

**The Maplewood City Council Serves as the  
Maplewood Area Economic Development Authority.  
This Meeting Will Be Held Immediately Following the City Council Meeting**

**AGENDA  
MAPLEWOOD AREA ECONOMIC DEVELOPMENT AUTHORITY  
Monday, September 23, 2013**

**A. CALL TO ORDER**

**B. ROLL CALL**

**C. APPROVAL OF AGENDA**

**D. APPROVAL OF MINUTES**

1. Approval of September 9, 2013 EDA Meeting Minutes

**E. PUBLIC HEARING**

None

**F. UNFINISHED BUSINESS**

None

**G. NEW BUSINESS**

1. Approval of Commercial Reinvestment Loan, Larkin Dance Studio, 1400 East Highway 36
  - a) Housing and Economic Development Commission Report
  - b) Approval of Loan Terms

**H. ADJOURNMENT**

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Finance Director Bauman presented the staff report and answered questions of the Economic Development Authority.

Member Rossbach moved to adopt the resolution setting the maximum tax levy for payable 2014 at \$89,270 and setting the date for the Public Hearing on the 2014 Levy and Budget for Monday, December 9, 2013 after the Regular City Council Meeting.

RESOLUTION 13-9-966  
RESOLUTION PROVIDING PRELIMINARY APPROVAL OF A PROPOSED  
TAX LEVY PAYABLE IN 2014  
And  
SETTING BUDGET PUBLIC HEARING DATE

WHEREAS, State law requires that the Maplewood Area Economic Development Authority give preliminary approval of a proposed tax levy for 2013 payable in 2014 by September 15, 2013 and

WHEREAS, the Maplewood Area Economic Development Authority has reviewed preliminary information on the Proposed 2014 Budget and has determined the amount of the proposed tax levy payable in 2014 which is the maximum amount that will be levied.

NOW THEREFORE BE IT RESOLVED BY THE MAPLEWOOD AREA ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF MAPLEWOOD, MINNESOTA THAT:

1. The proposed tax levy for 2013 payable in 2014 in the amount of \$89,270 is hereby given preliminary approval and shall be certified to the Ramsey County Auditor.
2. The date for consideration of the final levy and consideration of the 2014 Budget shall be set as Monday, December 9, 2013 at 7:00 pm in the Maplewood City Council Chambers.

Seconded by Member Cardinal

Ayes – All

The motion passed.

**H. ADJOURMENT**

EDA Chair Koppen adjourned the meeting at 9:33 p.m.

**MEMORANDUM**

**TO:** Charles Ahl, City Manager

**FROM:** Michael Martin, AICP, Planner  
Melinda Coleman, Assistant City Manager

**DATE:** September 13, 2013

**SUBJECT:** **Approval of Commercial Reinvestment Loan, Larkin Dance Studio, 1400 East Highway 36**

**A. Housing and Economic Development Commission Report**

**B. Approval of Loan Terms**

**Introduction**

Molly Larkin Symanietz, of Larkin Dance Studio, has made an application to the city requesting consideration of a commercial reinvestment loan. This loan would assist Larkin Dance Studio in moving to the vacant building and site at 1400 East Highway 36.

**Discussion**

Ms. Larkin Symanietz's application is requesting a loan from the city for \$100,000. The city loan would go toward exterior upgrades for the 1400 East Highway 36 site. Improvements would include a new parking lot, site drainage upgrades, a possible rain garden, new landscaping, new lighting and screening for the east side of the property. This site has been vacant for several years and has not been well maintained.

It is the applicant's intent to grow its business in the new location. The applicant currently has three full-time and 10 part-time employees, but would expect to hire four or five full-time and 10 part-time new employees by January 2016. The applicant would also be looking to add different business segments to supplement the dance studio. Additional uses could include a child care facility and a small café for its patrons. Please refer to the attachments for the applicant's full application.

On December 10, 2012, the city's economic development authority (EDA) approved and established a levy to generate funds for business development and redevelopment purposes. This is the city's first application of request since the levy has been established. The EDA would have several options in structuring a loan to Larkin Dance Studio. The request for \$100,000 could be satisfied with a combination of EDA levy dollars and the waiving of city fees. In addition, to encourage the expansion of the business the EDA may consider making part of the loan forgivable if certain benchmarks are met – for example, additional employees hired by a certain date.

