with Commissioner Thao abstaining.

Chair Bennett welcomed Toua Xiong and Nou Vang from Hmongtown Marketplace and offered them a chance to introduce themselves.

Chair Bennett appointed the following committee chairs: Credit Committee, Paul Williams and Administrative Committee, John Marshall.

GENERAL MATTERS

There being no further business, the meeting was adjourned at 2:44 p.m.

By: _____

Its: _____

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: BOARD OF COMMISSIONERS
(Regular Meeting of November 28, 2017)

DATE: November 21, 2017

FROM: Laurie J. Hansen 

SUBJECT: CERTIFICATION OF TAX LEVY
RESOLUTION NO. 4616

Action Requested

Approval of the final Truth in Taxation Certification.

Background

Minnesota Truth in Taxation Law provides that special taxing districts (including port authorities), counties, municipalities, and school districts must certify to the County Auditor by December 28, 2017, the proposed tax levy for taxes levied in 2018.

The recommended 2017 tax levy payable in 2018 is:

1.	General Obligation Bond Debt Service	\$3,222,700
2.	Mandatory Levy pursuant to Minnesota Statutes Section 469.053, Subdivision 4, at a rate not to exceed .01813% of market value	\$1,856,700
3.	Discretionary Levy pursuant to Minnesota Statutes Section 469.053, Subdivision 6. Pledged to industrial redevelopment	\$ 105,000
TOTAL 2018 TAX LEVY		<u>\$5,184,400</u>

Recommendation

We recommend approval.

LJH:amk

Attachments: Comparison of Tax Levy
Resolution

PORT AUTHORITY OF THE CITY OF SAINT PAUL
COMPARISON OF TAX LEVY

	TAX LEVY PAYABLE		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
G.O. Bonds	3,222,700	3,218,100	3,355,300
Mandatory Levy	1,856,700	1,706,700	1,706,700
Discretionary Levy	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>
TOTAL	\$5,184,400	\$5,029,800	\$5,167,000

**RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL**

[CERTIFICATION OF TAX LEVY]

WHEREAS, pursuant to Minnesota Statutes section 275.065, all taxing districts are required to certify the levy they may impose for the current tax year payable in 2018 prior to December 28, 2017.

NOW THEREFORE, BE IT RESOLVED, that the Port Authority adopts the following as its maximum tax levy for taxes payable in 2018 as follows:

1.	General Obligation Bond Debt Service	\$3,222,700
2.	Mandatory Levy pursuant to Minnesota Statutes section 469.053, Subdivision 4, at a rate not to exceed .01813% of market value	\$1,856,700
3.	Discretionary Levy pursuant to Minnesota Statutes Section 469.053, Subdivision 6, pledged to industrial Redevelopment	\$ 105,000
TOTAL 2018 TAX LEVY		<u>\$5,184,400</u>

Adopted: November 28, 2017

PORT AUTHORITY OF THE CITY OF
SAINT PAUL

By _____
Its _____

ATTEST:


By _____
Its _____

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: BOARD OF COMMISSIONERS
(Regular Meeting of November 28, 2017)

DATE: November 21, 2017

FROM: Laurie J. Hansen 

SUBJECT: **APPOINTMENT OF PENSION COMMITTEE MEMBERS
RESOLUTION NO. 4617**

Action Requested:

Approval of the appointment of the members of the Pension Committee.

Background:

The Port Authority sponsors the Port Authority of the City of Saint Paul Pension Plan (Plan). The Plan is a defined contribution participant-directed plan. The Plan provides a broad spectrum of investment options to allow participants to construct diversified portfolios designed to meet their own time horizons, and risk and return objectives.

In July of 2008, the Board approved the Pension Committee Charter and initial committee membership. The role of the Pension Committee is to oversee the operation and administration of the pension plan including the selection of funds offered.

Plan participation is limited to three current employees who did not join PERA when that option became available in 2003. There are three employees no longer contributing to the Plan who have balances created prior to joining PERA in 2003. Three terminated employees have balances in the Plan as well. Total plan assets are \$2,033,486 as of September 30, 2017.

Current Status:

The Committee Charter requires appointment to the committee by the Board with the exact number of committee members determined by the Board from time to time. Since there are six employees who are currently contributing to the plan or have account balances in the Plan, we are recommending those six employees make up the Plan committee. The committee members would be:

Pete Klein
Bruce Kessel
Deb Forbes

Laurie Siever
Dana Krueger
Laurie Hansen

Recommendation:

We recommend approval of the appointment of the members of the Pension Committee.

LJH:amk
Attachment

**RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL**

[APPOINTMENT OF PENSION COMMITTEE MEMBERS]

WHEREAS, the Port Authority of the City of Saint Paul (the "Port Authority") sponsors the Port Authority of the City of Saint Paul Pension Plan, a defined contribution participant-directed plan which provides a broad spectrum of investment options to allow participants to construct diversified portfolios designed to meet their own time horizons, and risk and return objectives.

WHEREAS, the Board approved the Pension Committee Charter and initial committee membership in July of 2008, which oversees the operation and administration of the pension plan.

WHEREAS, the Committee Charter requires appointment to the committee by the Board with the exact number of committee members determined by the Board from time to time, and since there are currently six employees contributing to the plan or have account balances in the Plan, those six employees should make up the Plan committee.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL, that the six employees who are currently contributing to the plan be appointed as the members of the Pension Committee Charter.

Adopted: November 28, 2017

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its _____

ATTEST:

By _____
Its _____

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: BOARD OF COMMISSIONERS
(Regular Meeting of November 28, 2017)

DATE: November 21, 2017

FROM: Laurie J. Hansen 

SUBJECT: **APPROVAL OF 2018 BUDGET**

Action Requested

Approval of 2018 Budget for Port Authority Operations.

Proposed Budget:

Attached please find the 2018 Budget. The Administrative and Development Budget covers the revenue and expenses of the Port Authority's daily operations.

The variances shown on this report are from the comparison of the 2017 Budget to the 2018 Budget.

Total revenues are expected to increase \$248,200 and expenses are budgeted to increase \$245,200, resulting in a net operating income of \$33,000, an increase from the 2017 Budget of \$3,000.

Revenue Variances

Variance

Tax Revenues

\$262,500

Tax revenues are budgeted to increase by \$262,500. The increase is due to the recovery from TIF receipts of prior investments in business centers and a \$150,000 increase in the mandatory levy.

Fiscal and Administrative Fees

<\$159,900>

The fiscal and administrative fees continue to decline as loans and bond issues pay off at a faster rate than new transactions close. In addition, the actual amount of fees earned on new bond issues are lower than they have been historically. Revenue in 2017 Projection was higher due to the fee charged for the Public Safety Training Facility. No new projects are budgeted in 2018.

Interest on Loans

\$590,300

A portion of the increase in interest income (\$105,800) is offset by an increase in interest expense of the same amount. This is due to the change in utilization of the EPA revolving loans. The additional increase in interest on loans is due to the Trillion Btu loan fund being fully utilized, new BDF loan originations and the repayment of interfund loans from TIF districts.

BOARD OF COMMISSIONERS

November 21, 2017

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CCP Grant Income

<\$400,000>

The amount is budgeted to decrease due to other revenue sources being able to fund Port operations. CCP grants are the last source of funding for Port operations.

Expense Variances

Personnel Costs

\$ 93,300

Personnel costs are budgeted to increase \$93,300. The increase is due to an additional FTE as well as a budget proposal of 3% merit increases and \$55,000 for grade level adjustments.

Development Expenses

\$ 33,500

Development expenses are budgeted to increase \$33,500. The increase is due to the increased projected spending in various development activities, particularly investigating new sites and river expenses.

Interest Expenses

\$105,800

As discussed above, the increase is due to a change in the utilization of the EPA revolving loans. There is a corresponding increase in interest income resulting in no impact on net income.

Operating Reserve Cash Flow Projection

The attached operating reserve cash flow shows an operating reserve balance ranging from \$3.4 - \$4.3 million through 2021.

Development Cash Flow Projection

The attached development cash flow shows the cash balance growing to \$5.5 million by year-end 2021.

Recommendation

We recommend approval of the 2018 Budget for Port Authority Operations.

LJK:amk

Attachments: 2018 Budget

Operating Reserve Cash Flow

Development Cash Flow

ST. PAUL PORT AUTHORITY
2018 Managerial Budget
Administrative and Development Operations

	2017 Budget	2017 Projection	2018 Budget	Budget Change Increase/(Decrease)
REVENUES:				
Tax revenues	\$ 1,285,000	\$ 1,370,018	\$ 1,547,500	\$ 262,500
Fiscal and administrative fees	975,336	1,030,547	815,450	(159,886)
Interest on loans	824,701	773,998	1,415,026	590,325
Reimbursed direct labor	50,500	50,464	4,000	(46,500)
Other operating revenue	84,138	86,271	85,939	1,801
Interest on investments	27,000	113,602	27,000	-
CCP Grant income	1,550,000	1,300,000	1,150,000	(400,000)
Total Revenues	<u>4,796,675</u>	<u>4,724,899</u>	<u>5,044,915</u>	<u>248,240</u>
EXPENSES:				
Personnel costs	2,719,346	2,513,948	2,812,599	93,253
Professional services:				
Audit fees	56,100	56,100	57,000	900
Attorney costs	279,300	282,850	287,038	7,738
Other professional fees	224,250	181,874	228,100	3,850
Total professional services	<u>559,650</u>	<u>520,824</u>	<u>572,138</u>	<u>12,488</u>
Other general costs:				
Office rent	239,019	236,000	244,003	4,984
Insurance	106,723	100,405	99,508	(7,215)
General & administrative expenses	194,469	195,461	211,285	16,816
Equipment maintenance	88,864	83,792	88,678	(186)
Depreciation	131,097	116,687	116,426	(14,671)
Marketing	106,500	105,625	106,000	(500)
Development	487,500	434,837	521,000	33,500
Interest expense	85,063	57,650	190,901	105,838
Property Maintenance	48,500	27,566	49,400	900
Total other general costs	<u>1,487,735</u>	<u>1,358,023</u>	<u>1,627,202</u>	<u>139,467</u>
Total Expenses	<u>4,766,731</u>	<u>4,392,795</u>	<u>5,011,939</u>	<u>245,208</u>
Net Operating Income	<u>29,944</u>	<u>332,105</u>	<u>32,976</u>	<u>3,032</u>
OTHER REVENUES(EXPENSES):				
Total Other Revenue (Expense)	<u>-</u>	<u>(0)</u>	<u>-</u>	<u>-</u>
Net Income (Loss) from Administrative & Development Operations	<u>29,944</u>	<u>332,105</u>	<u>32,976</u>	<u>3,032</u>

