



CITY OF MARSHALL HRA AGENDA ITEM REPORT

Meeting Date:	Tuesday, September 24, 2019
Category:	NEW BUSINESS
Type:	ACTION
Subject:	Consider offer to purchase Helena property on West Highway 19, Marshall, Minnesota
Background Information:	<p>Negotiations have been ongoing for a 2 year period of time regarding the City's proposed purchase of Helena property. Negotiations have been stalled for the last 6-8 months but have recently been reinitiated. I am attaching and providing the following information.</p> <ol style="list-style-type: none"> 1. Proposed purchase agreement for the sale and purchase of Helena property. Helena staff attorneys have reformatted the purchase agreement but the terms of the agreement as previously negotiated have not changed. Total purchase price \$350,000. 2. Purchase to be concluded once the Department of Agriculture has issued its order finding that no additional cleanup/remediation of fertilizer chemical impacts needs to be completed. \$5,000 earnest money payment is due immediately. 3. Additional compensation of unreimbursed remediation costs will be paid by purchaser HRA. Generally 80% of fertilizer chemical cleanup costs are reimbursed by the State of Minnesota. The remaining 20%, however, are subject to reimbursement by the City of Marshall HRA. It is unknown as to what, if any, remediation may need to be done on the site. Remediation process remains with Helena. 4. I am providing to you information from the Minnesota Department of Agriculture regarding recent fertilizer cleanup costs incurred by four western Minnesota fertilizer plants. Cleanup costs range from a low of \$177K up to a high of \$312K. Average cleanup costs \$244,500. 80% of the costs have been reimbursed. Average reimbursement \$195,500. Unreimbursed costs average \$48,956. I am advising that an additional \$50,000 be ear marked for remediation expenses. 5. A portion of the property to be acquired is to be set aside for aeronautic purposes as an RPZ (Runway Protection Zone). 6. The entirety of the property consists of 7.334 acres. Even after set aside of the RPZ aeronautical property, approximately 5 acres will remain available to the City for resale or other development. 7. Attached are maps and information from City Assessor's office regarding tax valuation of the property. The entirety of the property has tax value of \$522,000. 8. I have confirmed with the Helena representatives that the rail spur is included in the sale or property. 9. City staff is recommending that the HRA enter into this transaction to purchase property upon the terms as the parties have proposed. 10. The large Quonset building located with the RPZ most likely will need to be demolished at City expense. I am recommending that \$100,000 be earmarked or set aside to be used for demolition of that building. 11. Minnesota Department of Transportation (Mn/DOT) Aeronautics is recommending that the City HRA proceed with the purchase of property as soon as possible.
Fiscal Impact:	Fiscal impact is outlined in the background information.
Alternative/	No alternative action recommended.

Variations:	
Recommendations:	That the HRA consider and approve entering into purchase agreement to purchase Helena property located on west Highway 19.