### *Property Taxes*

This property is comprised of two legal parcels. In 2013, Ramsey County valued the two parcels at \$918,400. The total amount of property tax due in 2013 for these parcels is \$36,488.23. There is also a special assessment for this property for \$2,201.77. The current owners of the property are current with their taxes.

### **Housing and Economic Development Commission Review**

The city's housing and economic development commission (HEDC) reviewed this request at its meeting on September 11, 2013. The HEDC was generally supportive of the request but did have some hesitation on the amount requested and ability to work with other potential requestors if the balance of the EDA levy fund issued for this project. The HEDC recommended the approval of up to \$70,000 of EDA levy dollars for a commercial reinvestment loan. The HEDC's motion stated it would like to see a standard, low-interest loan issued by the EDA to the property owners with terms allowing the loan to be partially or wholly forgiven if certain employment standards are met.

The HEDC outlined the following terms it would like to see a loan incorporate:

- Low-interest loan, but forgivable if conditions are met
- Hiring a certain amount of additional full-time equivalent employees within two years
- Maintaining that level of employment for an additional two years
- Loan should be structured that if the employment goals are not fully met that the loan still be forgivable on a pro-rated basis based on what percentage of the goal was actually met

### **Summary**

The EDA is being asked to consider support for city financial assistance to assist Larkin Dance Studio in renovating the site at 1400 East Highway 36. Staff is recommending a standard loan of \$70,000 be issued to the property owner of 1400 East Highway 36, with terms allowing up to \$50,000 of the loan be forgiven if employment terms are met. The remaining \$20,000 would be paid back to the EDA over 10 years with a zero percent interest rate.

The HEDC work plan identifies the non-residential areas surrounding the Highway 36 and English Street intersection as an area of focus for the city to concentrate its redevelopment efforts. This proposal has the opportunity to bring a new user to the area and provide upgrades to a site that has been sitting dormant.

### **Budget Impact**

The budget for the 2013 Maplewood Area EDA Fund [280] allocated \$50,000 for proposed land improvement purchases. An additional allocation of \$12,000 is also indicated as an expenditure, which is not currently planned. That budget indicated that a Fund Balance of \$34,642 would remain after those expenditures. If this proposal with Larkin is approved, the

EDA Fund should have sufficient cash on hand to handle the \$70,000 expenditure assuming no other projects during this time.

It should be noted that the EDA shows a positive balance due to an outstanding 5-year loan made to Health East in 2011 in the amount of \$400,000 and the land purchase made from the General Fund for the property at Hazelwood and County Road D. Those projects and agreements means that while the fund has assets, that the actual cash available for these types of projects is very limited until the 5-year loan is repaid in 2016 and the land at Hazelwood/Cty Rd D is sold; or other projects/parcels are sold. Staff is comfortable that this expenditure can be handled reasonably at this time without adverse impacts. We expect that the EDA Fund will show a positive cash balance by the end of 2014.

### **Recommendation**

Approve the use of \$70,000 of EDA levy funds for a commercial reinvestment loan to Larkin Dance Studio, subject to the following conditions:

1. The loan shall be paid back to the city with a zero percent interest rate over 10 years.
2. Up to \$50,000 of the loan shall be forgiven if the following employment standards are met:
  - a. Five additional full-time equivalent (FTE) employees are hired by January 1, 2016
  - b. Employment of the five new FTE employees is sustained for an additional two years, January 1, 2018.

### **Attachments**

1. Location Map
2. Aerial Site Map
3. HEDC Work Plan
4. Application from Larkin Symanietz, dated August 28, 2013



**1400 East Highway 36 - Larkin Dance Studio**  
Location Map



**1400 East Highway 36 - Larkin Dance Studio**  
Aerial Site Map

## Maplewood Economic Development Commission Economic Development Priorities, Implementation Activities and Timeline

### Economic Development Priorities

#### *Redevelopment*

The Maplewood Business and Economic Development Commission recommends actively exploring opportunities for redevelopment in three potential areas in 2013. Redevelopment is a multi-year process; the BEDC would lay the foundation by exploring market opportunities, building familiarity with business and property owners in the target areas, and determining the level of city support needed to stimulate new investment.