Saint Paul Port Authority
Operating Reserve Cashflow Projection

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Beginning Balance	\$ 4,240,019	\$ 4,316,059	\$ 3,582,542	\$ 3,520,919	\$ 3,568,617
Sources:					
Loan Administrative Fees	810,665	593,450	594,855	537,653	487,431
Consulting & Other Fees	270,348	226,000	150,000	200,000	200,000
Land Leases	84,638	85,939	87,586	89,111	90,637
Interest on Trillion Btu Loans	275,344	324,740	310,000	310,000	310,000
Interest on Investments	105,102	18,000	18,000	18,000	17,000
Tax Levy Revenues	900,000	1,050,000	1,050,000	1,050,000	1,050,000
Grant Receipts - CCP	1,300,000	1,150,000	1,750,000	1,950,000	1,950,000
	<u>3,746,097</u>	<u>3,448,129</u>	<u>3,960,441</u>	<u>4,154,764</u>	<u>4,105,068</u>
Other Sources:					
Direct Labor Reimbursement from CCP	100,000	100,000	100,000	100,000	100,000
EP Utility Company	170,000	170,000	170,000	170,000	170,000
	<u>270,000</u>	<u>270,000</u>	<u>270,000</u>	<u>270,000</u>	<u>270,000</u>
Total Sources	<u>4,016,097</u>	<u>3,718,129</u>	<u>4,230,441</u>	<u>4,424,764</u>	<u>4,375,068</u>
Uses:					
General and Administrative less Office Rent	3,460,055	3,804,707	3,880,801	3,958,417	4,037,585
Prior Year Payables	124,118				
Office Rent	244,220	254,538	260,864	267,249	273,771
Business Center Maintenance Expenses	27,566	49,400	50,400	51,400	52,400
	<u>3,855,958</u>	<u>4,108,645</u>	<u>4,192,065</u>	<u>4,277,066</u>	<u>4,363,756</u>
Other Uses:					
Capital Expenditures	<u>84,099</u>	<u>343,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total Uses	<u>3,940,057</u>	<u>4,451,645</u>	<u>4,292,065</u>	<u>4,377,066</u>	<u>4,463,756</u>
Ending Balance	<u>\$ 4,316,059</u>	<u>\$ 3,582,542</u>	<u>\$ 3,520,919</u>	<u>\$ 3,568,617</u>	<u>\$ 3,479,928</u>

**Saint Paul Port Authority
Development Cashflow Projection**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Beginning Balance	\$ 913,590	\$ 382,125	\$ 1,513,416	\$ 2,455,992	\$ 4,017,554
Sources:					
Interest on Loans	255,466	729,385	791,310	820,065	412,160
Interest Earned on Investments	4,000	8,000	12,000	20,000	28,000
Program Earnings	4,500	4,500	4,500	4,500	4,500
Land Sales	-	1,156,000	-	-	-
	<u>263,966</u>	<u>1,897,885</u>	<u>807,810</u>	<u>844,565</u>	<u>444,660</u>
Uses:					
Development Expenses	434,237	651,000	450,000	460,000	466,900
Prior Year Development Payables	204,908				
Capital Expenditures (1510-12000-XXX)	352,220	815,000	155,000	60,000	60,000
Business Center Assessments (SSSC & ROW)	10,000	25,000	25,000	25,000	25,000
Prior Year Business Center Payables	153,867				
	<u>1,155,232</u>	<u>1,491,000</u>	<u>630,000</u>	<u>545,000</u>	<u>551,900</u>
Other Sources/(Uses):					
Recoveries - TIF Districts	265,371	401,907	410,839	970,367	1,552,082
EPA Revolving Loan Funds Available - Interest	57,650	190,901	176,409	820,974	55,911
EPA Revolving Loan Funds Available - Principal	302,350	271,599	519,678	3,206,408	81,589
EPA Revolving Loan Repayment - 2006 (Development only)	(25,000)	(25,000)	(292,158)	-	-
EPA Revolving Loan Repayment - 2008 (TIF & Development)	-	-	-	(2,567,347)	-
EPA Revolving Loan Repayment - 2009 (Development only)	(25,000)	(25,000)	(25,000)	(1,143,403)	-
EPA Revolving Loan Repayment - 2012 (Development only)	-	(25,000)	(25,000)	(25,000)	(25,000)
EPAR Closed Grant Utilized	(215,569)	(65,000)	-	-	-
	<u>359,802</u>	<u>724,407</u>	<u>764,767</u>	<u>1,261,998</u>	<u>1,664,582</u>
Income(draw) on Development Fund	<u>(531,464)</u>	<u>1,131,292</u>	<u>942,577</u>	<u>1,561,564</u>	<u>1,557,342</u>
Ending Balance	<u>\$ 382,125</u>	<u>\$ 1,513,416</u>	<u>\$ 2,455,992</u>	<u>\$ 4,017,554</u>	<u>\$ 5,574,896</u>

ST. PAUL PORT AUTHORITY
Managerial Report
Statement of Administrative and Development Operations
Year to Date as of September 30, 2017

	Actual	Budget	Variance	Notes
REVENUES:				
Tax revenues	\$ 933,090	\$ 810,000	\$ 123,090	
Fiscal and administrative fees	664,424	526,698	137,726	
Interest on loans	389,584	399,414	(9,830)	
Reimbursed direct labor	50,464	50,500	(36)	
Other operating revenue	220,455	268,416	(47,961)	
Interest on investments	85,269	20,250	65,019	
CCP Grant income	850,000	850,000	-	
Total Revenues	3,193,286	2,925,278	268,008	
EXPENSES:				
Personnel costs	1,778,579	1,935,713	(157,134)	
Professional services:				
Audit fees	56,100	56,100	-	
Attorney costs	105,336	208,400	(103,065)	
Other professional fees	95,649	168,192	(72,543)	
Total professional services	257,085	432,692	(175,607)	
Other general costs:				
Office rent	194,801	199,145	(4,344)	
Insurance	76,622	78,129	(1,507)	
General & administrative expenses	97,433	151,194	(53,761)	
Equipment maintenance	61,928	66,645	(4,717)	
Depreciation	83,477	98,325	(14,848)	
Marketing	50,704	79,875	(29,171)	
Development	210,532	365,616	(155,084)	
Interest expense	57,650	59,065	(1,415)	
Property Maintenance	18,430	20,131	(1,701)	
Total other general costs	851,578	1,118,125	(266,547)	
Total Expenses	2,887,242	3,486,530	(599,288)	
Net Operating Income (Loss)	306,044	(561,252)	867,296	
OTHER REVENUES(EXPENSES):				
Other nonoperating expenses	(141,319)	-	(141,319)	
Total Other Revenue (Expense)	(141,319)	-	(141,319)	
Net Income (Loss) from Administrative & Development Operations	164,725	(561,252)	725,977	

Notes (Explanations are provided for variances over \$200,000 and 10% of the YTD Budget:

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: BOARD OF COMMISSIONERS
(Regular Meeting of November 28, 2017)

DATE: November 21, 2017

FROM: Ava Langston-Kenney 

SUBJECT: **RENEW ARMY CORPS OF ENGINEERS' LICENSES AGREEMENT TO
DEPOSIT DREDGE MATERIALS ON SOUTHPORT DREDGE MATERIAL
MANAGEMENT FACILITY
RESOLUTION NO. 4618**

Action Requested:

Authorize execution of agreements granting the Army Corps of Engineers (Army Corps) permission to place materials dredged from the Mississippi River on Saint Paul Port Authority (the "Port Authority") property located in the Southport Terminal.

Background:

In 1998, the Port Authority entered into a 20-year license agreement with the Army Corps. This agreement gave permission to the Army Corps to place dredge materials from the Mississippi River upon, and up to, 18 acres of vacant Port Authority land.

In 2008, the Port Authority sought approval from the City of Saint Paul City Council ("City Council") for a site plan and variance for dock wall construction and other improvements at the Southport Terminal. The site plan and variance were approved by the City Council in a Resolution dated September 19, 2008 (see Attachment A). As a condition of the approval, the Resolution requires the Port Authority to restore wetlands and at the end of the Army Corps' lease a re-evaluation of the Southport Terminal for dredge disposal, specifically Part III.B.3 of the Resolution provides:

"In furtherance of wetlands restoration, when the Army Corps' dredged disposal agreement with the Port Authority ends on December 31, 2017, the Port Authority agrees to submit to the Saint Paul City Council the issue as to whether it is necessary for Southport to continue as an Army Corps dredge disposal site. If the determination by the City is that Southport is no longer necessary for this use, then the Port Authority agrees to cease using Southport for the Army Corps' dredge disposal and furthermore, agrees to then convert the area for the Army Corps' dredge disposal to wetlands as reasonably soon thereafter as possible."

This variance also reduced the dredge area available to the Army Corps to 7 acres, providing for the establishment of approximately 2.7 acres of new wetlands and the creation of storm water ponds and rain gardens to treat storm water before it drains into the Mississippi River. The existing 7-acre site then encompassed the least amount of acreage required to adequately accommodate navigation maintenance needs. The Army Corps' license ends as of December 31, 2017. The Port Authority anticipates appearing before the City Council on

BOARD OF COMMISSIONERS

November 21, 2017

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December 6, 2017 to establish the necessity of the Southport Terminal to continue to serve as an Army Corps' dredge material management site.

Current Status:

The Port Authority has received a Record of Necessity from the Army Corps that details the continued necessity for the Southport Dredge Material Management Facility to process hydraulic and mechanical dredge material for the Army Corps (see Attachment B). Basically, the Army Corps states that there currently is no other location for dredge disposal in the Saint Paul river corridor for the Army Corps to fulfill its mission of maintaining a 9-foot navigation channel on the Mississippi River.

The Port Authority and its tenants require the maintenance of the 9-foot navigation channel. In 2015, the Port Authority tenants transported approximately 3,895,549 tons of commodities inbound and 2,991,472 outbound to and from the four Saint Paul barge terminals. Some of the commodities are:

Outbound	-	corn, soybeans, wheat, scrap iron, potash
Inbound	-	salt, aggregate, sand, fertilizer, cement, coal and asphalt

Port Authority tenants generate over \$2 million in property taxes and employ over 774 people in living wage industrial/commercial jobs that generate over \$4 million in payroll taxes to the state and federal governments.

