

UNAPPROVED

CITY OF BLAINE BLAINE ECONOMIC DEVELOPMENT AUTHORITY

Monday, August 9, 2021

Blaine City Hall
Council Chambers
10801 Town Square Drive

CALL TO ORDER/ROLL CALL

The meeting was called to order at 6:00PM by President Sanders followed by the Roll Call.

PRESENT: President Tim Sanders, Commissioners Julie Jeppson, Chris Massoglia, Richard Paul, Jess Robertson, and Jason Smith.

ABSENT: Commissioner Wes Hovland.

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.

APPROVAL OF THE MINUTES

Moved by Commissioner Jeppson, seconded by Commissioner Smith, that the Minutes of July 19, 2021, be approved.

Motion adopted unanimously.

NEW BUSINESS

4.1 EDA Resolution No. 21-08, Considering Sale of Wetland Credits to the State of Minnesota for the State Emergency Operations Center Facility (SEOC) at 4001 Pheasant Ridge Drive NE.

Community Development Director Thorvig stated the State of Minnesota identified the need for a new State Emergency Operation Center (SEOC) as part of a bonding request for the 2020 Legislative Session. The current SEOC facility is located in downtown St. Paul and

does not adequately serve the operations. Approximately \$30 million was approved in the 2020 state bonding bill to construct a new facility. The timeline is to identify and design a site in 2021 and begin construction in 2022. The State of Minnesota proposes to construct a new, approximately 50,000 square foot, two-level facility in the North Metro. The proposed facility would house two main functions - the main offices for the 60 to 80 employees of the State's Department of Public Safety, Division of Homeland Security and Emergency Management (HSEM) and the State of Minnesota Emergency Operations Center.

Mr. Thorvig explained the land purchase price of the property is \$1. The purchase price recognized the costs and challenges in developing the site. The site challenges mainly relate to the need to import fill to bring the property to an elevation where a building could be constructed and correct poor soils. Estimates were completed by the state requiring \$750,000 in soil corrections and \$50,000 in dewatering as part of the soil correction work. The State has identified the need to purchase up to 740,520 square feet (8.5 acres) of wetland credits for the project. The EDA typically sells credits at a price of \$2.50/square feet which would equate to \$1,851,300. The EDA has discounted the price for credits for larger, bulk purchases as low as \$1.80/square feet. The state has offered to pay \$1.50/square feet or \$1,110,780. This would bring their overall costs to get the site shovel ready to \$1,910,780 (wetland sale price + soil correction costs). The overall site is approximately 20 acres; however, the developer is only impacting approximately 6.5 acres of the site. Shovel ready office/industrial land sells for \$4/square feet in the general area. Therefore, if the developer were to purchase approximately 6.5 acres of shovel ready land (no fill or wetland costs needed) at a market rate price of \$4/square feet the State would pay approximately \$1.17 million. It was noted the State was willing to over pay for the site in order to move the project forward. Staff commented further on the financial impact of the proposed wetland sale and recommended approval.

Commissioner Smith stated he supported a purchase price of \$1.50/square foot for the wetland credits. He indicated this was very difficult site to develop and it would not naturally develop ever. He appreciated the great opportunity the State was proposing for this property.

Commissioner Massoglia explained he had the opposite perspective. He feared the EDA was not valuing this property enough given the fact it was right next to I-35W. He commented the remaining 14 acres of land the State was purchasing was being devalued and he did not believe the land was worth zero dollars.

Commissioner Robertson stated this was a unique piece of property and explained she was more prone to support a reduced price in wetland credits versus gifting the entire wetland sale. She questioned what the likelihood of the State doing this project. She understood it would be difficult for the City to get this property back if the State were not to build the SEOC.

Wayne Waslaski, State of Minnesota representative, explained the State had completed its due diligence on this property. He reported if the wetland credit sale were approved the State would move to close on the property sale, which would then lead to the design of the project. He did not anticipate the project would stop after the design phase was started.

Commissioner Jeppson stated she did not have a problem with the \$1.50 per square foot wetland credit sale price. She reported this was a large wetland credit sale and asked how quickly the EDA would be able to rebuild its wetland credit bank. Mr. Thorvig explained the EDA did not have the opportunity to rebuild its wetland bank, unless the EDA were to pursue wetland credits at Pioneer Park.

Commissioner Jeppson commented she did not want to devalue any property in the city but understood this was a very challenging piece of land. She explained she appreciated the number of high paying jobs that would be coming to the city of Blaine from this project. She indicated she was willing to give a little in order to move this project forward because she believed the city was receiving a lot in return.

Commissioner Massoglia encouraged the EDA to think about the cost or economic impact of gaining these new employees.

Commissioner Paul thanked staff for the thorough staff report.

Motion adopted unanimously.

Moved by Commissioner Jeppson, seconded by Commissioner Smith, that Resolution No. 21-08, "Considering Sale of Wetland Credits to the State of Minnesota for the State Emergency Operations Center Facility (SEOC) at 4001 Pheasant Ridge Drive NE," be approved.

Commissioner Massoglia questioned what the economic impact would be per employee for this project. Mr. Thorvig stated he was uncertain how to answer this question, but indicated one way to look at it was the per hour pay for the new employees. Mr. Waslaski explained he did not know the exact salaries for the future staff members. He estimated the salaries would range from \$60,000 to \$70,000 and will hold statewide training. Mr. Thorvig indicated this training would lead to weekday hotel rooms and have other positive economic impacts on the economy.

Motion adopted 5-1 (Commissioner Massoglia opposed).

OTHER BUSINESS

Commissioner Paul supported the EDA helping local businesses that were still struggling after COVID and wanted to make sure the City was doing all it could to advertise the help that was available to those in need.

ADJOURNMENT

Moved by Commissioner Robertson, seconded by Commissioner Smith, to adjourn the meeting at 6:21PM.

Motion adopted unanimously.

Tim Sanders, President

ATTEST:

Catherine Sorensen, City Clerk
Submitted by Minute Maker Secretarial