- **St. John's Hospital Area:** Growth is anticipated in the health care sector. The reuse of Gander Mountain by HealthEast reflects market interest in a location close to St. John's. Ancillary medical office buildings have the potential to generate significant property tax revenue as well as quality employment opportunities. The long term plans of St. John's and market potential for additional health care related development/businesses should be explored.
- **Gladstone (Frost Avenue and English Street):** Historically, this area of the community served as a key commercial node in the community and is considered the original settlement site of Maplewood. However shopping, traffic patterns, retail formats and typical retail parcel sizes have changed, and market forces alone may not be sufficient to stimulate reinvestment.
- **Highway 36 and English Street:** Change is underway in this area with the major reconstruction of Highways 36 and 61 in 2013. This can serve as a stimulus for redevelopment within these key transportation corridors. Underutilized buildings, vacant parcels and redevelopment opportunities exist within this area.

#### *Business Retention*

The BEDC recommends that it undertake a business retention effort, with an emphasis on relationship building. Starting in 2013, the focus of retention efforts will be primarily on businesses in potential redevelopment areas. There are approximately 1,000 businesses in the three potential redevelopment areas, distributed as follows.

- St. John's Hospital Area
- Gladstone
- Highway 36 and English Street Corridor

Ideally, visits to redevelopment area businesses will involve one staff member and one volunteer. City staff would be responsible for scheduling and maintaining pertinent information; volunteers can bring a business perspective to the visit and send a strong message that the city cares. A simple interview guide should be developed to make sure that key information is gathered while creating an opportunity to listen to the business and build a relationship. It is estimated that staff capacity allows for approximately 3 visits each month.

In addition, the BEDC recommends that the Mayor or City Manager notify GREATER MSP and Ramsey County that the city would like to be informed of visits in the community, so that it might send a representative of the city as part of delegation on visits to major employers.

### *Implementation Activities and Timeline*

The following implementation strategies and timeline are suggested.

Third Quarter 2012	
	a. Redevelopment areas broadly defined and agreed to by BEDC and EDA.
	b. Funds budgeted for market analysis in early 2013
	c. Business lists developed for redevelopment areas; interview guides developed
Fourth Quarter 2012	
	d. Develop and issue RFQ or RFP for market analysis for the three key market areas with preliminary redevelopment feasibility analysis to help determine the level of city support that may be needed to stimulate investment.
	e. Complete 3 business retention visits; review & refine the process
	f. Send letter to GREATER MSP and Ramsey County requesting that the city be invited to participate in business retention visits to major employers in the community
First Quarter 2013	g. Retain consultant and begin market analysis & preliminary feasibility to determine level of city support needed to stimulate investment
	h. Conduct 9 business retention visits to businesses in the potential redevelopment areas
Second Quarter 2013	i. Consultant completes market analysis and preliminary feasibility; shares results with EDC
	j. Conduct 9 business retention visits to businesses in the potential redevelopment areas
Third Quarter 2013	k. Consider market analysis and preliminary feasibility. Develop a strategy for the potential redevelopment areas. Set priorities and determine the level of city engagement that may be needed to stimulate private investment in revitalization of these areas including the following: <ul style="list-style-type: none"> <li>• Do nothing</li> <li>• ID area only &amp; indicate city is receptive to redevelopment of the area</li> <li>• Create vision or physical concept plan</li> <li>• Conduct environmental review</li> <li>• Purchase property, assemble sites, clean-up sites, provide incentives for redevelopment</li> <li>• Align comp plan, transportation, zoning, design standards, development review process</li> <li>• Create implementation strategy based on market opportunities, catalyst sites, financing tools and funding opportunities</li> <li>• Share with neighbors &amp; partners – e.g. area residents, business owners, Met Council, MnDOT, county, watershed district, others</li> <li>• Market to developers</li> </ul>
	l. Review business retention process. Is it meaningful? Does the number of visits per month work well for staff & volunteers? How might it be improved or adjusted? Continue conducting visits based on insights gained from the review process.

