City of Blaine
Economic Development Authority

August 7, 2023 | 8:00 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

MINUTES

1. Call to Order

The meeting was called to order at 8:32 PM by President Sanders followed by the Roll Call.

2. Roll Call

PRESENT: President Tim Sanders, Commissioners Terra Fleming, Leslie Larson, Chris Massoglia (attending remotely from 10473 Waltz Road, Kabetogama, MN 56669), Tom Newland, Jess Robertson, and Lori Saroya.

ABSENT: None.

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; City Planner Sheila Sellman; Safety Services Director/Police Chief Brian Podany; City Attorney Tom Loonan; Director of Engineering Dan Schluender; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

3. Approval of Minutes

3.1. 2023-318 Approval of the June 20, 2023 Economic Development Authority (EDA) Minutes
Sponsors: Erik Thorvig, Community Development Director

Moved by Commissioner Robertson, seconded by Commissioner Newland, that the Minutes of June 20, 2023, be approved.

A roll call vote was taken. Motion adopted unanimously.

4. New Business

4.1. RES 23-120 Resolution Approving a Contract with WSB for an Alternative Urban Areawide Review for the Northtown Area Redevelopment Plan

Sponsors: Sheila Sellman, City Planner

City Planner Sellman stated the city received proposals for an Alternative Urban Areawide Review (AUAR) for the Northtown area. WSB was the lowest responsible bid. An AUAR has been identified as a short-term action item in the redevelopment plan. Staff has accepted RFP's for an AUAR for the Northtown area. This process is a hybrid of the Environmental Assessment Worksheet (EAW) and environmental impact statement (EIS) review process. Responsible Government Units (RGU's) (the City) can use the AUAR as a planning tool to understand how different development scenarios will affect the environment of their community before the development occurs. The process is designed to look at cumulative impacts anticipated by development scenarios within a geographical area. The AUAR for Northtown will provide recommendations and cost analysis. After careful review, staff recommends entering into a contract with WSB. The anticipated adoption date of the AUAR is June 2024.

Allison Harwood, WSB, provided the council with an overview of the work that would be conducted for the AUAR. She explained the project area would include the Northtown Mall and the surrounding area. She reviewed the process that would be followed for the AUAR noting the purpose of this document would be to create a planning tool, to identify the potential for cumulative impacts and to identify mitigation measures for potential impacts. She reported the benefit of an AUAR was that it made a project shovel ready, while also assisting with streamlining future approval processes. She commented further on the topics that would be covered within the AUAR and asked for comments or questions.

Commissioner Newland stated this would be an extensive plan and looked forward to seeing the finished product. He asked if the city had completed this type of plan for any other project in the city. Director of Engineering Schluender stated it was his understanding an AUAR was completed for The Lakes development.

Commissioner Massoglia questioned if the Northtown visioning document would be considered within the AUAR. Ms. Sellman explained both the comp plan and visioning document would be considered within the AUAR.

Moved by Councilmember Newland, seconded by Councilmember Robertson, to adopt a Resolution Approving a Contract with WSB for an Alternative Urban Areawide Review for the Northtown Area Redevelopment Plan.

A roll call vote was taken. Motion adopted unanimously.

4.2. RES 23-121 Resolution Authorizing Sale of Wetland Credits for Park Construction
Sponsors: Erik Thorvig, Community Development Director

Community Development Director Thorvig stated in 2015, the Blaine Economic Development Authority (EDA) established a wetland bank for wetland restoration of the Blaine Wetland Sanctuary. Concurrently, the city of Blaine also established a separate wetland bank. Each bank is independently operated and has different purposes for use of funds and sale of credits. He explained the EDA has sold credits to assist in 22 different development projects in the City where developers needed to fill certain wetlands on their site. The overall project value for projects that the EDA has sold credits for exceeds $100M.

The sale of credits has generated over $2,000,000 for the EDA that can be used for general economic development activities anywhere in the city. The current market rate for wetland credit sales is $2.50/sf of wetland fill, or $108,900/acre.

There have been several instances where the EDA has either reduced the sale price or granted credits. The EDA granted 5.92 acres of credit for the Blaine 35 business park project. The EDA has reduced the sale price for large credit purchases (3.5 acres+) for several projects, including the Minnesota State Emergency Operations Center ($1.50/sf), Central Transport ($1.80/sf) and Tiller Corporation ($1.85/sf).

