



Request for Council Action

TO: Mayor and City Council
THROUGH: Tim Murray, City Administrator
FROM: Deanna Kuennen, Com. & Econ Dev Director
MEETING DATE: May 25, 2021
SUBJECT: Approve LHB Proposal for Blight Analysis of Former Lockerby Property

Background:

At the Council Work Session on April 20, 2021, the City Council provided direction to Staff on the preparation of a Request for Proposal (RFP) for the former Lockerby property. One of the discussion points was the Council's support for utilizing tax incentives and authorizing a blight analysis to determine possible eligibility for a creation of a redevelopment TIF district to support the redevelopment of the property. The Council indicated support for utilizing tax incentives and authorized Staff to identify a company for the blight analysis.

Staff contacted LHB, Inc., regarding the preparation of a blight analysis, which includes detailed inspections of all buildings and parking areas on the site. LHB, Inc. performed the blight inspections of 24 W. Division Street and 29 1st Street NW for the Hillside Apartments project and is familiar with the statutory requirements for these analyses. They have provided a detailed proposal and scope of work for the blight analysis, with a not-to-exceed price of \$12,900. The final report typically requires 30-45 days to complete from the time they are authorized to start.

Recommendation:

Approve the proposal from LHB, Inc. to complete the required inspections, analysis and report for a TIF blight analysis on the former Lockerby site, authorizing the Mayor and staff to execute any necessary documents to implement this directive.

Attachments:

- LHB Proposal



May 17, 2021

Kim Clausen
Community Development Coordinator
City of Faribault
208 1st Ave NW
Faribault, MN 55021

LOCKERBY TIF ANALYSIS

Dear Kim,

Thank you for the opportunity to submit a proposal for the Lockerby TIF analysis in Faribault, Minnesota. LHB is a full-service architecture, planning and engineering firm with 260 employees in our Minneapolis, Duluth, Cambridge, and Superior, Wisconsin offices.

Our Government studio has extensive experience working with local governments on their planning, design, architectural and engineering needs. Having been personally involved on various city councils and planning commissions, I understand how cities function and the importance of maintaining the support of appointed and elected officials and community throughout the process.

PREVIOUS EXPERIENCE

LHB has significant experience with a variety of inspection and facility assessment projects, including the analysis of over 300 TIF Districts. Examples include:

- City of Columbia Heights TIF inspection services
- City of St. Paul TIF inspection services
- City of St. Anthony Village, NW Quadrant TIF inspection services
- City of St. Louis Park TIF District inspection services
- City of Mound TIF District “1-2” inspection services
- City of Osseo TIF inspection services
- City of New Richmond, WI TIF inspection services
- Minnesota State Colleges and Universities system facility assessments
- State of Minnesota Facility Assessments
- Property Condition Assessments for the St. Paul Department of Planning and Economic Development (Franklin/Emerald Neighborhood)
- Condition surveys for every DNR facility in the State of Minnesota, 2014

TEAM CREDENTIALS

Michael A. Fischer, AIA, LEED AP - Project Principal/TIF Analyst

Michael has 34 years of experience as project principal, project manager, project designer and project architect on planning, urban design, educational, commercial, and governmental projects. He has become an expert on Tax Increment Finance District analysis assisting over 100 cities with strategic planning for TIF Districts. He is an Architectural Principal at LHB and currently leads the Minneapolis office.

Michael completed a two-year Bush Fellowship, studying at MIT and Harvard in 1999, earning master's degrees in City Planning and Real Estate Development from MIT. He has served on more than 50 committees, boards, and community task forces, including City Council President in Superior, Wisconsin, Chair of the Duluth/Superior Metropolitan Planning Organization, and Chair of the Edina, Minnesota Planning Commission. Most recently, he served as a member of the Edina city council and Secretary of the Edina HRA. Michael has also managed and designed several award-winning architectural projects and was one of four architects in the Country to receive the AIA Young Architects Citation in 1997.

