

AGENDA



REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF ST. LOUIS COUNTY, MINNESOTA

Tuesday, June 28, 2022, 9:30 A.M.

**Culver Town Hall
5292 Highway 31
Brookston, Minnesota**

**FRANK JEWELL
First District**

**PATRICK BOYLE-VICE CHAIR
Second District**

**ASHLEY GRIMM
Third District**

**PAUL McDONALD-CHAIR
Fourth District**

**KEITH MUSOLF
Fifth District**

**KEITH NELSON
Sixth District**

**MIKE JUGOVICH
Seventh District**

County Auditor
Nancy Nilsen

County Administrator
Kevin Gray

County Attorney
Kimberly Maki

Clerk of the Board
Phil Chapman

Citizens can appear at the meeting in person or submit comments for the public comment portion or for specific Board agenda items prior to the meeting by e-mailing them to publiccomment@stlouiscountymn.gov.

Comments to individual Commissioners or staff are not permitted. The St. Louis County Board promotes adherence to civility in conducting the business of the County. Civility will provide increased opportunities for civil discourse in order to find positive resolutions to the issue before the Board. Tools of civility include: pay attention, listen, be inclusive, do not gossip, show respect, be agreeable, apologize, give constructive criticism and take responsibility [County Board Resolution No. 560, adopted on September 9, 2003]. Speakers will be limited to five (5) minutes.

****In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify the Administration Department 72 hours prior to the meeting at (218) 726-2450.****

All supporting documentation is available for public review in the County Auditor's Office, 100 North 5th Avenue West - Room No. 214, St. Louis County Courthouse, Duluth, MN, during regular business hours 8:00 A.M. - 4:30 P.M., Monday through Friday. Agenda is also available on our website at <http://www.stlouiscountymn.gov/GOVERNMENT/BoardofCommissioners.aspx>

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9:30 A.M. Moment of Silence
 Pledge of Allegiance
 Roll Call

AT THIS TIME CITIZENS WILL BE ALLOWED TO ADDRESS THE BOARD ON ITEMS NOT ON THE AGENDA. [Speakers will be limited to 5 minutes each.]

FOR ITEMS LISTED ON THE BOARD AGENDA OR COMMITTEE OF THE WHOLE AGENDA, CITIZENS WILL BE ALLOWED TO ADDRESS THE BOARD AT THE TIME A MOTION IS ON THE FLOOR.

9:35 A.M. PUBLIC HEARING, pursuant to Resolution No. 22-350, adopted June 14, 2022, to gather public input on proposed Tax Abatement Financing for the City of Hermantown to assist Oppidan's plan to develop The Pillars of Hermantown, a senior living housing community. {22-283}

CONSENT AGENDA

Approval of business submitted on the consent agenda.

REGULAR AGENDA

NOTE: The Board will recess and reconvene to consider items passed at the Committee the Whole meeting.

ADJOURNED:

NOTE: At the conclusion of the County Board meeting, the St. Louis County Drainage Authority will convene.

BOARD LETTER NO. 22 – 283

FINANCE & BUDGET COMMITTEE

JUNE 28, 2022 BOARD AGENDA 9:35 A.M. PUBLIC HEARING

DATE: June 28, 2022

RE: Tax Abatement Financing for
City of Hermantown - Oppidan

FROM: Kevin Z. Gray
County Administrator

Matthew E. Johnson, Director
Planning and Community Development

RELATED DEPARTMENT GOAL:

To assist communities in achieving housing, economic development, and community development objectives.

ACTION REQUESTED:

The St. Louis County Board is requested to provide Tax Abatement Financing (TAF) to the City of Hermantown to assist Oppidan's plan to develop The Pillars of Hermantown located at 5097 Maple Grove Road.

BACKGROUND:

The City of Hermantown has identified the need to invest in housing. The development of a senior living complex consisting of a three story, 105 – unit senior living community, will allow the local aging population to move into a maintenance free community, thus in turn freeing up much needed single-family residents for other families to purchase. The tax abatement request is for \$300,000 from St. Louis County to be matched with \$300,000 from the City of Hermantown for a total \$600,000 combined tax abatement over a period of no more than seven (7) years beginning once the terms of the agreements are met.

The Pillars of Hermantown's amenities provided are fitness center, sauna, salon, pub, community room, sun porch, library, theater, chapel, community dining room, private dining room and heated, underground parking. The community will consist of 105 senior apartments with a mix of Independent Living, Assisted Living and Memory Care.

