

City of North Saint Paul
August 8, 2018
Adopted Emergency City Council Meeting Minutes

I. CALL TO ORDER

Mayor Kuehn called the meeting to order at 8:01 p.m.

II. ROLL CALL

Present: Council Member Furlong
Council Member Petersen
Council Member Walczak
Council Member Sonnek
Mayor Kuehn

Staff: City Manager Dr. Craig Waldron, Community Development Director Paul Ammerman, Fire Chief Scott Duddeck, Deputy Clerk Mary Mills.

III. CITY BUSINESS ACTION ITEMS & RECOMMENDATIONS

A. Commerce Park-Suite Living Project Chlorinated Solvent Remediation

City Manager Waldron stated that this meeting was called as an emergency meeting regarding an economic issue that is bank driven relating to the Commerce Park project. Community Development Director Paul Ammerman presented a staff recommendation that the city participate with the property owners to perform additional environmental review and remediation, up to 50% of the estimated \$80,000 cost.

Background/Facts:

- The City Council, at their December 5, 2017 meeting, approved the sale of the city-owned Commerce Park property to DigniCare Properties of North St. Paul.
- The Buyers desired to purchase the city property in order to construct a 22,500 sq. ft. 32-unit assisted living and memory care facility.
- DigniCare acquired the city parcels for \$150,000 on May 21, 2018.
- As part of the sale, the City agreed to equally participate in additional soil structure work, up to \$140,000, which was escrowed at property sale closing.
- The buyers financial institution performed their own property environmental review (Phase I), which resulted in the discovery of chlorinated solvent that exceeds MPCA standards for residential uses. The original soil work on the property removed only petroleum contaminates, caused by the past land use.
- In order for the project to proceed, and the developer's bank to advance construction funding, additional environmental investigation and soil remediation needs to be done. This work will include a Phase II study, a Response Action Plan (RAP) completed, a vapor barrier system incorporated into the building and the approval of MPCA.
- The estimated cost for the described work is \$80,000. The city is being requested to share the cost at 50%, or up to \$40,000, of the estimated \$80,000 total cost. Funding source could come from any balance in the soil structure remediation escrow and/or the 2018 EDA budget.

This process would be required for any type of project going on to the site. Therefore, there is no benefit to waiting to save cost or jeopardize this project.

On motion by Council Member Furlong, seconded by Council Member Sonnek, with all present voting aye (5-0), motion carried to authorize the city to participate with the property owners to perform additional environmental review and remediation, sharing up to 50% of the estimated \$80,000 cost.

B. Commerce Park-Suite Living Project Subordination Agreement

Community Development Director Paul Ammerman presented a request, after legal counsel review, recommending the city agree to and execute the Subordination Agreement in order for the loan funds to be released and construction to begin on the Commerce Park – Suite Living Project.

Background/Facts:

- The City Council, at their December 5, 2017 meeting, approved the sale of the city-owned Commerce Park property to DigniCare Properties of North St. Paul (buyer).
- The City and the Buyer have executed a Contract for Private Redevelopment that contained a minimum improvements provision requiring the construction of a 32-unit assisted living facility. The provision also included a “City Reversion Right” whereby the property would revert back to the city if the minimum improvements were not built. This provision was originally included in the contract to ensure that the developer built the desired city approved project.
- The buyer’s construction lender is now requiring the subordination of the “City Revision Rights” provision in the Contract for Private Redevelopment, which was recorded with the property’s mortgage, as a condition of providing the construction loan.

On motion by Council Member Petersen, seconded by Council Member Furlong, with all present voting aye (5-0), motion carried to agree to and execute the Subordination Agreement in order for the loan funds to be released and construction to begin.

IV. ADJOURNMENT

There being no further business, on motion by Council Member Sonnek, Seconded by Council Member Furlong, with all present voting aye (5-0), Mayor Kuehn adjourned the meeting at 8:17 p.m.

/s/ Michael R. Kuehn, Mayor

Attest: /s/ Dr. Craig Waldron, City Manager