Phil Waugh – Project Manager/TIF Analyst

Philip is a project manager with 13 years of experience in historic preservation, building investigations, material research, and construction methods. He previously worked as a historic preservationist and served as the preservation specialist at the St. Paul Heritage Preservation Commission. Currently, Phil sits on the Board of Directors for the Preservation Alliance of Minnesota. His current responsibilities include project management of historic preservation projects, performing building condition surveys and analysis, TIF analysis, writing preservation specifications, historic design reviews, writing Historic Preservation Tax Credit applications, preservation planning, and grant writing.

Jonathan Pettigrew, AIA – Inspector

Jonathan Pettigrew has worked in architecture and construction for the last twenty years in Minnesota, California and Washington. His experience includes a variety of commercial and residential project types and scales, from single-family homes to a 300,000 square foot multi-building office complex. He has significant experience in code reviews and building systems inspections and analysis. Jonathan received his Minnesota architect's license in 2004. He brings a strong interest in sustainability and an eye for detail to his work. He enjoys working with clients, consultants and contractors to bring projects together successfully.

Phil Fisher – Inspector

For 35 years, Phil Fisher worked in the field of Building Operations in Minnesota including White Bear Lake Area Schools. At the University of Minnesota, he earned his Bachelor of Science in Industrial Technology. He is a Certified Playground Safety Inspector, Certified Plant Engineer, and is trained in Minnesota Enterprise Real Properties (MERP) Facility Condition Assessment (FCA). His FCA training was recently applied to the Minnesota Department of Natural Resources Facilities Condition Assessment project involving over 2,000 buildings.

SCOPE OF SERVICES

LHB will provide the following services based upon the terms and conditions described below.

- 1. Survey the TIF District to determine if it meets applicable coverage test.**
 - A. To meet the coverage test, parcels consisting of 70 percent of the area of the district must be “occupied” by buildings, streets, utilities, or paved or gravel parking lots.
 - B. A parcel is not considered “occupied” unless at least 15% of its total area contains improvements.

- 2. Conduct a visual review of building(s) interior and exterior:**
 - A. Obtain property owner’s consent for inspection.
 - B. Document property conditions relative to Minnesota Statutes Section 469.174 Subdivision 10.

- 3. Estimate building(s) replacement cost:**
 - A. Replacement cost is the cost of constructing a new structure of the same square footage and type on the site.
 - B. A base cost will be calculated by establishing the building class, type and construction quality.
 - C. Identify amenities, which increase the value of the building over the standard construction quality level.
 - D. Review building permits for each parcel.
 - E. The base cost and cost of amenities will be totaled to determine the replacement cost for the property.

- 4. Evaluate building(s) existing condition:**
 - A. “Structurally substandard shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.”

- 5. Determine Building(s) Code Deficiencies:**
 - A. Determine technical conditions, which are not in compliance with current building code applicable to new buildings.
 - B. Provide opinion of probable cost to correct identified deficiencies.
 - C. Compare cost of deficiency corrections to replacement value of building.

- 6. Prepare and deliver report:**
 - A. Prepare a written narrative analysis of the District describing why the property within the District does or does not meet the criteria as “structurally substandard” as established in Minnesota Statutes Section 469.174, subdivision 10.
 - B. Deliver final reports via email PDF.

ASSUMPTIONS

1. LHB will inspect approximately seven buildings on one parcel. We will inspect both the interior and exterior of the building(s) and evaluate the coverage of the parcel(s). The Client will provide the following:
 - Available information regarding the condition of the structure(s), including past building permit information, and known code violations.

STANDARD OF CARE

LHB shall perform services consistent with the professional skill and care ordinarily provided by other professionals practicing in the same or similar locality under the same or similar circumstances.

Any report prepared by LHB represents a professional opinion based upon information available and arrived at in accordance with generally accepted professional standards. Other than as contained in the report, LHB makes no express or implied warranty.

