



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 09/13/2021

Item No.: 5a.

Department Approval

Executive Director Approval

Janice Gundlach

Patricia J. Jensen

Item Description: Consider amendment to Purchase Agreement with Genisys Credit Union for the sale of 2501 Fairview Avenue North – known as the Fairview Fire Station

1 **BACKGROUND**

2 On April 19, 2021, the Roseville Economic Development Authority (REDA) authorized entering into a
3 Purchase Agreement (PA) with Genisys Credit Union (Genisys) (Attachment A). The purchase agreement
4 reflects the purchase price of \$1,375,000 and initial due-diligence period of 150 days. During the due-
5 diligence period, Genisys conducted a Phase II Environmental Site Assessment and associated testing that
6 revealed petroleum contaminated soil associated with a previously removed petroleum storage tank that
7 had leaked. The contamination will need to be reported to the Minnesota Pollution Control Agency
8 (MPCA) and since the City was the permit holder for the tank, the City will be named the Responsible
9 Party. The MPCA administers a Petroleum Tank Release Cleanup Fund (Petrofund) to help remediate
10 such leak sites. Genisys has agreed to conduct the clean-up as a voluntary party. Genisys will be required
11 to enter the leak site into the MPCA’s Petrofund program, which will provide for reimbursement of certain
12 eligible costs (although not all costs). For costs that cannot be recovered through the Petrofund, staff is
13 recommending \$40,000 of the City’s land sale proceeds are held in an environmental escrow established
14 at closing for which Genisys can request reimbursement from. The eligible costs for reimbursement
15 include:

- 16 • Extent and magnitude testing to include vapor testing
- 17 • 2nd round of vapor testing - after Nov 1st
- 18 • Petrofund application fee
- 19 • MPCA Brownfield Program fees
- 20 • MPCA application assistance fees
- 21 • Soil disposal/remediation if needed
- 22 • Vapor mitigation system for building if needed
- 23 • Response action plan fees
- 24 • Environmental construction oversight fees
- 25 • Confirmation testing fees
- 26 • RAP implementation report fees

27
28 In order to conduct the additional environmental due-diligence associated with the leak, Genisys has
29 requested a 120 day extension to complete further testing and understand the full extent of any future
30 liability associated with the clean-up that will be required. An amendment to the PA to reflect the actions
31 and responsibilities outlined herein is required (Attachment B).

32
33 Staff has consulted with an environmental engineer to ensure the reimbursable activities are appropriate,
34 the \$40,000 escrow amount isn’t excessive, and the 120 day due-diligence period is reasonable in order
35 to accomplish the additional testing and enter the various MPCA processes.

36

37 **BUDGET IMPLICATIONS**

38 The sale of Lot 2, Block 1, FAIRVIEW FIRE STATION will yield land sale proceeds and property tax
39 revenue. Council has previously suggested the land sale proceeds replenish the fund used for purchasing
40 Lexington Shoppes. Any funds remaining in the environmental escrow after the clean-up has occurred
41 will be returned to the City. Any costs exceeding \$40,000 will be the responsibility of Genisys.

42 **STAFF RECOMMENDATION**

43 Staff recommends the REDA authorize the amendment to the PA with Genisys Credit Union by adopting
44 the attached resolution (Attachment C).

45 **REQUESTED REDA BOARD ACTION**

46 By motion, adopt the resolution authorizing the President and Executive Director to enter into the
47 amendment to the PA with Genisys Credit Union.

48 Prepared by: Jeanne Kelsey, Housing Economic Development Program Manager, 651-792-7086

- Attachments:
- A: Purchase Agreement with Genisys Credit Union
 - B: Amendment to PA with Genisys Credit Union
 - C: Resolution authorizing the amendment to PA with Genisys Credit Union