### *Possible Future Activities*

The BEDC also considered **strengthening electronic communication** with businesses. Because the city has a business base of more than 1,000 businesses, personalized outreach to all businesses would require a substantial commitment of resources. Electronic communications would allow the city to reach a broader base of businesses and a visitation approach.

One option is to work with the city communications department to build a database over time of e-mail addresses for businesses and develop a newsletter targeted specifically to businesses. As taxpayers, businesses have different concerns and service needs than residents. It could include positive messages about growing businesses in Maplewood and identify specific ways that businesses might access a variety of city services (e.g. expansion assistance, fire safety, employee participation in park and recreation opportunities, etc.). A business oriented newsletter would ideally be distributed 2-4 times per year.

Another option is to conduct annual or semi-annual **business events**, sponsored by the city, to which businesses are invited. Approaches such as a Mayor's Breakfast, luncheon speakers or events that feature city facilities such as parks or the community center provide an opportunity for relationship building with businesses.

**APPLICATION FOR COMMERCIAL  
REINVESTMENT LOAN PROGRAM**

Return to: Community Development Dept.  
City of Maplewood  
1902 County Road B East  
Maplewood, MN 55109  
651-249-2300 Fax: 651-249-2319

**OFFICE USE**

Date received: \_\_\_\_\_

By: \_\_\_\_\_

Rec.#: \_\_\_\_\_ Date \_\_\_\_\_

**APPLICANT**

1. Co-applicant/business name: Larkin Dance Studio  
Contact person: Molly Larkin Symanietz  
Address: 3000 White Bear Ave, Maplewood MN 55109  
Telephone: (Work) 651-779-0764 (Home) 651-338-8489  
Fax: 651-779-6106

Co-applicant/building purchaser and future owner: 1400 East Highway 36, LLC  
Contact people: Joe Card, telephone number of 651-271-8181  
Avi Levi, telephone number of 651-329-4956

**Interest in the property:**

The property that we (Larkin Dance Studio and 1400 East Highway 36, LLC) are interested in is the former Minnesota Granite building that is located at 1400 East Highway 36 in Maplewood. This building has been vacant for several years and it is currently a distressed property that is in need of substantial repairs. The current lender is involved in the sale of the building and the City of Maplewood has had to complete work and general maintenance on the property for lawn-care and weed control.

The total projected costs for this project are approximately One Million Six Hundred Forty Two Thousand Dollars (\$1,642,000). With the overall project costs being so high, we (Larkin Dance Studio) needed to find an investor that would work with us to acquire the property and complete the renovations of the building to convert it from a manufacturing facility to a dance studio. We found the investor in a family that had a son not only take classes but also teach at the Larkin Dance Studio.

Joe Card and Avi Levi (through the entity 1400 East Highway 36, LLC) plan to purchase the building at 1400 East Highway 36 in Maplewood solely for the purpose of leasing the property to us (Larkin Dance Studio). We (Larkin Dance Studio) will have the option to purchase the building at anytime during the lease term. We plan to move our dance studio to 1400 East Highway 36 in Maplewood and be open for business on or before January 1, 2014. We need to upgrade our facilities and reduce our operating costs to insure a successful future and to better serve our students.

2. Applicant's real estate broker and attorney: Dean Trongard with Options Real Estate, Inc.  
Address: PO Box 33, Maple Plain MN 55359  
Telephone: (Work) 612-812-1616  
Fax: 763-267-7664
3. Applicant's architect (if selected): Phil Stein with DLR Group  
Address: 520 Nicollet Mall Suite 200, Mpls. MN 55402  
Telephone: (Work) 612-977-3576 (Home) 651-214-8335  
Fax: 612-977-3600
4. Applicant's contractor (if selected): Joe Card with Card Construction  
Address: 644 Brookside Ln, Mendota Hts. MN 55118  
Telephone: (Work) 651-271-8181  
Fax: 651-552-9986
5. Property owner(s) of record: MN Granite and Marble Company  
  
Address: 1400 Highway 36 East, Maplewood MN 55109  
Telephone: (Work) – N/A.  
Fax: N/A.
6. Applicant's business form (corporation, partnership, sole proprietorship, etc.) and state of incorporation or organization: Larkin Dance Studio is a Minnesota corporation and 1400 East Highway 36, LLC is a limited liability company in the state of Minnesota.

