

**CITY OF FRIDLEY
HOUSING AND REDEVELOPMENT AUTHORITY COMMISSION
April 5, 2018**

Chairperson Gabel called the Housing and Redevelopment Authority Meeting to order at 7:00 p.m.

MEMBERS PRESENT: Pat Gabel
William Holm
Stephen Eggert
Kyle Mulrooney
Gordon Backlund

OTHERS PRESENT: Paul Bolin, HRA Assistant Executive Director
Wally Wysopal, City Manager
Jim Casserly, Development Consultant

Action Items:

1. Approval of Expenditures

MOTION by Commissioner Holm to approve the expenditures. Seconded by Commissioner Mulrooney.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON GABEL DECLARED THE MOTION CARRIED UNANIMOUSLY

2. Approval of February 1, 2018 Meeting Minutes

MOTION by Commissioner Holm to approve the minutes as presented. Seconded by Commissioner Backlund.

Chairperson Gabel asked on page 3, 9th paragraph, 2nd sentence to read “In the event the redeveloper would ~~fringe~~ *infringe* on the agreement,

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON GABEL DECLARED THE MOTION CARRIED AND THE MINUTES APPROVED AS AMENDED

3. Resolutions of Support – Grant Applications – Northern Stacks VIII

Paul Bolin, HRA Assistant Executive Director, stated that the building at 5101 Industrial Blvd is currently owned by All Temp Storage and leased to Murphy Trucking. Prior to being used as a warehouse, the property was owned by a printing and binding company. The binding required the use of solvents for cleaning glue from equipment and prior to the stricter environmental standards, the solvent was often times dumped out of the back door. The testing done on the site

indicates that there is quite a bit of environmental cleanup necessary. To assist with these extraordinary costs, Hyde is seeking grants from Met Council and DEED. Additionally, Hyde will be asking the Authority to create a Soils TIF District to provide an additional \$600,000 to assist with the cleanup.

Mr. Bolin said that this application is seeking \$432,000 to assist in soils investigation, soil cleanup and RAP reporting. At this time, Hyde Development has a deadline of May 1st to apply for this grant. If Hyde is successful in obtaining grant and TIF funds to assist with these extraordinary cleanup costs, they anticipate closing on the property in July.

Mr. Bolin noted that DEED's Contamination Cleanup program assists with contamination investigations and cleanup of contamination in accordance with the Minnesota Pollution Control Agency approved response action plan (RAP). This program provides funding to sites that will be redeveloped in the very near future and its goal is to clean up contamination in order to allow a site to retain and create new jobs. This project has more than proven that it can meet the goals of the program. Staff recommends approval of this resolution supporting Hyde Development's application for grant through DEED's Contamination Cleanup Grant Fund.

Paul Hyde, Developer, said that last week they signed a lease with LKQ Corporation for one of the Stacks building consisting of 250,000 sq. ft. He is running out of space at the Stacks development which is five years earlier than planned. While working on the Stacks project this property came up for sale. He has a good relationship with the seller who wanted to see this property become part of the Stacks project. He requested an extension to the purchase agreement to allow time for the May 1st grant cycle. On this site we found that this was a printing and binding company and there are solvents found under the slab. These vapors belong to this site, so a soil vapor mitigation will take place. The building won't be torn down, but modifications will be done to the building to remove the vapors. Debris fill was also found on the site and the material looked much like what was found across the street. The cleanup plan includes mitigating soil issues and vapor issues underneath the slab. The redevelopment plan is to fold this development into the Northern Stacks development having the same color and look. The rates for this building will be different as the building is not new. The current Murphy warehouse tenant lease goes through November and they have been asked to stay longer. If they choose to leave, there are others interested in the space. The plan is to get the cleanup approved in time for the May 1st grants and to start redevelopment efforts the first week of July.

Commissioner Holm asked about the TIF District.

Jim Casserly, Development Consultant, replied that the TIF District is a soil condition district and can only use the TIF as a part of the response action plan. There are limited use of funds and the district has a maximum of 20 years. The current building and land has a value of \$6.5m and the increment only comes from valuation above the \$6.5m. A budget will be put together to show the sources and how the funds will be used.

Chairperson Gabel asked if this soil district would be the same as the HSS.

Mr. Casserly replied yes, it is the same. The Hazardous Substance Subdistrict didn't take away any of the current property tax base. The HSS is unique because the existing market value is used to fund various improvements. The only use for increment is from the increase in value.

Commissioner Holm asked what kind of assistance the HRA was obligated to provide the developer over and above the cleanup funds.

Mr. Casserly replied that the developer is taking the risk. If the HRA recommends to the Council to create a district, the developer spends the money and gets reimbursed from the future increase in the value of the project. It is difficult to know on a project like this how much increase in market value you will have to reimburse the developer for funds they have spent on the project.

Commissioner Holm asked if there isn't any increase in market value if the developer is stuck with the shortfall.

Mr. Casserly replied that is correct, he would continue to cleanup and mediate the environmental issues.

Commissioner Holm asked if there would be any changes in the roadwork.

Mr. Hyde replied not at this time.

Chairperson Gabel asked when they would need the funds from the Authority.

Mr. Hyde replied that tonight is about the resolution to support the grant applications and later there will be talk about the tax increment which will need to be complete by the first week of July 2018.

Commissioner Backlund asked if the vapors under the floor were water soluble.

Mr. Hyde replied that they will inject air underneath the slab to remove the mass. The same method was used in the BAE building.

Commissioner Backlund asked how the stuff dumped on the soil would be cleaned up.

Mr. Hyde replied that the debris will be moved off site unless the soils meet the industrial standard, then it can be buried under the parking lot. The building will be usable while this is being done.

Chairperson Gabel asked when construction would start and when it would finish.

Mr. Hyde replied that it depends on how the leasing goes. The hope is to start in July and maybe finish 4th quarter of this year.

MOTION by Commissioner Holm to approve the MN DEED Contamination Cleanup Grant Application. Seconded by Commissioner Backlund.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON GABEL DELCARED THE MOTION CARRIED UNANIMOUSLY

MOTION by Commissioner Backlund to approve the Metropolitan Council TBRA Grant Application. Seconded by Commissioner Mulrooney.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON GABEL DELCARED THE MOTION CARRIED UNANIMOUSLY

Informational Items:

1. Housing Programs Update

Paul Bolin, HRA Executive Assistant Director, reported that in March there was one Loan Closed, one Remodel Advisor Visit and 8 Home Energy Squad Visits.

Adjournment:

MOTION by Commissioner Backlund to adjourn. Seconded by Commissioner Mulrooney.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON GABEL DECLARED THE MOTION CARRIED UNANIMOUSLY AND THE MEETING ADJOURNED AT 7:28 P.M.

Respectfully submitted,

Krista Peterson
Recording Secretary