In addition to the Mississippi River navigational channel, the Port Authority's barge terminals and the other Saint Paul Harbors, such as the City's and the Saint Paul Yacht and Boat Club are also served.

Barge Terminal tenants are responsible to dredge the area between their leased dock wall and 50 feet out into the basin of their associated terminal. Our tenants enjoy the benefit of having access to the Southport Dredge Material Management Facility, saving up to fifty percent of what would otherwise be their dredge material placement and disposal costs. For instance, approximately 24,000 cubic yards of silt per year are mechanically dredged out of the Southport and Red Rock terminals by the Port Authority. At a cost of up to \$25.00 per cubic yard for placement and disposal; using the Southport Dredge Material Management Facility saves the Port Authority approximately \$600,000 per year.

Furthermore, as noted in the Record of Necessity, the City is required by the Rivers and Harbors Act of 1945, to furnish suitable placement sites for material dredged by the Army Corps from the maintenance of the Small Boat Harbor Project (SBH). This year, the City of Saint Paul, through coordination with the Port Authority, located approximately 5,400 yards of material produced by the Army Corps' SBH dredging on the Southport Dredge Material Management site at no cost to the City. The City of Saint Paul saved an estimated cost of up to \$135,000.

Since 2007, this designated Army Corps' site, Southport Dredge Material Management Site, has been appropriately permitted by the Minnesota Pollution Control Agency (MPCA)

BOARD OF COMMISSIONERS

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Page 3

and operated by the Port Authority. To date, all dredge materials accepted on site have met all soil reuse criteria. Currently LS Marine, Inc. manages the facility on behalf of the Port Authority. Dredge materials are dried, recycled and sold as construction fill or top soil to various construction projects in the greater Saint Paul area. Approximately 50,000 to 60,000 cubic yards of sand and silt are recycled at this facility each year. This facility has the capacity to store approximately 100,000 cubic yards of dredge sands and silts. As noted above, this arrangement results in substantially lower costs of dredge material handling to the Port Authority, Port Authority tenants, the City of Saint Paul and the Army Corps, while also assisting East Metro construction development.

Based on the necessity of maintaining a 9-foot channel to accommodate the needs of commercial navigation through Saint Paul, the Port Authority and its tenants need to maintain commercial navigation within the barge terminals and the City of Saint Paul's federal requirement to provide suitable placement sites for materials dredged from the Small Boat Harbor Project, it is necessary to continue the operation of the Southport Terminal dredge material management site. Port Authority staff recommend that the Port Authority renew its agreement with the U.S. Army Corps of Engineers to permit the placement of dredged materials on Port Authority property located in the Southport Terminal that is appropriately designated and permitted as a Dredge Material Management Facility for a period of 20 years.

Recommendation:

Approval to enter into agreements, as necessary, granting the Army Corps of Engineers permission to place materials dredged from the Mississippi River in the Saint Paul area on Port Authority property located in the Southport Terminal.

ALK/lkw

Attachments: Attachment A: 2008 City Council Resolution

Attachment B: 2017 Record of Necessity from Army Corps of Engineers
Resolution

ATTACHMENT A

City of Saint Paul City Council Resolution

{Attached}

RESOLUTION
CITY OF SAINT PAUL, MINNESOTA

10

Presented by _____

1 WHEREAS, the Council of the City of Saint Paul, on August 20, 2008, duly conducted public hearings
2 regarding two separate appeals from zoning decisions of the Saint Paul Board of Zoning Appeals,
3 (hereinafter, the "BZA"), and the Saint Paul Planning Commission, (hereinafter, the "Commission"),
4 pertaining to a development proposal from the Port Authority of Saint Paul (hereinafter, the "Port") to
5 develop land owned by the Port and commonly known as 637 Barge Channel Road for use as a barge
6 service and cleaning operation by a company which presently provides the same services on another parcel
7 of land owned by the Port; and

8
9 WHEREAS, based upon the Port's proposal to relocate the barge service from its present location to the
10 said site on Barge Channel Road, City staff determined that variances and a site plan review were
11 necessary in order to proceed with the proposed relocation; and

12
13 WHEREAS, the Port therefore duly applied to the Board and the Commission for their respective
14 approvals and, as provided by City ordinance, public hearings regarding each application were duly
15 noticed and conducted and, at the conclusion of each hearing, the Board and the Commission each moved
16 to approve the Port's applications subject to certain conditions; and

17
18 WHEREAS, as further provided by City ordinance, the decisions of both the Board and the Commission
19 approving the Port's applications were appealed and ultimately set for public hearings on the same date
20 before the City Council; and

21
22 WHEREAS, this Resolution hereby consolidates the Council's decisions regarding each of the appeals
23 taken from the respective decisions of the Board and the Commission so that the Council's decision as to
24 each shall be easily ascertained for administrative convenience; and

25
26 WHEREAS, this Resolution is therefore divided into four parts: part I addressing the appeal of the decision
27 of the Board; part II addressing the appeal of the decision of the Commission; part III incorporating
28 additional conditions of approval as proposed by the Port; and part IV refunds the appellate fee.

29
30 **PART I: APPEAL OF THE DECISION OF THE BOARD OF ZONING APPEALS**
31

32 WHEREAS, on February 26, 2008, the Port made application to the Board (Board zoning file no. 08-
33 032022) for variances from the strict application of Leg. Code §§ 68.402.2 and .402.7 for work affecting
34 existing slopes in the River Corridor District (underlying zoning district classification is I2) steeper than
35 12% and to create new slopes steeper than 18%) in order to prepare the site commonly known as 637
36 Barge Channel Road and legally described as REGISTERED LAND SURVEY 446 SELY 100 FT OF
37 TRACT H & PART IN W 1/2 OF SW 1/4 OF SEC 9 TN 28 RN 22 AS FOL; A 47400 SQ FT LEASE & A
38 35 FT BY 260 FT DRY DOCK LOCATED IN GOVT LOTS 7,9 & 15 MEAS 523 FT ON ON SELY
39 LINE & 425 FT ON NWLY LINE BY 100 FT MOL WIDTH N for development at a later date by a
40 company that services and cleans barges; and

41 WHEREAS, on March 10, 2008, the Board, pursuant to Leg. Code § 61.303, duly conducted a public
42 hearing where all persons present were afforded the opportunity to be heard and, at the close of the public

42 WHEREAS, on March 10, 2008, the Board, pursuant to Leg. Code § 61.303, duly conducted a public
43 hearing where all persons present were afforded the opportunity to be heard and, at the close of the public
44 hearing, the Board, based upon all the files, reports, and the testimony offered at the hearing, moved to
45 grant the Port's variance applications based upon the following findings as set forth in Board Resolution
46 No. 08-032022 dated March 10, 2008 as follows:

47
48 1. *The property in question cannot be put to a reasonable use under the strict provisions of the code.*

49
50 The land on the north side of the barge channel cannot be put to a reasonable use without leveling
51 some of the existing man-made steep slopes that have been created by deposits of dredge spoils.

52
53 New slopes steeper than 12% are required because dredge spoils will continue to be stored on part
54 of the property and berms must be created to contain the spoils and free up that area along the edge
55 of the barge channel.

56
57 2. *The plight of the land owner is due to circumstances unique to this property, and these*
58 *circumstances were not created by the land owner.*

59
60 The site is unique because it contains a number of man-made piles of dredge material with slopes
61 that would make development of the site impractical without a variance to level them.

62
63 3. *The proposed variance is in keeping with the spirit and intent of the code, and is consistent with the*
64 *health, safety, comfort, morals and welfare of the inhabitants of the City of St. Paul.*

65
66 The zoning code has a section devoted to regulating development in the River Corridor and
67 preserving the natural characteristics of the river valley. The proposed grading is consistent with
68 that. The existing steep slopes that would be affected are man-made piles of dredge spoils and not
69 natural slopes. The new
70 slopes steeper than 12% that would be created will be used to create ponds to improve water
71 qualities and contain dredge spoils. These new slopes will be landscaped using native plant
72 materials.

73
74 The Mississippi River Corridor Plan identifies Southport as one of the City's three principal river
75 port terminals.

76
77 However, a question has been raised about the possible loss of wetlands beyond what was approved
78 in a 1996 Channel Maintenance Plan. This issue needs to be resolved if the current plan and
79 associated variances are to be in keeping with the spirit and intent of the code.

80
81 4. *The proposed variance will not impair an adequate supply of light and air to adjacent property,*
82 *nor will it alter the essential character of the surrounding area or unreasonably diminish*
83 *established property values within the surrounding area.*

84
85 The variances will not affect light or air to adjacent properties. The changes that are proposed will
86 improve the site and they will not diminish property values in the area. The changes will not alter
87 the existing industrial and river character of the surrounding area.

~~5. The variance, if granted, would not permit any use that is not permitted under the provisions of the code for the property in the district where the affected land is located, nor would it alter or change the zoning district classification of the property.~~

The use of the property as a barge servicing business is permitted by the property's I2 and RC2 zoning.

6. The request for variance is not based primarily on a desire to increase the value or income potential of the parcel of land.

The variances are needed to use land that adjoins a barge channel for a river related use.

AND, WHEREAS, in granting the variances, the Board imposed the following conditions on the variances as also set forth in Board Resolution No. 08-032022:

No construction or site preparation of any sort, anywhere on the site, may commence until such time as the applicant has resolved all issues related to wetland mitigation pursuant to the 1996 Channel Maintenance Plan, as noted in a letter from the Minnesota Department of Natural Resources (DNR) to the City dated February 27, 2008. This includes the possible loss of wetlands in excess of the 18 acres of wetlands that were scheduled to be lost under the 1996 Channel Maintenance Plan due to filling and containment site development for the Southport Barge Channel Improvements project. Construction may commence, when the DNR has officially informed the City's zoning administrator in writing that the matter has been resolved to its satisfaction

WHEREAS, Pursuant to Leg. Code § 61.702(a), Hakan Miller, on March 24, 2008 filed an appeal (BZA zoning file no. 08-118751) from the determination made by the BZA and requested a hearing before the City Council for the purpose of considering the actions taken by the Board; and

WHEREAS, on April 16, 2008, the said appeal was further continued with the agreement of the Port; and

WHEREAS, Pursuant to Leg. Code § 61.702(b) and upon notice to affected parties, a public hearing was set before the City Council for August 6, 2008; and

WHEREAS, On August 6, 2008, the City Council moved, with the agreement of the Port, to continue the public hearing until August 20, 2008; and

WHEREAS, On August 20, 2008, the City Council conducted a public hearing where all interested persons were afforded the opportunity to be heard and, at the close of the public hearing, the Council, having considered the variance applications, the report of staff, the record, minutes and resolution of the Board, the Council does hereby:

RESOLVE, to deny the appeal and uphold the decision of the Board in this matter there being no showing that the Board erred in its facts, findings or procedures and the Council hereby adopts the findings of the Board, as set forth in Board Resolution No. 08-032022, as its own; and, be it

133 ~~FURTHER RESOLVED, that the Council, pursuant to its authority provided under Leg. Code § 61.704~~

134 and based upon the representations of the Port, as set forth in its letter dated August 20, 2008 from Port
135 President Kenneth R. Johnson and more fully discussed by the Port's representative during the public
136 hearing, shall impose additional conditions on the approval of the said variances which will be more fully
137 discussed and imposed below under part III of this Resolution.

