



City of Blaine Anoka County, Minnesota

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WORKSHOP ITEM *Rebecca Haug, Water Resources Manager*

BLAINE WETLAND CREDIT SALES

The city has two wetland banks in the Blaine Wetland Sanctuary (BWS). The northern portion of the BWS has a bank known as Site 7 for regulatory purposes and was set up as a funding source for the city’s open spaces and trails. Site 7 has the potential of creating 81 acres of wetland credits when fully restored. The other bank is the central portion of the BWS and is known as Branch 3 for regulatory purposes. This bank was established for the Economic Development Authority as an incentive to developers. Branch 3 has created 55 acres of wetland credits and the EDA has sold about half of the credits.

The city recently received a release of 5.724 acres of wetland credits for Site 7 bringing the balance to 14.1052 acres of credits available for sale. Of the 14.1052 credits, staff has agreed to hold 1.5074 credits for two proposed development projects. This leaves the city with 12.5978 credits until the next release of credits anticipated in January of 2022. Credit release amounts are determined by the regulatory agencies yearly and are based on how the site restoration is performing.

Staff has received a request for a sale of 7.644 acres of wetland credits for a proposed public road project in the city of Medina. The applicant is requesting a price of \$2.35/sq.ft. because it is a large purchase of credits and it is for another municipality. The applicant is also willing to pay all transaction fees.

Prices for wetland credits are based on market demand. In speaking with other wetland bank holders in the area, the average rate is currently at about \$2.50/sq.ft. The city has been selling

credits for \$2.50/sq.ft. with the majority of the city's credit sales for small amounts less than 1 acre. Prices for wetland credits do vary and fluctuate frequently.

The differences in price would be:

- 7.644 acres * \$2.50/sq.ft. = \$762,300
- 7.644 acres * \$2.35/sq.ft. = \$716,562
 - Difference \$45,738

Since wetland credit prices and demand are subject to market driven fluctuations, it is often in the city's best interest to sell credits when there is a demand for them. With this sale and the other two proposed sales, the city would still have 4.9538 acres of credits available for sale this year prior to the anticipated release of additional credits in January of 2022. One of the benefits to selling the 7.644 acres at \$2.35/sq. ft. is it provides a large amount of funding with one sale.

Staff is looking for feedback from Council regarding this proposed sale of 7.644 acres of wetland credits at the price of \$2.35/sq. ft.