



**Wayzata City Council Workshop Meeting Agenda
Wayzata City Hall Community Room, 600 Rice Street
THURSDAY, MARCH 26, 2020**

WORKSHOP TOPICS FOR DISCUSSION:

1. Panoway on Wayzata Bay Phase I Reconstruction Project Update related to COVID-19 (7:00 AM)



City Council Workshop City Council Agenda Report

MEETING DATE: March 26, 2020

WORKSHOP AGENDA ITEM: 1

TITLE: Panoway on Wayzata Bay Phase I Reconstruction Project Update related to COVID-19 (7:00 AM)

PREPARED BY: Jeff Dahl, City Manager

REVIEWED BY: N/A

DISCUSSION OBJECTIVE:

To provide an update to the Council on Phase I of the Panoway on Wayzata Bay Reconstruction Project, which includes Lake Street, Lake Street Plaza, and the Dakota Rail Regional Trail Extension, as it relates to the COVID-19 Pandemic.

BACKGROUND:

Earlier this year, the City awarded multiple contracts in order to commence construction on Phase I of Panoway. In addition, staff has continued its efforts with the Wayzata Conservancy and its lobbyist in order to secure funds for Phase II. However, more recently, the whole world has been jolted by the COVID-19 Pandemic and daily life as well as priorities continue to change on an hourly basis.

Meanwhile, at the end of this week, Stahl is planning to install signage for the first phases of the project and then start work on Monday. Staff and other partners continue to meet regarding signage, parking, and general communications----although, the priority of distributing resources to mitigate business disruption have shifted from promotional activities to more direct and immediate assistance such as the waiving/reimbursement of utility fees, licenses, and permits.

In addition, staff has reached out to many business and property owners along Lake Street to get their thoughts regarding the changing dynamic of COVID-19. We will provide an update of feedback at the meeting.

So, staff continues to move forward and plan for the project to commence all the while gathering as much information as possible to eliminate risk and to put the City in the best position regardless of the circumstances. Below is a breakdown of the circumstances and considerations.

Pre-COVID-19 Environment

- Most of project awarded.
- Communications/parking/signage plan commenced.
- Anticipated start of late March for some work and closure of Lake Street mid-April.
- Thriving business climate.
- Significant concerns regarding disruption impact from businesses about bleed into warm weather season.

COVID-19 Realities

- Anticipated start of late March for some work and closure of Lake Street mid-April.
- Declining business activity.
- Exponential growth in unemployment.
- Increased risks with supply chain and financial markets.
- Heightened anxiety.

- Executive Orders issued by Governor approximately nearly every day since March 13 (<https://mn.gov/governor/news/executiveorders.jsp>).
- No state has shut down construction fully, though some cities have elected to close construction sites for a few weeks. Construction of roads, utilities, and public works has qualified as essential infrastructure work that may continue under most if not all shelter-in-place mandates.
- Public health guidelines from Center of Disease Control (CDC) and Minnesota Department of Health (MDH) will continue to change.
- City staff leadership for Panoway also serving on the City's Emergency Management Team.

Reasons to Commence Construction Now

- Less overall impact to businesses given current regulations on restaurants, fitness centers, and salons (see full list of closure requirements attached). Several office workers in downtown Wayzata are likely working from home.
- May be able to expedite construction and finish earlier.
- Can utilize funds dedicated to business mitigation tactics to have more direct impacts (rather than valet and communications, use for offsetting City-related expenses of licenses, permits, utilities).
- No better alternative.
- Jobs for the economy.
- Delaying project would increase soft costs.

Reasons to Pause Construction

- Concerns about public health and ability to social distance.
- More potential for delays given threats to supply chain for materials and public health threats to labor.
- Unstable financial markets and increased risks for TIF bonding.
- Recession could put businesses on tipping point out of business.
- Recession could also have long term financial implications on City of Wayzata operations.

Construction Risks

Jessie Houlihan, President of Stahl, will provide an update based on the latest circumstances.

Financial Risks

Steve McDonald, President of AEM, will provide an overview of City's current financial position as it relates to Panoway.

Options Moving Forward

1. Start construction now assuming public health concerns can be addressed. Based on all of the information, staff believes that commencing construction ASAP has more benefits (finishing earlier AND less additional burden) yet more risk (financial, delays, optics).
2. Delay project until fall or spring of 2021. This option would remove the risks associated with the current volatility, however, it would likely cost more and would negatively impact businesses more as it would disrupt businesses when they are trying to get back on their feet.
3. Indefinitely cancel project. This alternative is an option with the least amount of risk and disruption. It would also save the City millions of dollars in the short term. However, it would be going against almost a decade of planning. Cancelling would not be consistent with the City's vision and would ignore significant infrastructure improvements needed along Lake Street including a very old water main that

abuts up to the Marquee Building as well as the sidewalk.

Next Steps

- Determine whether the City wants to "pause." Item would then be placed on April 7 Agenda. No action needed if consensus from the Council is to keep moving forward.
- Send communication to the businesses yet this week of what we are doing and why.
- Install signage yet this week.
- Start construction March 30.

ATTACHMENTS:

None