139 PART II: APPEAL OF THE DECISION OF THE PLANNING COMMISSION

141 WHEREAS, On May 9, 2008, the Port made application to the Commission (Commission zoning file No.
142 08-072-743) for a Site Plan review pursuant to Leg. Code § 64.110 to make site improvements to Port
143 property commonly known as 637 Barge Channel Road and legally described as noted in Part I of this
144 resolution; and

146 WHEREAS, on July 2, 2008, the Commission's Zoning Committee held a public hearing on the
147 application at which all persons present were given an opportunity to be heard and, at the close of the
148 public hearing, the Committee, based upon the files, reports and testimony received, moved to recommend
149 approval of the application subject to certain conditions; and

151 WHEREAS, the Commission, on July 11, 2008, based upon the evidence presented to its Zoning
152 Committee, as substantially reflected in all the files, reports, testimony and records moved to approve the
153 Port's site plan application, subject to certain conditions, finding the Port's application consistent with the
154 findings required under Leg. Code § 61.402(c) and set forth in Commission Resolution No. 08-35, dated
155 July 11, 2008, as follows:

157 1. *The city's adopted comprehensive plan and development or project plans for sub-areas of the city.*

159 The site plan is consistent with the Mississippi River Corridor Plan:

- 161 • The plan identifies Southport as one of the City's three principal river port terminals. (Policy 5.2.1
162 on page 34)
- 163 • The plan calls for preserving and restoring natural vegetation. For this project, the area that will be
164 used by Upper River Services is currently a disturbed area with no native vegetation. Native plant
165 material will be used to landscape the area.
- 166 • The Mississippi River Corridor Plan calls for measures to improve water quality. (Policy 4.4.3 on
167 page 27.) The site plan shows ponds and rain gardens that will improve water quality. In
168 comparison, the site where Upper River Services currently operates does not have any measures for
169 treating storm water before it goes into the river.

171 2. *Applicable ordinances of the City of Saint Paul.*

173 A variance to deal with steep slopes in the River Corridor was approved by the Board of Zoning
174 Appeals in March 2008 on a vote of 6-1. (File 08-032022) The variances allow grading to affect
175 existing slopes greater than 12%. (Most of these slopes were created by the piles of dredge
176 material stored on the site and are not natural.) The variance also allows new slopes steeper than
177 18% to be created. These slopes will be used to create a berm that will contain the area used for
178 storing dredge materials. An appeal was filed of the Board of Zoning Appeals decision and this

179 appeal will be heard by the City Council, probably in August. If the City Council upholds the
180 decision of the Board of Zoning Appeals, the issues related to steep slopes in the River Corridor
181 will be resolved.

182
183 The site preparation being proposed as Phase One meets all other applicable ordinances.

184
185 3. *Preservation of unique geologic, geographic or historically significant characteristics of the city*
186 *and environmentally sensitive areas.*

187
188 Most of the area that will be affected by the proposed improvements is used to store dredge
189 materials and does not have any unique features.

190
191 However, its location next to the river and wetlands make it an environmentally sensitive area. In
192 response, the site plan calls for restoring 2.37 acres of new wetlands and creating storm water
193 ponds and rain gardens to treat storm water before it goes to the river. The engineer hired by the
194 Port Authority has been working with the City's Water Resource Coordinator on the design for rain
195 gardens and storm water ponds. The plans have been revised in response to comments from City
196 staff and most of the issues have been worked out.

197
198 4. *Protection of adjacent and neighboring properties through reasonable provision for such matters*
199 *as surface water drainage, sound and sight buffers, preservation of views, light and air, and those*
200 *aspects of design which may have substantial effects on neighboring land uses.*

201
202 Storm water ponds and rain gardens will be created to improve water quality to a level that exceeds
203 City standards. The proposed operations will not be visible from the main river channel.

204
205 The immediate neighbors are industrial properties. The closest residence is over ¼ mile from the
206 area of operations and no negative impacts such as noise or dust are anticipated.

207
208 5. *The arrangement of buildings, uses and facilities of the proposed development in order to assure*
209 *abutting property and/or its occupants will not be unreasonably affected.*

210
211 The sheet pile wall and associated grading will not negatively affect nearby property. The area of
212 wetlands will be increased and the area for dredge spoils will be reduced, which will have a
213 positive impact on nearby property.

214
215 6. *Creation of energy-conserving design through landscaping and location, orientation and elevation*
216 *of structures.*

217
218 The site work is consistent with this finding. No new buildings are included in this phase.

219
220 7. *Safety and convenience of both vehicular and pedestrian traffic both within the site and in relation*
221 *to access streets, including traffic circulation features, the locations and design of entrances and*
222 *exits and parking areas within the site.*

~~The proposed facility will not generate significant traffic. Traffic will go to Barge Channel Road and then to Concord.~~

8. *The satisfactory availability and capacity of storm and sanitary sewers, including solutions to any drainage problems in the area of the development.*

Sewer and other utilities will be brought into the site from Barge Channel Road. It appears that a lift station may be required to pump waste water up to the City's sanitary sewer.

Storm water coming off the site will be treated in storm water ponds and rain gardens before it enters the Mississippi River. Loucks Associates, the engineering company hired by the Port Authority to design this system, has met several times with City staff, including the City's Water Resource Coordinator and the design they are proposing for stormwater meets and exceeds the City's standards for water quality treatment.

9. *Sufficient landscaping, fences, walls and parking necessary to meet the above objectives.*

Areas of the site that will not be used by Upper River Services or for storing dredge spoils will be landscaped using native plant species that are suitable for the flood plain.

10. *Site accessibility in accordance with the provisions of the Americans with Disabilities Act (ADA), including parking spaces, passenger loading zones and accessible routes.*

Phase One is for site preparation and does not call for any buildings or parking lots. Phase Two will be reviewed separately when it is submitted and it will have to comply with the provisions of the Americans with Disabilities Act (ADA)

11. *Provision for erosion and sediment control as specified in the "Ramsey Erosion Sediment and Control Handbook."*

The proposed erosion and sediment control measures are consistent with this finding

AND, WHEREAS, in approving the site plan application, the Commission imposed the following conditions on the site plan approval as also set forth in Commission Resolution No. 08-35 as follows:

1. Final plans for landscaping, public utilities, storm water drainage and water quality (including storm water ponds and rain gardens) must be approved by City staff.

2. The City Council must uphold the variance for development affecting steep slopes in the River Corridor that was approved for this project by the Board of Zoning Appeals.

3. No construction or site preparation of any sort, anywhere on the site, may commence until such time as the applicant has resolved all issues related to wetland mitigation pursuant to the 1996 Channel Maintenance Plan, as noted in a letter from the Minnesota Department of Natural Resources (DNR) to the City dated February 27, 2008. This includes the possible loss of wetlands in excess of the 18 acres of wetlands that were scheduled to be lost under the 1996 Channel

~~Maintenance Plan due to filling and containment site development for the Southport Barge Channel~~
Improvements project. Construction may commence, when the DNR has officially informed the City's zoning administrator in writing that the matter has been resolved to its satisfaction.

4. A separate Site Plan Review (and Conditional Use Permit if applicable) will be required for Phase Two improvements, including new buildings, a parking lot, storage tanks and equipment.

WHEREAS, on July 21, 2008, Messrs. Tom Dimond, Hakan Miller and Gjerry Berquist, duly filed an appeal (Commission zoning file No. 08-118751) from the determination made by the Commission and requested a hearing before the City Council for the purpose of considering the actions taken by the Commission; and

WHEREAS, the appeal was duly noticed and set on for a public hearing before the City Council on August 6, 2008 whereupon, the Council further continued this appeal to August 20, 2008 for the purpose of combining the appellants appeals from the Board's and Commission's decisions into one public hearing; and

WHEREAS, on August 20, 2008, the City Council conducted its public hearing where all interested parties were given an opportunity to be heard; and

WHEREAS, The Council, having heard and read the testimony offered and having considered the staff report, the record, minutes, and the Commission's resolution does hereby

RESOLVE, That the Council of the City of Saint Paul hereby affirms the decision of the Commission in this matter there being no showing that the Commission erred in its facts, findings or procedures and, accordingly, denies the said appeal and adopts as its own the findings of the Commission in support of the decision as set forth in Commission Resolution No. 08-35 as its own together with the additional conditions imposed therein on the said application.