## PROJECT

1. **Project name:** Larkin Dance Studio Building
2. **Legal description of the site:**

The property consists of two property identification numbers.

P.I.D. 10.29.22.32.0008:

**Section / Township / Range** 10-29-22

**Plat** 10 / 29 / 22

**Legal Description** E 233 3/10 Ft Of N 250 Ft Lying S Of Hwy Of Fol Subj To Sth 36/118 And Ex E 39 Acres Part S Of N L Of Sd Sth And E Of Np Ry R/w Of N 1/2 Of Sw 1/4 Subj To Esmts In Sec 10 Tn 29 Rn 22

P.I.D. 10.29.22.32.0009:

**Section / Township / Range** 10-29-22

**Plat** 10 / 29 / 22

**Legal Description** Subj To Esmts And Ex N 250 Ft And Ex Part In E 39 Acres Of N 1/2 Of Sw 1/4 Part S Of Hwy N Of Cope Ave And E Of A L Par With And 233 3/10 Ft W Of W L Of Sd E 39 Acres Of N 1/2 Of Sw 1/4 Of Sec 10 Tn 29 Rn 22

**3. Why is city assistance needed in order to move forward with your proposed project and how will the assistance be used?**

As previously stated, the overall project cost is estimated at \$1,642,000. This breaks down to \$775,000 for the building (which our investor will purchase and lease to us). Our investor (1400 East Highway 36, LLC) has also agreed to provide \$50,000 toward property renovations. The interior build-out projected costs are estimated at \$595,000. The exterior renovation costs are estimated at \$200,000. The estimated SAC/WAC charges are \$22,000.

Our plan for financing the overall project is as follows:

1400 East Highway 36, LLC will purchase the property and lease it to us and we will have an option to purchase the property at anytime during the entire lease term. This is \$775,000 toward are needed funds.

1400 East Highway 36, LLC will contribute \$50,000 toward the renovation costs.

We (Larkin Dance Studio) have \$630,000 to contribute toward the project (through dance studio funds, personal savings and a home equity loan). We currently have a projected shortage of financing funds of \$187,000. We are counting on the City of Maplewood to contribute \$100,000 towards the project through a business subsidy agreement. For the remaining \$87,000 shortfall we likely phase in some of the renovations to fit within our budget.

As we look at the overall project, we have an investor to buy the building. We have the needed funds for the interior renovations and we are looking to the City of Maplewood to help with the exterior renovation costs. The funds we would receive from the City would be used for the following improvements: parking lot, site drainage, possible rain garden, landscaping, new lighting and screening on the east side of the site.

As the financing section (Item 8) shows, we have budgeted all available funds to this project. We need assistance from the City of Maplewood in order to move forward with this project.

**4. Describe the project as proposed, i.e. how much commercial square footage, etc. Include contractors bid and diagram or photo if applicable.**

The property consists of approximately 2.34 acres of land and one main building that is approximately 21,000 sq. ft. and a smaller out-building that is approximately 1,920 sq. ft.

Copies of two contractor bids are attached.

**5. How will the use of assistance be used to create or retain jobs within the city of Maplewood?**

We believe Larkin Dance Studio has not only been a successful community business but it has proven to be a priceless amenity for the City of Maplewood for over 37 years. The current studio facility is only 12,000 sq. ft. The new location of over 21,000 sq. ft. would allow us to retain our current workforce, expand our business and add additional instructors, employees and other key personnel. This new facility would provide for 2 additional large studios.

In our current facility we have 3 full-time employees. With the new space, within the first two years (by January 1, 2016) we project adding 4 to 5 additional full-time employees. We currently have 10 part time employees and with the new space, within the first two years (by January 1, 2016) we project adding 10 additional part-time employees that will be working at least 10 hours per week.

