



City of Blaine Anoka County, Minnesota Minutes EDA

Blaine City Hall
10801 Town Sq Dr NE
Blaine MN 55449

Monday, April 5, 2021

Council Chambers and due to the COVID-19 pandemic, city meetings will also be held as virtual meetings

The EDA will meet immediately following the regular Council meeting

1 Call to Order

The meeting was called to order at 9:10PM by President Sanders followed by the Roll Call. Due to the COVID-19 pandemic this hybrid meeting was held both virtually and in person.

2 Roll Call

Quorum Present.

ALSO PRESENT: City Manager Michelle Wolfe; Community Development Director Erik Thorvig; Public Works Director Jon Haukaas; Police Chief/Safety Services Manager Brian Podany; Finance Director Joe Huss; City Engineer Dan Schluender; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

Present: 7 - Commissioner Jeppson, Commissioner Robertson, Commissioner Paul, Commissioner Hovland, Commissioner Massoglia, Commissioner Smith, and President Sanders

3 Minutes

3-1 **Approval of February 17, 2021 EDA Minutes**

Attachments: [Unapproved Minutes 2/17/21](#)

Moved by Commissioner Massoglia, seconded by Commissioner Jeppson, that the Minutes of February 17, 2021, be approved.

A roll call vote was taken. Motion adopted unanimously.

Aye 7 - Commissioner Jeppson Commissioner Robertson Commissioner Paul
Commissioner Hovland Commissioner Massoglia Commissioner Smith
President Sanders

4 New Business

4-1 **Reconsideration of Artis REIT Wetland Credits Financing Request**

Attachments: [Financial Assistance Narrative - Blaine 35](#)
[Site Plan](#)

Community Development Director Thorvig stated the EDA will be reconsidering the wetland credit request by Artis for a 300,000-sf. industrial project at 35W/85th Ave. On February 17, 2021 the EDA approved a 50% reduction of the wetland credit amount totaling \$322,344. The EDA will consider whether to fund the remaining 50%. Artis REIT has an opportunity to deliver a \$35,000,000+, Class A Industrial campus on undeveloped land at the northwestern quadrant of the interchange of Interstate 35W and County Road J (85th Avenue NE), a major east-west arterial. On February 17, 2021 the EDA approved creating a new economic development tax increment financing (TIF) district providing approximately \$2.6M in financing for the project. The EDA also approved a reduction of \$322,344 (50%) in the cost of wetland credits. At the March 8, 2021 City Council workshop, notice was provided by the City Council noting that this item would be reconsidered at the April 5, 2021 EDA meeting. Alternative funding sources were discussed with the EDA.

Mr. Thorvig reported from the time the project was first initiated, the developer has identified the extraordinary costs of developing the site through completing their due diligence on the project. Staff is of the opinion that not only do the costs justify the need for city financial assistance, but also that the opportunity for a development on this particular piece of property with the type and scope of that proposed by Artis, is unlikely in the near future.

Mr. Thorvig commented additionally, since the February 17, 2021 EDA meeting, the developer has learned of a major project setback where the DNR did not accept the threatened and endangered species survey completed in August 2020 due to the mowed condition of the property. Prior to construction of Building B & C, the DNR is requiring a resurvey of the associated lots in an unmowed condition. Due to the biology of the plant species on record of being within the vicinity of the property, the survey can only be completed in August 2021. This leaves the construction of Building A as the only development option for 2021. Constructing only one building results in a construction cost premium of approximately 5% or \$400,000 due to lost economies of scale and construction efficiencies. Despite these project cost increases and others, the amount of public assistance requested of the City remains unchanged. Staff commented further on the challenges facing the site and recommended the EDA reconsider the Artis REIT wetland credit financing.

Commissioner Jeppson discussed the value of wetland credits, which

was \$2.50 per square foot. She asked if this was a fair value for future wetland credit sales. Mr. Thorvig noted this was the highest price the City has received for wetland credit sales. He reported the City's wetland bank will reduce by six acres whether or not the developer is charged.

Commissioner Paul indicated this project was becoming increasingly complicated. He stated after speaking with residents and the developer, he understood there were a lot of needs. He proposed the remaining 50% in wetland credits be approved in order to move this project forward.

Commissioner Robertson commented she supported this project and understood it would be a huge value add to the community. She explained she did have concerns with the financial asks. She reiterated that Blaine was a strong partner to new businesses. She discussed how other issues have arisen with this project that had nothing to do with the City of Blaine. She supported the City using funds set aside for this purpose of offering assistance, however she explained she was having a hard time with the City being the fall guy for this project. She indicated the City of Blaine was not the roadblock for this project. She thanked Artis REIT for working transparently with the City and neighbors on this project. She suggested the commission offer the remainder of the wetland credits to Artis REIT in order to allow this project to move forward.

Alex Rexrode, Artis REIT, thanked the commission for reconsidering his request for additional wetland credits. He explained this site was extremely challenging, which were inherent barriers with the site that were not due to any other regulatory action or agency. He reported Artis REIT understood the challenges on the site and was not asking for a dollar more beyond the cost that has been incurred to design this site. He reported he was taking it upon himself to receive a lower return on investment knowing the presence in this market was of value. He stated he would continue to fight for this development in order to make his development a reality. He noted this development could not move forward "but for" the use of TIF and other assistance.

Commissioner Jeppson stated she was in favor of the additional 50%. She explained this was a massive project and the amount requested aligns with previous decisions the council has made in regards to TIF districts and wetland credits. She understood the price tag for this project was higher, but that was because this was a more expensive project. She believed this aligned well with decisions that have been made in the past. She commented if this project were not completed as a whole, the amount of time that it would take to complete this type of project in phases, would take years or decades. She appreciated the fact that this

project would be completed in one to two years.

President Sanders commented on the challenges this site has and thanked Artis REIT for working with the City on this project. He appreciated how transparent Artis REIT has been throughout the entire process. He thanked Artis REIT for being willing to take a lower return on their investment in order to pursue this development in Blaine. He agreed it would be a great benefit to the City of Blaine to have this project done at one time, versus in several different phases by several different developers.

Commissioner Massoglia stated he would be voting against this motion. He explained he did not believe this project should be financed by the City at this level. He understood this was a great project for the community, but was disappointed by the fact the developer was requesting additional funding. He understood this was a difficult property to develop, but he did not believe it made sense to offer 100% of the wetland credits.

Moved by Mayor Sanders, seconded by Commissioner Smith, that Resolution No. 21-03, "Reconsideration of Artis REIT Wetland Credit Financing Request directing staff to fund the additional 50% of the wetland credits," be approved.

A roll call vote was taken. Motion adopted 5-2 (Councilmember Robertson and Councilmember Massoglia opposed).

Aye 5 - Commissioner Jeppson Commissioner Paul Commissioner Hovland
Commissioner Smith President Sanders

Nay 2 - Commissioner Robertson Commissioner Massoglia

5 Other Business

None.

6 Adjournment

Moved by Commissioner Hovland, seconded by Commissioner Massoglia, to adjourn the meeting at 9:36PM.

A roll call vote was taken. Motion adopted unanimously.

Aye 7 - Commissioner Jeppson Commissioner Robertson Commissioner Paul
Commissioner Hovland Commissioner Massoglia Commissioner Smith
President Sanders