PART III: COUNCIL'S IMPOSITION OF ADDITIONAL CONDITIONS ON THE APPROVAL OF
THE VARIANCES AND SITE PLAN BASED UPON THE AUGUST 20, 2008 REPRESENTATIONS
OF THE PORT

WHEREAS, In a letter from the President of the Port dated August 20, 2008 and introduced into the Council's record as a part of these proceedings, the Port represented to the Council the Port's commitment to being an excellent steward of the Mississippi River and its eco-system and the Port's equal commitment to the optimal use of the Saint Paul Harbor and that it was the Port's view that these commitments were compatible; and

WHEREAS, the Port, further stating its position that development or environmental regulations did not require it to do so, nevertheless indicated that it was, subject to the approval of the Port's Board of Commissioners, prepared to donate to the City certain parcels of Port owned land and to undertake certain wetlands restoration on Port owned land within the City in exchange for the Council's approval of the Southport site plan and variance applications which are the subject of this appeal Resolution; and

315 ~~WHEREAS, pursuant to Leg. Code § 61.704, the Council may exercise all the powers of the Board and~~
316 Commission when hearing appeals from decisions of the Board and Commission, and the Council, based
317 upon the representations of the Port to donate land and restore wetlands and mindful of the need within the
318 River Corridor for opportunities for increase environmental stewardship and to provide connections to the
319 Mississippi River as set forth in the River Corridor Chapter of the Comprehensive Plan, hereby
320 incorporates the Port's offers as additional conditions to be imposed on the Port's variance and site plan
321 approval applications; NOW, THEREFORE,

322
323 BE IT RESOLVED, based upon the findings stated under this part, that the following shall be attached to
324 the Port's variance approvals (Board Resolution No. 08-032022) and the Port's site plan approval
325 (Commission Resolution No. 08-35) as additional conditions of approval as set forth in the Port's August
326 20, 2008 letter:

327
328 A. Donation of Port lands to City

- 329
330 1. An approximate one-acre parcel along the Mississippi shoreline at Lilydale Park. *AS IS*
331
332 2. An approximate 2.3-acre site known as Barge Terminal #2.
333
334 3. An approximate 10-acre site in the Southport Industrial Area, which is located immediately to
335 the west of the Southport Dock Wall Project Area.
336

337 B. Wetlands Restoration on Port land

- 338
339 1. Restore 18 acres of wetlands, given the use by the Port Authority at Southport; wetlands
340 restoration will occur within the City of Saint Paul, with priority given to proximity to the
341 Southport site and within the Critical River Area.
342
343 2. Restore the additional 2.3 acres of wetlands outside of the permit area at the full 2-1 replacement
344 ratio (4.6 acres), resulting in 1.8 new acres of wetlands restoration in addition to the 2.8 acres the
345 Port Authority has already agreed to restore with the DNR.
346
347 3. In furtherance of wetlands restoration, when the Army Corps' dredge disposal agreement with
348 the Port Authority ends on December 31, 2017, the Port Authority agrees to submit to the Saint
349 Paul City Council the issue as to whether it is necessary for Southport to continue as an Army
350 Corps dredge disposal site. If the determination by the City is that Southport is no longer necessary
351 for this use, then the Port Authority agrees to cease using Southport for the Army Corps' dredge
352 disposal and furthermore, agrees to then convert the area used for the Army Corps dredge disposal
353 to wetlands as reasonably soon thereafter as possible.

354
355 C. Trails and Parks

- 356
357 1. The Port Authority will assist City and community representatives' efforts to provide trail access
358 to the River's edge at Southport. The trail will provide neighborhood access to the River and
359 wetlands viewing opportunities. The long range plan envisions this connecting with future phases
360 of the trail laid out in the Holman Field Floodwall Design dated June 15, 2006.

08-1033

2. As to the 13.3 acres of the three donation parcels noted above, in the event wetlands restoration occurs on these parcels, such restoration may be counted towards the Port Authority's commitment to 18 acres of wetlands noted within the Wetlands Restoration section above.

AND, BE IT FURTHER RESOLVED, that in the event the Port's Board declines to approve any or all of these conditions the Council hereby revokes the variances and site plan approvals upheld under this Resolution; and

BE IT FURTHER RESOLVED, in the event the Port, or any successor(s) to it in interest regarding the subject lands and the conditions of approval imposed under this Resolution, should fail to abide by any or all of the conditions imposed under this Resolution, and upon notice to the Council pursuant to Leg. Code § 61.108, the Council hereby deems the Port or any successor(s) as the case may be, to be in violation of this Resolution and the violation shall be set on for a public hearing before City Council following the process set forth under Leg. Code § 61.108, the Council shall act as the Planning Commission for the purpose of considering whether to revoke the approvals under this Resolution or to take such other action as deemed appropriate as provided under Leg. Code § 61.108.

PART IV: APPELLATE FEE REFUNDED

BE IT RESOLVED, that any fee paid for the appeals of the decisions of the Board and the Commission to the City Council, shall be refunded to the appellants: and

BE IT FINALLY RESOLVED, That the City Clerk shall mail a copy of this resolution to the Port, Tom Dimond, Hakan Miller, Gjerry Berquist, the Board of Zoning Appeals, the Planning Commission and the Zoning and Planning Administrators.

	Yeas	Nays	Absent
Bostrom	✓		
Carter	✓		
Harris	✓		
Helgen	✓		
Lantry			✓
Stark	✓		
Thune	✓		
	6	0	1

Adopted by Council: Date 9/17/08

Adoption Certified by Council Secretary

By: Mary Erickson

Approved by Mayor: Date 9/19/08

By: A. Miller

Requested by Department of: C 40

By: [Signature]

Approved by the Office of Financial Services

By: _____

Approved by City Attorney

By: John W. Hume 9-5-08

Approved by Mayor for Submission to Council

By: A. Miller

ATTACHMENT B

Record of Necessity from Army Corps of Engineers

{Attached}



DEPARTMENT OF THE ARMY
ST. PAUL DISTRICT, CORPS OF ENGINEERS
180 FIFTH STREET EAST, SUITE 700
ST. PAUL, MN 55101-1678

NOV 09 2017

SUBJECT: Record of Necessity for Southport Dredged Material Placement Site

Kathryn Sarnecki
Vice President - Redevelopment and Harbor Management
St. Paul Port Authority
380 St. Peter Street, Suite 850
St. Paul, MN 55120-1313

Dear Ms. Sarnecki,

As requested by the St. Paul Port Authority, the U.S Army Corps of Engineers, St. Paul District (Corps) has prepared this Record of Necessity to document the continued need of Southport as a dredged material placement site.

Summary of Need:

The Southport site is a necessary placement site for the Corps' current and future dredged material placement needs in upper Pool 2 of the Mississippi River navigation project. This site is essential to the Corps for the following reasons:

1. Its close proximity to the typical dredge cuts in the upper portion of Pool 2, makes this site extremely valuable to the Corps from an operations standpoint;
2. There is a lack of feasible, cost effective, and environmentally acceptable alternative sites;
3. The quantity of dredged material in Pool 2 is anticipated to significantly increase; and
4. The City of St. Paul is required under federal law to provide a dredged material placement site for the St. Paul Small Boat Harbor (SBH) Project.

Background:

Southport has historically been an essential dredged material placement site for the Corps' navigation projects in upper Pool 2 of the Mississippi River. The Corps worked with the St. Paul Port Authority to establish the original 18 acre Southport placement site in 1998, and has since placed approximately 550,000 cubic yards of material at the site. In 2008, the site was reduced from 18 to 7 acres. The existing 7 acre site encompasses the least amount of acreage required to adequately accommodate navigation maintenance needs. The site was most recently used in September 2017 for placement of roughly 37,000 cubic yards of material generated from both the navigation channel and the St. Paul Small Boat Harbor. All material historically placed by the Corps at the Southport site has been removed and used beneficially, providing benefits to

both government and private organizations such as the Minnesota Department of Transportation, Minnesota Mulch and Soil, and the general public.

The Corps' maintenance of the congressionally authorized Upper Mississippi River (UMR) and SBH Projects is dependent on the ability to manage dredged material in a manner consistent with the "federal standard." The "federal standard" is defined as "the dredged material disposal alternative or alternatives identified by the Corps which represent the least costly alternatives consistent with sound engineering practices and meeting the environmental standards established by the 404(b)(1) evaluation process..." 33 C.F.R. § 335.7. Corps use of the Southport site has been consistent with the "federal standard."

A. Upper Mississippi River (UMR) Project

The UMR Project was authorized in the Rivers and Harbors Act of 1930, Pub. L. No. 71-520, 46 Stat. 918. The purpose of this project is to maintain a safe and navigable channel on the Mississippi River to enable commodities to be transported via barge from St. Paul to the Port of New Orleans in the most efficient and economical manner possible. This benefit is locally realized when bulk materials are transported via waterway more cost effectively than by road or railway. To execute the project, the Corps is responsible for maintaining the channel to a 9-foot depth and using suitable placement sites for dredged material.

In 1974, the Corps initiated the Great River Environmental Action Team (GREAT) study to aid the Corps in its operation and maintenance responsibilities for the UMR Project. The GREAT study was an interagency effort involving the Corps, the U.S. Fish and Wildlife Service, the Environmental Protection Agency, and the States of Iowa, Minnesota, and Wisconsin, among other entities. The purpose of the GREAT study was to identify and assess the multipurpose use of the river and to develop recommendations for improved management of the river. The GREAT study proposed a list of recommended placement sites for each pool of the UMR Project. The interagency team identified Southport as a preferred placement site in the GREAT Study.

In 1997, the Corps developed a Channel Maintenance Management Plan (CMMP) as an outgrowth and a supplement to the GREAT study plan. The CMMP is intended to guide maintenance of the UMR Project for the foreseeable future. The CMMP also identified Southport as an acceptable dredged material placement site for upper Pool 2 of the UMR.

B. St. Paul Small Boat Harbor (SBH) Project

The Corps is authorized to maintain the SBH Project to a depth of 5 feet below low control pool elevation.¹ The City of St. Paul, as the non-federal sponsor for the SBH Project, is required to furnish suitable placement sites for material dredged from the harbor for the

¹ The SBH Project was authorized in the Rivers and Harbors Act of 1945, Pub. L. No. 79-14, 59 Stat. 10. The SBH project is located at the lower end of Harriet Island in St. Paul, Minnesota, at Upper Mississippi River mile 839.6 on the right descending bank.

maintenance of this project.² The City of St. Paul has used Southport for many years to fulfill its federal obligations. Harriet Island, the St. Paul Yacht Club, and Watergate Marina all benefit from the SBH Project.

C. St. Paul City Council Resolution

In 2008, the St. Paul Port Authority (SPPA) sought approval from the St. Paul City Council for a site plan and variance for the Southport site. The site plan and variance were approved by the Council in a Resolution dated September 19, 2008. See enclosure. As a condition of the approval, Part III.B. of the Resolution requires the SPPA to restore wetlands. In particular, Part III.B.3 states the following requirement for wetland restoration:

In furtherance of wetlands restoration, when the Army Corps' dredged disposal agreement with the Port Authority ends on December 31, 2017, the Port Authority agrees to submit to the Saint Paul City Council the issue as to whether it is necessary for Southport to continue as an Army Corps dredged disposal site. If the determination by the City is that Southport is no longer necessary for this use, then the Port Authority agrees to cease using Southport for the Army Corps' dredged disposal and furthermore, agrees to then convert the area for the Army Corps dredged disposal to wetlands as reasonably soon thereafter as possible.

Justification of Need:

Southport is a necessary placement site due to expected increases in sediment deposition in Pool 2, and because of limited acceptable real estate options for disposing dredged material. It is essential that Southport remain available for Corps' maintenance of the UMR and SBH Projects.

