



ECONOMIC DEVELOPMENT AUTHORITY

AGENDA SECTION	BUSINESS ITEMS
MEETING DATE	3/6/2023

ITEM:	40th and University Avenue Right-of-Way Purchase from MnDOT	
DEPARTMENT:	Community Development	BY/DATE: Mitchell Forney, 02/27/2023

BACKGROUND:

In 2019, the City began in earnest to enact its plan to redevelop the southwestern quadrant of the 40th Avenue and University Avenue intersection, as redevelopment of this corner is a priority that is articulated in the City's comprehensive plan. As part of this redevelopment initiative, the City and EDA have purchased three separate parcels to prepare a shovel ready site for future development. Community development staff are bringing forward for the EDA's consideration the purchase of MnDot right-of-way that adjoins the City's current land holdings in this location. The acquisition of this land from MnDot will make the City's parcels more accessible, developable, and improve the overall layout of the redevelopment site.

LAND ASSEMBLY HISTORY TO DATE:

In 2009, the City purchased the parcel located at 3853 3rd Street as part of its program to purchase and rehabilitate foreclosed homes during the housing crises. In 2010, the City demolished the single-family home on the property, and it has sat vacant since. In 2019, the city purchased the former Root Electronics parcel (393 University Ave NE) out of tax forfeiture for \$81,600. After the purchase, community development staff worked to secure federal Community Development Block Grant (CDBG) funding for the demolition of buildings and environmental remediation of the site. The City's environmental contractor, Carlson McCain conducted environmental testing of the site and in December of 2021, Carlson McCain and the City's demolition contractor, Veit initiated the environmental cleanup. Over a period of four weeks, Veit removed two storage buildings, their slab foundations, the basement foundation of the main Root building, 665 tons of contaminated soil, and clear-cut most of the trees and scrub brush on the site. During the remediation of the site, Veit and Carlson McCain uncovered an old dumpsite on the southern end of the property, two large fuel storage tanks, and an additional foundation underneath one of the storage building foundations. The dumpsite and additional foundation were immediately remediated. With the assistance of Carlson McCain, the City applied for the State of Minnesota's Abandoned Underground Petroleum Storage Tank Removal Program. As part of the program, the Minnesota Department of Commerce paid for the entire project cost of removing the fuel storage tanks and conducting post removal environmental testing. At the same time, Community Development staff and the EDA were in negotiations with the owner of 230 40th Ave NE. In late 2019, the EDA purchased the house for \$275,000 and prepared the property to be used by the Fire Department in a training exercise burn. After the house was burned down the site was cleared of all improvements and now sits vacant.

MNDOT RIGHT-OF-WAY ACQUISITION:

As you can see from attachment three (Parcel Map), there is a service road that used to serve as the entrance to the Root property and the former house at 230 40th Ave. This service road is owned by the Minnesota Department of Transportation (MnDot), even though it acts as the only entrance point to the two City owned properties. As part of the redevelopment of the southwest corner, staff thought it imperative to acquire part of this right-of-way. In June of 2022, staff reached out to the MnDot requesting the conveyance of the land. After meeting to discuss possible contingencies, MnDot responded with the purchase approval letter before

you today. Acquiring this right-of-way makes the City owned parcels whole and makes the combination of parcels more attractive to developers. As part of the property conveyance, MnDot wanted to ensure that the City meets three requirements. First, that the entrance to any future development on the site will have to meet current setback standards from the 40th and University intersection. The current service road is too close to the intersection and will have to be pushed to the west to meet current MnDot standards. This will occur upon redevelopment of the site and does not have to be done until then. Second, that the City be responsible for repairing and making the sidewalk along 40th Avenue ADA compliant. In 2025, Anoka County plans to rebuild part of 40th Ave along the north side of the site. Staff were able to negotiate the resolution timeline for the ADA compliance upgrades to coincide with the work to be done on 40th Avenue. Last, that the City shall be responsible for moving the fence that currently lines the border between the parcel and the University Ave right-of-way. This is to ensure the fence delineates the new boundary and will be completed when the redevelopment of the site is conducted.

As part of the purchase process, the Minnesota Pollution Control Agency (MPCA), has conducted a Phase 1 environmental review of the property. No major issues were found but there is a possibility the site may need additional environmental remediation. Staff have also worked with the EDA's legal counsel to complete a title commitment review of the parcel. The title has comeback clean, and staff have title insurance prepared. The purchase of the property will be paid out of fund 408, specifically the Commercial Redevelopment Program.

With a purchase price of \$7,700.00 for 14,161 sq/ft of commercial land, staff believe that the purchase of the land is a great opportunity for the City. The parcel is completely useless to anyone other than the City and if it remained in MNDOT's hands it would stay vacant. The addition of this parcel adds another puzzle piece to the eventual redevelopment of the corner and sets up the City to drive the eventual project.

RECOMMENDED MOTION(S):
MOTION: Move to waive the reading of Resolution 2023-09, there being ample copies available to the public.
MOTION: Move to adopt resolution 2023-09, a resolution approving the conveyance of real property between the Minnesota Department of Transportation and the Economic Development Authority of Columbia Heights, Minnesota

ATTACHMENT(S):

- Resolution 2023-09
- MN DOT Offer Letter
- Parcel Map
- MN DOT Exhibit A
- MN DOT Exhibit B
- MN DOT Internal Phase 1