

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS

DATE: JANUARY 8, 2020

**REGARDING: APPROVING AND AUTHORIZING THE SALE AND CONVEYANCE OF A
PORTION OF 1675 ENERGY PARK DRIVE TO SNELLING PROPERTIES
LLC; AND AUTHORIZING THE EXECUTION OF A PURCHASE
AGREEMENT, DISTRICT 12, WARD 4.**

Requested Board Action

Public hearing and approval of the attached resolution, authorizing execution of a Purchase Agreement with Snelling Properties LLC (“Buyer”), an affiliate of Wellington Management (“Wellington”), for the sale of the northernmost approximately 160 feet of a parcel of land (“Property”) located at 1675 Energy Park Drive (“Site”) to build a parking lot to accommodate the expansion of Buyer’s tenant, Minnetronix.

Background

The City of Saint Paul owns the Site and for many years has used portions of it for the Fire Department’s Fire Safety Training facility. The Fire Department has moved much of its training to other locations and no longer needs the northernmost portion of the 9.6-acre Site. The Buyer, owner of the adjacent Snelling Office Plaza (“Plaza”) located at 1625-1645 Energy Park Drive, approached the HRA in early 2018 about acquiring the Property to build additional parking for Minnetronix, a fast-growing medical technology company they have been working to retain as a tenant in the Plaza. See the attached **Site Map**.

Of their over 300 employees, Minnetronix employs 268 people at their Saint Paul location and is experiencing significant growth. To keep Minnetronix in the city, the Buyer is working with them on a \$6 million expansion at the Plaza that will accommodate an additional 75 jobs over the next three years. The Plaza does not have a large enough footprint to provide the additional parking needed for the Minnetronix expansion, which is why the Buyer needs the additional land. The Buyer will purchase the Property at fair market value and build the parking lot at their sole expense.

Currently the Property is largely unused other than storage of some Fire Department training items which can be moved to other locations, however the Property is being offered for the sole purpose of supporting the Minnetronix expansion and would not otherwise be made available for public sale. No existing businesses will be displaced or relocated and the transaction is not taking place via eminent domain. Both properties are zoned I1 and the proposed use is allowed.

Budget Action

All net proceeds of the land sale will be turned over to the City of Saint Paul.

Future Action

City Council needs to approve the conveyance of the Property to the HRA at a public hearing taking place on January 15, 2020.

Financing Structure

The property is being sold at its appraised fair-market value less 10% as an acknowledgement of contamination that exists on the property. This reduction in price acknowledges the impact of the contamination on the value, but is not directly related to any specific cleanup costs.

PED Credit Committee Review

There is no financing proposed for this development and therefore no Credit Committee action is required.

Compliance

Compliance requirements applicable to this project include the following: Affirmative Action / Equal Employment Opportunity and Vendor Outreach Program.

Green/Sustainable Development

N/A

Environmental Impact Disclosure

The Property will be sold “as is” with Buyer assuming all risks and liabilities related to any environmental contamination.

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance:

Sale of the Property will:

- Generate private investment, retain 268 and create at least 75 living-wage jobs; and
- Increase the City’s tax base by returning tax-exempt property back to the tax rolls.

This is consistent with the District 12 West Midway Industrial Area Plan, particularly the Industrial Business Retention and Expansion section:

Strategic Public Investments in support of the industrial business climate through infrastructure improvements and land assembly

Statement of Chairman (for Public Hearing)

Being duly authorized by the Board of Commissioners to conduct this Public Hearing, the hearing is now open. This is a Public Hearing called for the purpose of conveyance of a certain parcel of land in District 12, Ward 4 by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (HRA).

Notice of time, place, and purpose of this hearing was published in the Saint Paul Pioneer Press on December 28, 2019. The Affidavit of Publication of Notice of Public Hearing will be made a part of these proceedings. The HRA proposes to convey the following property: 160 feet (approximately) along the northernmost border of 1675 Energy Park Drive to Snelling Properties, LLC for \$450,000.

Recommendation:

The Executive Director recommends approval of the attached resolution, approving sale of the northernmost approximately 160 feet of a parcel of land located at 1675 Energy Park Drive to Snelling Properties LLC for the purpose of building a parking lot to accommodate the expansion of Minnetronix.

Sponsored by:

Commissioner Jalali

Staff:

Claudia Ciske, 651-266-8685

Attachments

- **Map**
- **Public Purpose**
- **District 12 Profile**