As stated in the Corps' 2015 Pool 2 Sediment Assessment, the Corps anticipates maintenance dredging will increase in Pool 2 for two reasons: 1) the Minnesota River will continue to deposit increasing amounts of sediment in Pool 2; and 2) because of the Upper St. Anthony Falls (USAF) Lock and Dam closure to navigation in 2015, more sediment will deposit in Pool 2 since the USAF pool will no longer need to be dredged.

The Corps has had no need or means to dredge the USAF Pool since the lock is now closed to navigation. In addition, the Corps may have to reduce dredging in Pool 1 due to lack of commercial traffic, budget constraints, and greater dredging needs elsewhere. The existing Pool 1 dredged material placement site, located under the I-35W Bridge, will continue be utilized to accommodate Pool 1's minimal dredging needs. Similar to sites in lower Pool 2, this site is not suitable for dredged material from upper Pool 2 due to its limited capacity and the significantly

² Section 2 of the Rivers and Harbors Act of 1945 authorized the SBH Project in accordance with the plan and subject to the conditions set forth therein submitted by the Chief of Engineers to Congress in House of Representatives Document number 547, Seventy-sixth Congress. According to the plan, in exchange for dredging the SBH project, the City of St. Paul is required among other things to "furnish, free of cost to the United States, as and when required, all lands, easements, and rights-of-way and spoil disposal areas for the initial work and for subsequent maintenance[.]"

greater haul distance. The effects of eliminating dredging in the USAF Pool and reducing dredging in Pool 1 are estimated to increase sediment deposition in Pool 2 by 39%. Since 1970, the Corps has dredged an average of 43,000 cubic yards of dredged material in the USAF Pool. In Pool 1, the average has been roughly 32,500 cubic yards of dredged material per year. Sediment not dredged from these pools will continue to move downriver into Pool 2 and a portion will likely settle at the St. Paul Barge Terminal dredge cut. Material dredged at this cut is placed at Southport.

Lastly, the Corps still needs the Southport site because other suitable real estate options for disposing dredged material are lacking in upper Pool 2. The process of looking for additional sites in upper Pool 2 is currently ongoing as the Corps prepares its Pool 2 Dredged Material Management Plan (DMMP). The Pool 2 DMMP has identified Southport as a required placement site to accommodate material generated in the upper reach of the pool. Southport's proximity to the dredge cuts in the upper portion of Pool 2 accommodates both mechanical and hydraulic dredging, which makes this site extremely valuable to the Corps from an operations standpoint. In short, Southport must remain available to the Corps as a dredged material placement site in upper Pool 2 to accommodate future dredging needs in a manner consistent with the "federal standard."

In sum, the Corps needs to acquire a long term real estate interest in the Southport site once the current agreement with the SPPA expires on December 31, 2017.

Consequences if Southport is not Available for Future Use:

The consequences would be significant to the Corps' maintenance of the 9 foot navigation channel, the City of St. Paul, and to the region if Southport is unavailable for future use as a Corps dredged material placement site.

In the short term, if Southport is unavailable, the Corps would need to consider placing dredged material in areas that are more costly and have potentially greater environmental impacts. Furthermore, the Corps may need to reduce dredging at the St. Paul Barge Terminal dredge cut, which could lead to channel restrictions or closure. Channel closure would lead to extensive economic detriment. Based on the five year average from 2012-2016, approximately 7.5 million tons of commodities transit through Pool 2 on an annual basis. Utilizing the annual tonnage through Pool 2, a multiplier of \$26.47 per ton, and a seven month navigation season, the estimated increase in transportation costs may exceed \$28 million for a 30-day channel closure.

In the long term, if the Corps has no suitable means for properly disposing dredged material in upper Pool 2, the channel in this location may no longer be dredged to suitable navigation standards or material would need to be barged to other locations, thereby increasing maintenance costs and reducing the amount of dredging that could be done throughout the District. As a result, the navigation industry may be forced to use smaller tow configurations in Pool 2, which will increase commodity costs. In addition, smaller tow configurations may lead to increased truck traffic, which would exacerbate pollution and safety concerns in St. Paul and the surrounding metro region. Moreover, the City of St. Paul may be forced to find alternative

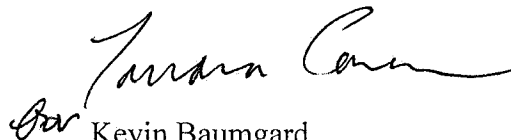
placement sites for the SBH project, which it is perpetually obligated to do as the non-Federal sponsor.

Conclusion:

Based on the expected increase in sediment deposition, increased maintenance dredging requirements, and limited real estate options for disposing dredged material in Pool 2, the Corps has determined that there are no other feasible alternatives to using Southport for its navigation project needs. The Corps respectfully requests the St. Paul Port Authority seek approval from the St. Paul City Council for the Corps' continued use of Southport as a dredged material placement site.

The Corps point of contact for questions or further discussion on this matter is Zach Kimmel, 651-290-5154.

Encl


Kevin Baumgard
Chief, Operations Division
St. Paul District

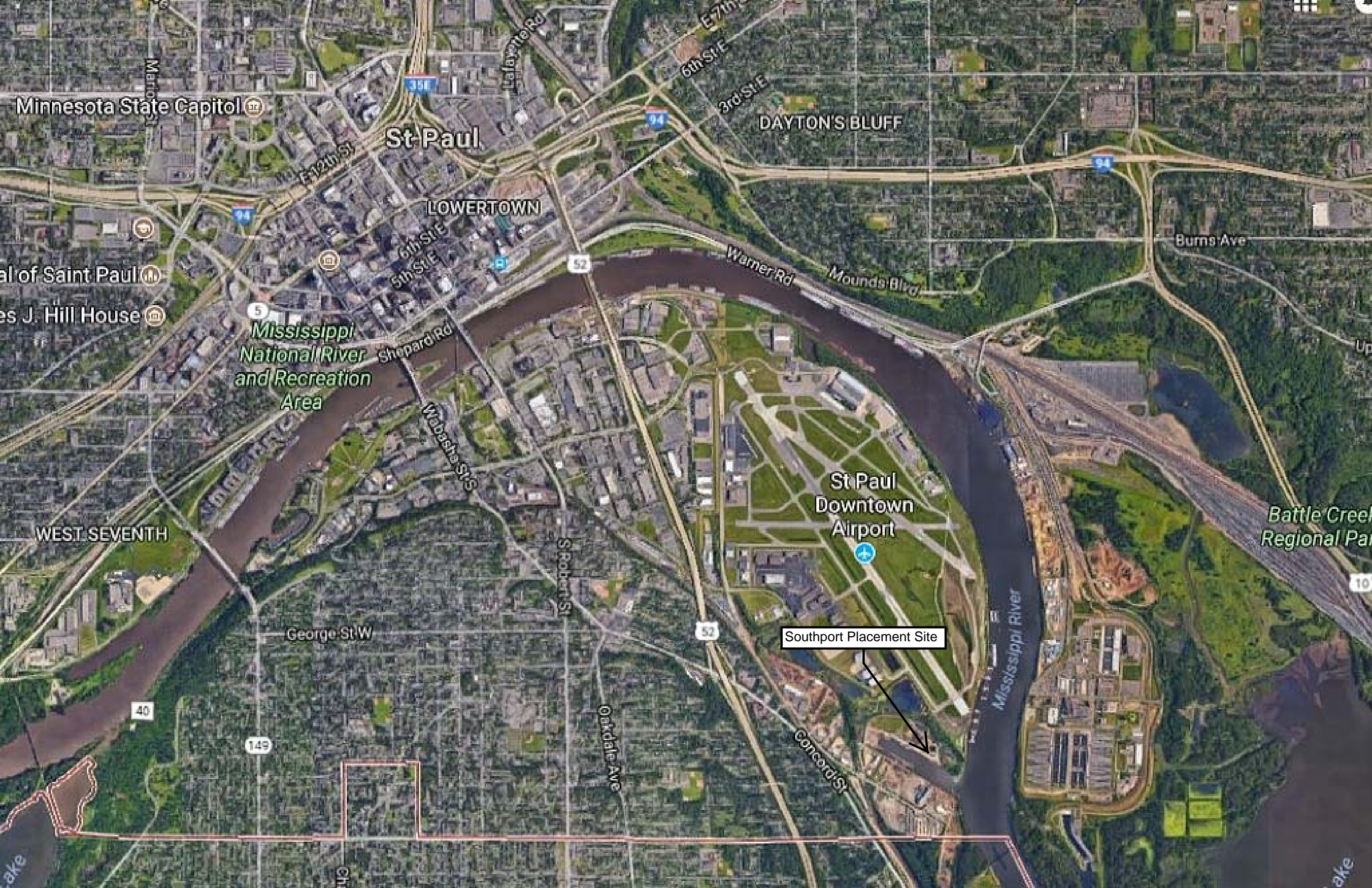


Exhibit 1

USACE
Leases

St. Paul, Minnesota

ST. PAUL PORT
AUTHORITY

1900 Landmark Towers
345 St. Peter Street
St. Paul, MN 55102

LOUCKS

PLANNING
CIVIL ENGINEERING
LAND SURVEYING
LANDSCAPE ARCHITECTURE
ENVIRONMENTAL

7200 Hemlock Lane, Suite 300
Maple Grove, MN 55369
763.424.5505
www.loucksinc.com



**RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL**

**[RENEW ARMY CORPS OF ENGINEERS' LICENSE AGREEMENT TO DEPOSIT
DREDGE MATERIALS ON SOUTHPORT DREDGE MATERIAL MANAGEMENT FACILITY]**

WHEREAS, the Port Authority of the City of Saint Paul is a public body corporate and politic and a governmental subdivision organized pursuant to Chapter 469 of Minnesota Statutes.

WHEREAS, the district of the Port Authority is the City of Saint Paul.

WHEREAS, under Minn. Stat. § 469.055, the Port Authority shall (1) promote the general welfare of the port district, and of the port as a whole; (2) try to increase the volume of the port's commerce; (3) promote the efficient, safe, and economical handling of the commerce; and (4) provide or promote adequate docks, railroad and terminal facilities open to all on reasonable and equal terms for the handling, storage, care, and shipment of freight and passengers to, from, and through the port.

WHEREAS, the Port Authority seeks to execute a new 20-year License Agreement granting the Army Corps of Engineers ("Army Corps") permission to place materials dredged from the Mississippi River onto Port Authority property located in the Southport Terminal.