In the new space, we project needing at least two new instructors to support our projected growth of 100 to 150 additional students. The new facility would also provide for an expansion of the retail business and our plan for possibly two or three new business segments; a child care facility and a small café for our patrons and possibly voice lessons (which may be a subtenant or an expansion to our current class offerings).

In addition to jobs, the move will enable us to offer additional scholarships to Maplewood residents.

For over 60 years Larkin Dance studio has been much more than a school to learn dance. It is a family. Relationships have been formed. Help has been given to those in need.

Shirley Larkin was known for her generosity. Many years there were balances uncollected from patrons that had fallen on hard times. Rather than having formal scholarship programs, Shirley showed her generosity by forgiving debts to those who could not afford to get caught up on their dance bills.

In this economy, many people in our neighborhood are feeling the pinch. We have the same compassion for our dancers that are in need that our mother did. After we are established in our new facility, and we have a good handle on our operating costs, we will help more families in need. We plan to announce a scholarship program in our mother's name that will allow many families in need to get reduced and free dance lessons. Our projections for scholarships are as follows: "Regular Student" tuition is approximately \$50 to \$60 per month. "Competition Student" tuition rates jump up to \$250 to \$300 per month depending on the student, dance focus and competition schedule. Within the first two years of being open for business (by January 1, 2016) we plan to be offering 3 full tuition "Regular Student" scholarships and 3 half tuition scholarships and 3 full tuition "Competition Student" scholarships and 3 half tuition scholarships to students and families that need assistance.

Over the years, Larkin Dance Studio has spent literally millions of dollars on rent. As costs continue to rise, it is more difficult to operate profitably. Owning a building will help reduce our overhead costs and we will be building an asset rather than paying rent for someone else to build their assets.

Please help us give back to our community through your financial assistance and make our dream become a reality.

**6. What improvements will be made to the site, building exteriors and/or landscaping?**

The funds we are requesting from the City will be used for exterior site renovations to include improvements to the parking lot, site drainage, possible rain garden, landscaping, new lighting, screening on the east side of the site. The parking/traffic flow of the proposed site plan would increase safety for the patrons and children.

**7. Estimated project costs (as applicable):**

a. Land & Building acquisition:	\$775,000*
*The building and land cost will be deferred until our option to purchase is exercised.	
b. Investor property improvement allowance	\$50,000
c. Projected Interior build-out costs	\$595,000
d. Projected Exterior build-out costs	\$200,000
e. SAC/WAC estimated costs	\$22,000
Total	\$1,642,000

**8. Financing:**

a. 1400 East Highway 36, LLC building purchase	\$775,000
b. 1400 East Highway 36, LLC build-out allowance	\$50,000
c. Bank Financing: (Home equity loan)	\$200,000
d. Applicant Funds: Larkin Dance Studio	\$230,000
e. Applicant Funds: Owners of Larkin personal funds	\$200,000
f. City Financing:	\$100,000
g. Shortfall	- \$87,000

(For the remaining \$87,000 shortfall we likely phase in some of the renovations to fit within our budget.)

The terms of the Business Subsidy Agreement that we (Larkin Dance Studio) is interested in with the City of Maplewood is to have a \$100,000 low interest loan that the City would forgive if Larkin Dance Studio achieves their employment growth and scholarship goals within the first two years (by January 1, 2016) of being in the new facility.

### PROCEDURES

1. Return this application to the Community Development Department.
2. The Housing and Economic Development Commission (HEDC) will meet to review this application at its regular meeting. The HEDC will make a recommendation to the Economic Development Authority (EDA).
3. The application and approval will be considered at the next available EDA meeting.
6. If approved, the applicant enters into any required development and financing agreements.

The City will notify you of all meetings.

### AGREEMENT

I, by signing this application, agree to the following:

1. I have read and will abide by all the requirements of the City for financing. I will commit all contractors, subcontractors and any other major contributors to the project to all segments applicable to them. I am aware that failure to comply by myself or any of the above can result in cancellation of the resolution.
2. The above information is correct.
3. I understand that the City reserves the right to deny final approval, regardless of preliminary approval or the degree of construction completed before application for final approval.

  
Authorized Representative

  
Date