Short of complete deconstruction to examine every element at every location, no assessment can reveal all conditions which may exist. Additional testing, assessment, or demolition may uncover conditions which would make it necessary to modify LHB’s conclusions or recommendations.

Any report prepared for the purpose described in this Agreement is for the exclusive use by those to whom the report is addressed. LHB will not and cannot be held liable for the unauthorized reliance upon this report by any third party.

COMPENSATION

We propose to work on an hourly basis with the following key staff:

Project Principal, Michael Fischer (TIF analysis)	\$290/hour
Project Manager	\$165/hour
Project Architect/Inspector	\$145/hour
Project Administrator	\$95/hour

We will work on an hourly basis not to exceed Twelve Thousand Nine Hundred dollars (\$12,900) including reimbursable expenses for the inspection of the properties, including a full TIF report.

Payments are due and payable upon receipt of our invoice. Unpaid balances 60-days after invoice date shall bear interest at the rate of 8% annually.

Failure to make timely payment to LHB is a material breach of this Agreement and may, at LHB’s sole discretion, result in a suspension or termination of services, and may, at LHB’s sole discretion, result in the termination of the Client’s limited license authorization to use LHB’s copyrighted Instruments of Service.

ADDITIONAL SERVICES

If there is a material change in the circumstances or conditions that affect the scope of work, schedule, allocation of risks or other material terms, LHB shall notify the Client. The Client and LHB shall promptly and in good faith enter negotiation to address the changed conditions including equitable adjustment to compensation. The fees and costs for any additional services will be based upon LHB's Standard Hourly Rates and Standard Reimbursable Schedule.

SCHEDULE

The final report typically requires 30-45 days to complete from the time we are authorized to start. We can make preliminary conclusions prior to our full report being completed if necessary, to allow other consultants and the client to begin their work.

CONSEQUENTIAL DAMAGES

LHB and Client waive consequential damages for claims, disputes or other matters in question arising out of or relating to this Agreement.

LIMIT OF LIABILITY

To the maximum extent permitted by law, the Client agrees to limit LHB's liability for the Client's damages to the sum of Ten Thousand Dollars (\$10,000) or the amount of fee paid to LHB, whichever is greater. This limitation shall apply regardless of the cause of action or legal theory pled or asserted.

USE OF LHB'S DOCUMENTS

The documents prepared by LHB are solely for use with respect to this project. All documents prepared by LHB pursuant to this Agreement are the instruments of services to the Project and LHB shall retain all common law, statutory and other reserved rights, including copyright. LHB grants to Client a nonexclusive limited license solely for the purposes of evaluating and executing the Project. The Client shall not assign, delegate, sublicense, or otherwise transfer any license granted herein to another party.

To the extent the documents are transferred or are modified, supplemented or otherwise altered by the Client, subsequent design professional, or any other party, the Client agrees to indemnify, defend and hold LHB harmless for any claims, demands, damages or causes of action arising out of such transfer or modification, supplementation or alteration.

OTHER CONDITIONS

The laws of the State of Minnesota shall govern this Agreement. Any provision of this agreement later held to violate a law or regulation shall be deemed void. All remaining provisions shall continue in force.

The Client recognizes that materials prepared by others may be subject to copyright protection and warrants to LHB that any documents provided by the Client do not infringe upon the copyright held by another.

Unless the parties mutually agree otherwise, the parties shall endeavor to settle disputes by mediation. A demand for mediation shall be filed, in writing, within a reasonable period after a claim, dispute or other matter in question has arisen.

If the terms and conditions of this Agreement are acceptable, please sign and return a copy to LHB.

CLIENT NAME

LHB, INC.

By: _____
(Signature)

By:  _____
(Signature)

Its: _____
(Title)

Its: Principal _____
(Title)

Name: _____
(Printed Name)

Name: Michael A. Fischer, AIA _____
(Printed Name)