WHEREAS, the Port Authority will be appearing before the Saint Paul City Council to establish the necessity of the Southport Terminal to continue to serve as an Army Corps' dredge material management site.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the Port Authority has approval to enter into a 20-year agreement granting the Army Corps of Engineers permission to place materials dredged from the Mississippi River onto Port Authority property located in the Southport Terminal, which property is designated and permitted as a Dredge Material Management Facility.

BE IT FURTHER RESOLVED, that the President, or anyone acting under his direction, is hereby authorized to execute on behalf of the Port Authority any and all necessary documents in accordance with the above-referenced terms in form as approved by counsel.

Adopted: _____

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its _____

ATTEST:


By _____
Its _____

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: BOARD OF COMMISSIONERS
(Regular Meeting of November 28, 2017)

DATE: November 21, 2017

FROM: Kathryn L. Sarnecki 

SUBJECT: **2018 LEASE AMENDMENT AND RENTAL RATE ADJUSTMENT – FLINT
HILLS RESOURCES PINE BEND, LLC
RESOLUTION NO. 4619**

Action Requested:

Approval of a lease amendment and rental rate adjustment of the leased premises with Flint Hills Resources Pine Bend, LLC, at Barge Terminal No. 1.

Background:

Tenant has been leasing space at 2209 Childs Road since 1978, and most recently entered into a 15-year Lease on April 1, 2013, for 289,966 square feet of land, with one five-year renewal option after the term ends, extending the lease to December 31, 2032. Said Lease contained a clause that the tenant would surrender up to 1.5 acres of land for new development opportunities, which they did by entering into an Informal Lease Amendment effective August 1, 2015. The reduction in acreage from the Informal Lease Amendment made the new leased square footage total 244,619. A survey is attached showing the leased premises as Area F, highlighted in yellow. The leased premises is used for manufacturing, processing, storing and distributing asphalt products and activities accessory thereto.

Lease Terms and Conditions:

Current Lease: Through December 31, 2028

Renewal Option: One five-year renewal through 12/31/2032

Current 6-Year Rental Rate Adjustment: January 1, 2018 through December 31, 2023

Annual rental rate adjustments for this 6-year period are 2.5% per year.

Dates	SF Included	PSF rate	Monthly Total	Annual Total
1/1/2018 – 12/31/2018	244,619	0.2563	\$ 5,224.65	\$ 62,695.85
1/1/2019 – 12/31/2019	244,619	0.2627	\$ 5,355.12	\$ 64,261.41
1/1/2020 – 12/31/2020	244,619	0.2693	\$ 5,489.66	\$ 65,875.90
1/1/2021 – 12/31/2021	244,619	0.2760	\$ 5,626.24	\$ 67,514.84
1/1/2022 – 12/31/2022	244,619	0.2829	\$ 5,766.89	\$ 69,202.72
1/1/2023 – 12/31/2023	244,619	0.2900	\$ 5,911.63	\$ 70,939.51

Tonnage fees will be increased from \$0.05 to a rate of \$0.0625, inbound tonnage only.

BOARD OF COMMISSIONERS

November 21, 2017

Page 2

These rental rates are in line with the other comparable leases in our river terminals. All the base rent from this Lease and half of the tonnage will go to 876 bondholders through September 1, 2032. The other half of the tonnage will go to our River Maintenance Fund.

This 2018 Amendment assures the continuance of revenue through December 31, 2023.

Recommendation:

Approval for a lease amendment and rental rate adjustment of the leased premises for Flint Hills Resources Pine Bend at Barge Terminal No. 1.

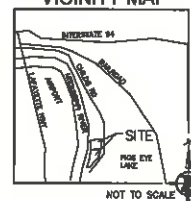
/lkw

Attachments: Survey
Resolution

GENERAL NOTES:

1. The bearing system used is assumed.
2. The location of the underground utilities shown herein, if any, are approximate only. PURSUANT TO MINN. STAT. CHAPTER 169.01, SUBSECTION 1, CALL AT (612) 464-0002 PRIOR TO ANY EXCAVATION.
3. Subject property is identified as being in "Zone A5, Base Flood Elevation determined on Flood Insurance Rate Map No. 271200100, effective date June 4, 2010.
4. This survey was made on the ground.
5. No current title work was furnished for the preparation of this survey. Inlet description, recorded or unrecorded easements and encumbrances are subject to review upon receipt of current title work.

VICINITY MAP



NOT TO SCALE

SCALE: 1 INCH = 80 FEET

REVISIONS

Date:	Revisions
11/20/15	PER PORT AUTHORITY COMMENTS
12/01/15	CHANGE PARCEL LETTERS PER P.A.
12/01/15	CHANGE PER P.A. COMMENTS
12/01/15	CHANGE ADDRESS PER P.A. COMMENTS
04/21/16	ADD AREA E

I hereby certify that this survey, plan or report was prepared by me or under my direct supervision and that I am a duly Registered Land Surveyor under the laws of the State of Minnesota.

AL E. Hedorf
Daphne E. Hedorf, L.S.
Minnesota Reg. No. 23877

Date: September 21, 2015

BOUNDARY SURVEY AND PROPOSED LOT SUBDIVISION

For
WESTWAY FEED
COMPANY

SITE
WESTWAY TERMINALS, ST. PAUL

2209 & 2229 CHILDS ROAD
ST. PAUL, MINNESOTA

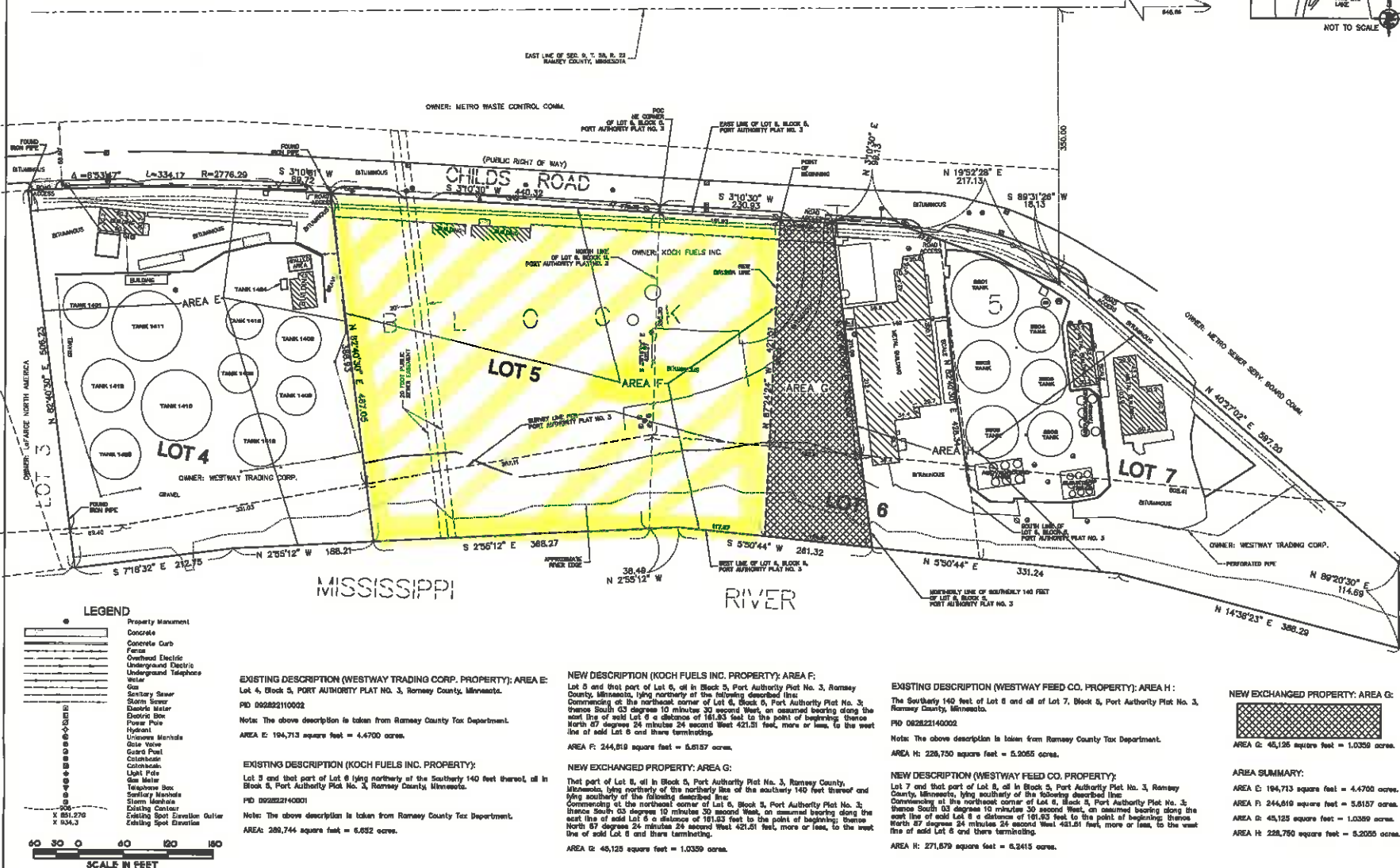
RAMSEY COUNTY

HARRY S. JOHNSON CO., INC.
LAND SURVEYORS

8083 Lyndale Avenue South
Bloomington, MN 55437
Tele. 952-854-0341 Fax 952-854-8344

www.harryjohnson.com

Block
Page
22
1-3-9200
2015390
1 OF 1



LEGEND

- Property Monument
- Concrete
- Concrete Curb
- Fence
- Overhead Electric
- Underground Electric
- Underground Telephone
- Water
- Sanitary Sewer
- Storm Sewer
- Electric Meter
- Electric Box
- Phone Pole
- Hydrant
- Utility Manhole
- Gate Valve
- Guard Post
- Column
- Light Pole
- Gas Meter
- Telephone Box
- Sanitary Manhole
- Storm Manhole
- Existing Center
- Existing Spot Elevation
- Existing Spot Elevation

60 30 0 30 60 120 180
SCALE IN FEET

EXISTING DESCRIPTION (WESTWAY TRADING CORP. PROPERTY): AREA E:
Lot 4, Block 5, Port Authority Plat No. 3, Ramsey County, Minnesota.

PD 092822110002

Note: The above description is taken from Ramsey County Tax Department.

AREA E: 194,713 square feet = 4.4700 acres.

EXISTING DESCRIPTION (KOCH FUELS INC. PROPERTY):

Lot 5 and that part of Lot 6 lying northerly of the southerly 140 feet thereof, all in Block 5, Port Authority Plat No. 3, Ramsey County, Minnesota.

PD 092822110001

Note: The above description is taken from Ramsey County Tax Department.

