



City of Blaine Anoka County, Minnesota

Blaine City Hall
10801 Town Sq Dr NE
Blaine MN 55449

Legislation Text

File #: EDA RES 22-09, **Version:** 1

Economic Development Authority - *Erik Thorvig, Community Development Director*

Title

Approve Purchase of 10550 Nassau Street

Executive Summary

Consider approving a purchase agreement for the property at 10550 Nassau Street.

Background

The property at 10550 Nassau Street is within the 105th Avenue redevelopment area. The site is 2.96 acres and consists of a 18,382 square foot building constructed in 1972. The property is owned by Nassau Street Properties, LLC. The property is not listed for sale. The Blaine Economic Development Authority (EDA) has acquired various properties in the area in situations where either the property has been listed for sale, the EDA contacted property owners to determine whether they'd be interested in selling, or the property owner reached out to the EDA expressing interest in selling.

At a closed session on August 15, 2022, the EDA directed staff to pursue a purchase of the property and provided staff a direction on a purchase price. When making an initial offer for the property after the closed session, staff learned that a previous lease for the property expired on September 1, 2022, the building was vacated, and a new lease had been executed with a different company effective September 1, 2022. The lease is with a manufacturing company with a term of five years, with an additional five-year option. This would not be their primary location as they have other locations in Blaine. They have not moved into the building and are awaiting the outcome of the sale negotiation. If the EDA were to purchase the property, the lease would be assumed by the EDA. Staff has communicated with the tenant and they have indicated a willingness to terminate the lease agreement if the EDA were to purchase the property and look at alternative locations to lease space. Confirmation on the termination of the lease agreement is a contingency of the purchase agreement.

At a closed session on September 7, 2022, the EDA discussed the counteroffer from the seller that was provided after the initial EDA offer. After negotiation, the purchase price of \$2,600,000 was agreed upon, contingent upon final EDA approval.

The value approach the EDA has taken with other purchase in the area has been the cost per square foot method. Based on the building square footage and sale price, the price per square foot is \$141. This is higher than previous EDA purchases, however those purchases span a period between 2017-2021 and the current industrial real estate marketing is historically strong. The broker representing the seller provided various sale comps for industrial buildings in the general area that exceed or are similar to the price per square foot of the proposed sale.

The seller's broker is preparing a purchase agreement that will be reviewed by the city attorney. The purchase agreement will be contingent upon an executed agreement that the existing lease can be terminated. A closing date has not yet been determined however staff has indicated to the broker the

city's desire to have a closing date as soon as possible.

The building will be demolished sometime in 2023 in preparation for redevelopment of the area.

Strategic Plan Relationship

Redevelopment of the 105th Avenue area has been identified as an outcome in the City of Blaine Strategic Plan. In addition, redevelopment of the 105th Avenue area is identified as a priority in the 2040 Comprehensive Plan.

The EDA/city completed a visioning master plan for the area in 2022 identifying redevelopment of the area for restaurant, retail, entertainment, public gathering spaces and multi-family housing. The EDA is currently going through an RFP process to select a master developer for the area. A master developer will be selected in October. It is anticipated that public improvements/spaces and development of the overall area could begin as soon as 2023. Acquisition of the property will further redevelopment efforts of the overall area much quicker than if the building were occupied for five years and up to ten based on the existing lease.

Financial Impact

The proposed sale price is \$2,600,000. With the recent adoption of the Use of Strategic Priorities Fund Policy, staff considers this as the best option to fund the purchase of 10550 Nassau. The rationale for use of the Strategic Priorities Fund is twofold: (1) The purchase would meet the policy requirements in that the purchase is considered to be of high priority for accomplishing established strategic initiatives; has sufficient community-wide benefit which is consistent with established strategic initiatives, city goals, or programs; and the project will advance or achieve one or more of the strategic initiatives identified in the City's adopted Strategic Plan; and (2) the likelihood that the property will be resold once redevelopment of the 105th Avenue corridor is underway and the funds from the resale of the property can be restored the Strategic Priorities Fund. If the EDA determines the Strategic Priorities Fund as the preferred funding source for the purchase of 10550 Nassau, a resolution to approve the use of strategic priorities funds will be brought forward to the Blaine City Council in October

Alternatively, the EDA has sufficient funds in other various accounts that could fund the purchase.

Staff Recommendation

Adopt the attached resolution.

Attachment List

10550 Nassau Street Map
Blaine Area Sales Comps

WHEREAS, the City of Blaine Economic Development Authority has identified redevelopment of the 105th Avenue area has been identified as an outcome in the City of Blaine Strategic Plan; and

WHEREAS, redevelopment of the 105th Avenue area is identified as a priority in the 2040 Comprehensive Plan; and

WHEREAS, The EDA/City completed a visioning master plan for the area in 2022 identifying redevelopment of the area for restaurant, retail, entertainment, public gathering spaces and multi-

family housing; and

WHEREAS, the EDA has acquired various property in the area to prepare for necessary redevelopment; and

WHEREAS, the EDA and Nassau Street Properties, LLC have agreed upon a sale to the EDA for property at 10550 Nassau Street for a price of \$2,600,000.

NOW THEREFORE, BE IT RESOLVED , that the Blaine Economic Development Authority hereby approves the purchase of 10550 Nassau Street and authorizes the president, executive director, and city attorney to finalize a purchase agreement and execute all necessary documents for the purchase of 10550 Nassau Street.

PASSED by the Blaine Economic Development Authority this 19th day of September 2022.