The EDA currently has 8.0716 acres of credits available to sell. The current market value of said credits is $878,997. The city wetland bank also owes the EDA wetland bank 14 acres of credits. These credits will be transferred once the City wetland bank gets another release of credits in the future. The value of those 14 acres is $1,524,600. The total value of the remaining EDA wetland credits is $2,403,597.

Park Construction has received development approval from the city of Blaine to relocate their headquarters to Blaine at 10101 Naples Street. Park Construction, incorporated in 1916, specializes in fields such as earthwork, road construction, utilities and demolition. The company is currently located in Spring Lake Park and the owner lives in Blaine. The project includes construction of a 15,000 sf office/shop, an 8,000 sf warehouse and yard for various activities related to the business.

Relocation of the business to Blaine will bring approximately 70 existing jobs to the community in the skilled trades and administrative staff. These positions include higher level salaries with an average income exceeding $100,000 per year. Mr. Thorvig reported Park Construction has limited options to relocate their business given the heavy industrial nature. Park Construction was unsuccessful in obtaining approval for a different site in Blaine in 2017. The site they were looking at was zoned appropriately, but was located next to a residential neighborhood that opposed the project. The city council ultimately denied the conditional use permit request. In 2022, they were also unsuccessful in receiving approval from the city of Columbus for similar reasons. The site they have identified in Blaine is appropriate for their use, but has various wetland challenges.

The company has been working with the city of Blaine, Rice Creek Watershed District (RCWD) and the Army Corps of Engineers over the last year to understand wetland impact and necessary mitigation. The project requires 10.25 acres of wetland mitigation. The mitigation amount has been approved by the RCWD and Army Corps. As noted earlier, the EDA currently has 8.0716 acres of credits available. The developer will need to purchase any remaining credits from other wetland banks. Given the escalating project costs, the developer/business is requesting a grant of credits.

Mr. Thorvig indicated the city council discussed the potential to reduce the sale price for the credits at the July 7, 2023 workshop based on a request by the business. The council discussed two options. The first was to amortize the full $878,997 payment over a period of time. The business owner provided the following response to this scenario: "The offer of the amortized option is very generous, and I do appreciate the council/city’s willingness to offer this, however, it includes paying the full amount for the wetland credits, and I am unable to do this. The total amount of $878,997 includes the full value of $2.50 per square foot and is different than the $1.25 per square foot (if paid in full) that was offered at the time financing was secured for this project. Even with the option of a 5-year or 10-year term with no interest, it would still result in a higher cost than budgeted to complete the project. Any increase in costs would need to be passed along to Park Construction and would only further burden its ability to compete in an already unreasonably competitive market." The other option discussed was reducing the sale price to $1.25/sf. This would result in a sale of $439,498 to be paid in full immediately. The business is receptive to this structure.

Motion by Commissioner Fleming, seconded by President Sanders, to authorize sale of wetland credits for Park Construction at $1.25/sf.

Commissioner Newland stated he remained opposed to the discounted price as referenced by staff. He explained the most recent discount that was approved by the EDA was $1.50/sf for the Emergency Operations Center. He reported he could not support lowering the wetland credit sale price to $1.25/sf. He indicated he was disappointed in the response to amortize the cost over some amount of time.

Commissioner Massoglia indicated he reviewed the past wetland credit sales as well and noted he would be in favor of selling the wetland credits at $1.50/sf.

Commissioner Saroya asked if the EDA were to approve the wetland credits at $1.25/sf, would the EDA be setting a precedent. Mr. Thorvig reported the EDA has full discretion on a case by case basis when it comes to the sale of wetland credits.

Commissioner Saroya indicated she would not be supporting the sale of the wetland credits at $1.25/sf.

A roll call vote was taken. Motion failed 2-5 (President Sanders and Commissioner Fleming voted in favor).

Motion by Commissioner Massoglia, seconded by Commissioner Larson, to authorize sale of wetland credits for Park Construction at $1.50/sf.

A roll call vote was taken. Motion passed 4-3 (Commissioners Robertson, Saroya and Newland opposed).

5. Old Business

None.

6. Adjournment

Moved by Commissioner Robertson, seconded by Commissioner Newland, to adjourn the meeting at 8:55 PM.

A roll call vote was taken. Motion adopted unanimously.

Signed by ______________________________

Tim Sanders, President

Attest by: ______________________________

Catherine M. Sorensen, CMC, City Clerk