AREA F: 268,744 square feet = 6.0922 acres.

NEW DESCRIPTION (KOCH FUELS INC. PROPERTY): AREA F:

Lot 5 and that part of Lot 6, all in Block 5, Port Authority Plat No. 3, Ramsey County, Minnesota, lying northerly of the following described line: Commencing at the northeast corner of Lot 4, Block 5, Port Authority Plat No. 3, thence South 03 degrees 10 minutes 30 seconds West, on assumed bearing along the east line of said Lot 4 a distance of 161.83 feet to the point of beginning; thence North 87 degrees 24 minutes 24 seconds West 421.51 feet, more or less, to the west line of said Lot 6 and there terminating.

AREA F: 244,819 square feet = 5.6187 acres.

NEW EXCHANGED PROPERTY: AREA G:

That part of Lot 6, all in Block 5, Port Authority Plat No. 3, Ramsey County, Minnesota, lying northerly of the southerly 140 feet thereof and lying southerly of the following described line: Commencing at the northeast corner of Lot 5, Block 5, Port Authority Plat No. 3, thence South 03 degrees 10 minutes 30 seconds West, on assumed bearing along the east line of said Lot 5 a distance of 161.83 feet to the point of beginning; thence North 87 degrees 24 minutes 24 seconds West 421.51 feet, more or less, to the west line of said Lot 6 and there terminating.

AREA G: 45,125 square feet = 1.0359 acres.

EXISTING DESCRIPTION (WESTWAY FEED CO. PROPERTY): AREA H:

The southerly 140 feet of Lot 6 and all of Lot 7, Block 5, Port Authority Plat No. 3, Ramsey County, Minnesota.

PD 092822110002

Note: The above description is taken from Ramsey County Tax Department.

AREA H: 228,750 square feet = 5.2055 acres.

NEW DESCRIPTION (WESTWAY FEED CO. PROPERTY):

Lot 7 and that part of Lot 6, all in Block 5, Port Authority Plat No. 3, Ramsey County, Minnesota, lying southerly of the following described line: Commencing at the northeast corner of Lot 5, Block 5, Port Authority Plat No. 3, thence South 03 degrees 10 minutes 30 seconds West, on assumed bearing along the east line of said Lot 5 a distance of 161.83 feet to the point of beginning; thence North 87 degrees 24 minutes 24 seconds West 421.51 feet, more or less, to the west line of said Lot 6 and there terminating.

AREA H: 271,679 square feet = 6.2413 acres.

NEW EXCHANGED PROPERTY: AREA G:

AREA G: 45,125 square feet = 1.0359 acres.

AREA SUMMARY:

AREA D: 194,713 square feet = 4.4700 acres.

AREA F: 244,819 square feet = 5.6187 acres.

AREA G: 45,125 square feet = 1.0359 acres.

AREA H: 228,750 square feet = 5.2055 acres.

**RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL
[2018 LEASE AMENDMENT AND RENTAL RATE
ADJUSTMENT – FLINT HILLS RESOURCES PINE BEND, LLC]**

WHEREAS, the Port Authority of the City of Saint Paul is a public body corporate and politic and governmental subdivision organized pursuant to Chapter 469 of Minnesota Statutes.

WHEREAS, the Port Authority wants to enter into a Lease Amendment and Rental Rate Adjustment with Flint Hills Resources Pine Bend, LLC (“Flint Hills”) at Barge Terminal No. 1, which adjusts the rates in the Lease through December 31, 2023, as set forth below:

Dates	SF Included	PSF rate	Monthly Total	Annual Total
1/1/2018 – 12/31/2018	244,619	0.2563	\$ 5,224.65	\$ 62,695.85
1/1/2019 – 12/31/2019	244,619	0.2627	\$ 5,355.12	\$ 64,261.41
1/1/2020 – 12/31/2020	244,619	0.2693	\$ 5,489.66	\$ 65,875.90
1/1/2021 – 12/31/2021	244,619	0.2760	\$ 5,626.24	\$ 67,514.84
1/1/2022 – 12/31/2022	244,619	0.2829	\$ 5,766.89	\$ 69,202.72
1/1/2023 – 12/31/2023	244,619	0.2900	\$ 5,911.63	\$ 70,939.51

WHEREAS, tonnage fees will be increased from \$0.05 to a rate of \$0.0625, inbound tonnage only.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the proposed Lease Amendment and Rental Rate Adjustment, as contained in the Memorandum to the Board, is hereby approved; and

BE IT FURTHER RESOLVED that the President of the Port Authority, or anyone acting under his direction, is hereby authorized and directed to execute on behalf of the Port Authority a Lease Amendment in accordance with the above-referenced terms in form as approved by counsel.

Adopted: November 28, 2017

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its _____

ATTEST:


By _____
Its _____

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: BOARD OF COMMISSIONERS
(Regular Meeting of November 28, 2017)

DATE: November 21, 2017

FROM: Bruce A. Kessel 

SUBJECT: **DECERTIFICATION OF THE HAZARDOUS SUBSTANCE SUBDISTRICT
PORTION OF THE WILLIAMS HILL BUSINESS CENTER, ENERGY LANE
BUSINESS CENTER AND GREAT NORTHERN BUSINESS CENTER PHASE II
REDEVELOPMENT TIF DISTRICTS
RESOLUTION NO. 4620**

Action Requested:

Decertification of the Hazardous Substance Subdistrict portion of the Williams Hill Business Center, Energy Lane Business Center and Great Northern Business Center Phase II Redevelopment TIF Districts.

Background:

Port Authority Tax Increment Financing ("TIF") Plans are adopted in accordance with Minnesota State Statutes and substantially all are Redevelopment Districts. Redevelopment Districts have a statutory life of twenty-five years; all Port Authority TIF Plans anticipate that they will run for this maximum term. As part of a TIF plan, a Hazardous Substance Subdistrict (hereafter referred to as "HSS") may be created. Property taxes in a TIF District are comprised of two parts, first, the property taxes on the base value of the property at the time the District is created and, second, the property taxes on the balance (the property's current value less its base value), which constitute the TIF increment. If an HSS is created, then the taxes collected on the base value is the HSS tax component. Any property taxes collected on the base value (HSS increment) can only be used for eligible hazardous substance costs, which are those costs necessary for the removal or remedial actions specified in the Response Action Plan approved by the Minnesota Pollution Control Agency. As an example, if a TIF District is created that includes an HSS, and the District's property value was \$500,000 at the time of creation, and after being redeveloped, the District now has a property tax value of \$2,000,000, then the HSS would be calculated using the first \$500,000 of value and TIF taxes would be calculated on the remaining \$1,500,000 of value.

At the time a TIF District (as well as an HSS) is created, estimates are made relating to the project and administrative costs, including any HSS outlays, as well as the increase in a property's value after the land has been remediated, sold and redeveloped and, as a result, the total TIF/HSS increment are estimated to be received over the life of the District. For most TIF Districts, property tax rates are frozen; in other words, if property tax rates increase, the District will receive increment only up to the frozen rate; any property taxes generated as a result of the current tax rate exceeding the frozen rate is distributed to the various taxing jurisdictions (City, County and School District) and not to the TIF/HSS District. (Example: presume a property is valued at one million dollars over its base value, and at the time the TIF District was created the tax capacity rate was 110% and is

now 150% resulting in taxes increasing from \$29,000 to \$40,000; then the TIF District would receive \$29,000 and the taxing jurisdictions would receive the balance of \$11,000).

Current Status:

For the Williams Hill Business Center, Energy Lane Business Center and Great Northern Business Center Phase II Redevelopment Tax Increment Financing Districts (collectively referred to as the "Districts"), the TIF Plans include an HSS. Importantly, HSS tax receipts can only fund HSS eligible expenses, while TIF tax receipts can fund these expenses in addition to other eligible TIF expenses. The HSS tax receipts annually generate approximately \$73,800, \$28,600 and \$44,000, respectively. The Districts have been fully redeveloped and property values for the past several years have exceeded the original estimates for the Districts. Based upon existing obligations, it is projected that the Districts will be able to be decertified five to eight years early. Given the strong performances of the Districts, if the Districts' HSS's were decertified now, it would take approximately an additional year to repay all the Districts' obligations. Thus, even with the increment paying HSS eligible expenses, it is anticipated that the Districts would still be able to be decertified four to seven years early.

And, in keeping with the Port Authority's mission to increase the tax base, the decertification of the HSS portion now has the benefit of returning that portion of the captured taxes (approximately \$146,400 annually) back to the other taxing jurisdictions.

Recommendation:

We recommend approval of the decertification of the Hazardous Substance Subdistrict portion of the Williams Hill Business Center, Energy Lane Business Center and Great Northern Business Center Phase II Redevelopment Tax Increment Financing Districts, and authorize staff to negotiate and complete any documentation necessary to complete such decertification.

BAK/lkw

Attachment: Resolution

**RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL**

**[DECERTIFICATION OF THE HAZARDOUS SUBSTANCE SUBDISTRICT
PORTION OF THE WILLIAMS HILL BUSINESS CENTER, ENERGY LANE
BUSINESS CENTER AND GREAT NORTHERN BUSINESS CENTER,
PHASE II REDEVELOPMENT TIF DISTRICTS]**

WHEREAS, the Board of Commissioners for the Port Authority of the City of Saint Paul adopted the Williams Hill Business Center Redevelopment Tax Increment District Plan and related Hazardous Substance Subdistrict (hereafter referred to as an "HSS") in October 1996, and said plan was approved by the City Council of the City of Saint Paul in October 1996.

WHEREAS, the Energy Lane Business Center Redevelopment Tax Increment District Plan and related HSS in September 2002 and said plan was approved by the City Council of the City of Saint Paul in September 2002.

WHEREAS, the Great North Business Center, Phase II Redevelopment Tax Increment District Plan and related HSS in October 2004, and said plan was approved by the City Council of the City of Saint Paul in November 2004.

WHEREAS, THE Port Authority has determined that the HSS collections to date, together with the future collections of tax increment and other revenue sources for the Districts should be sufficient to repay costs for the removal and remedial actions identified in the Response Action Plan approved by the Minnesota Pollution Control Agency.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL, that the Port Authority hereby decertifies the Hazardous Substance Subdistrict portion of the Williams Hill Business Center, Energy Lane Business Center and Great Northern Business Center, Phase II Redevelopment TIF Districts and authorizes the staff to negotiate and complete any documentation necessary to complete such decertifications.

Adopted: November 28, 2017

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its _____

ATTEST:

By _____
Its _____