The proposed project will enhance the local economy via job creation of approximately the equivalent of more than 35 full-time, permanent jobs. Both part-time and full-time positions exist at various wage rates and skill levels including skilled nursing, housekeeping, culinary and dining assistants, and professional management. This site is located just minutes from the Miller Hill Mall and surrounding retailers. The introduction of new, local residents to the area will inject revenue into these commercial businesses. Additionally, the community will own a bus with the ability to transport residents to a variety of local destinations.

Oppidan, founded in 1991, in Minnesota, is a nationally recognized real estate company headquartered in Excelsior, MN. They have regional offices in Raleigh, NC and San Jose, CA. They have successfully developed 566 projects valued in excess of \$4.3 billion and spanning 26.4 million square feet throughout 40 states and parts of Canada. Oppidan specializes in development, construction and project management, and asset management services.

Oppidan will own the community and has entered into an agreement with Ebenezer Management Services to manage the community. Ebenezer is wholly owned by Fairview Health Services and brings a wealth of experience and awareness to the aging population from both a caring living experience to necessary healthcare provisions. This will be the eighth community partnership between Oppidan and Ebenezer.

The Pillars of Hermantown is projected to cost in excess of \$37 million. There will be a need for approximately \$13 million in equity and approximately \$35 million in bank debt. If not for the financial assistance from the City and the County through Tax Abatement, this project would not proceed as proposed. The estimated Real Estate taxes upon completion is \$500,000 which was calculated by the City of Hermantown.

County Board Resolution No. 02-187, adopted March 1, 2002, approved the St. Louis County Tax Abatement Financing Policy as authorized under Minn. Stat. § 459.1812 through § 469.1816. According to the Policy, the City of Hermantown will enter into a development agreement with Oppidan on providing TAF assistance in applicable site development costs. The City will require a project labor agreement, prevailing wage rates, and community benefit agreement.

The project public benefits will provide the creation of new jobs, new senior housing unit development and support services, and will develop unused or underutilized real property. Taxes collected are expected to exceed the costs of tax abatement. TAF will be payable from Fund 178, Agency 178001, Object 500900.

Tax abatement is considered a form of business subsidy which requires compliance with the Business Subsidy Act, Minn. Stat. § 116J.993 through § 116J.995, and any amendments thereto. This law also requires that a public hearing be conducted prior to granting any business subsidy in an amount greater than \$150,000 in value.

RECOMMENDATION:

Should the Commissioners support this request, it is recommended that the St. Louis County Board authorize up to \$300,000 in tax abatement financing and an agreement with the City of Hermantown to assist Oppidan's plan to construct The Pillars of Hermantown.

It is further recommended that certain county board policy requirements be waived including: the application fees and other provisions deemed necessary for the project to proceed.

Tax Abatement Financing for the City of Hermantown – Oppidan

BY COMMISSIONER_____

WHEREAS, Minn. Stat. § 469.1812 through § 469.1815, Abatement Authority, requires that a public hearing be conducted prior to approving a tax abatement; and

WHEREAS, Minn. Stat. § 116J.993 through § 116J.995, Business Subsidy Law, requires that a public hearing be conducted prior to granting any business subsidy in an amount greater than \$150,000 in value; and

WHEREAS, The City of Hermantown, MN, has requested St. Louis County to consider up to \$300,000 in tax abatement to assist the City of Hermantown – Oppidan's plan to construct the 105-unit senior living community; and

WHEREAS, The specific parcel to be included in the tax abatement request is 395-0010-04210; and

WHEREAS, The St. Louis County Board held a public hearing on Tuesday, June 28, 2022, at 9:35 A.M. at the Culver Town Hall, 5292 Hwy. 31, Brookston, MN, to solicit public input prior to considering the proposed tax abatement request; and

WHEREAS, The St. Louis County Board determined that the public benefits gained by the creation of new full-time jobs, new senior housing unit development and support services, development of unused or underutilized real property, and other benefits exceeds the costs of the tax abatement.

THEREFORE, BE IT RESOLVED, That the St. Louis County Board authorizes up to \$300,000 tax abatement financing to the City of Hermantown, payable from Fund 178, Agency 178001, Object 500900 or its designated fund.

RESOLVED FURTHER, That the County tax abatement amount is contingent upon the City of Hermantown Council tax abatement approval.

RESOLVED FURTHER, That the St. Louis County Board waives applicable provisions of the Board's Tax Abatement Financing Policy to include the application fees and other provisions deemed necessary for this project to proceed.

RESOLVED FURTHER, That provided all required documentation is submitted by the City of Hermantown, the appropriate County officials are authorized to execute a tax abatement agreement with the City of Hermantown and execute any other related documents after review and approval by a representative of the County Attorney's Office.