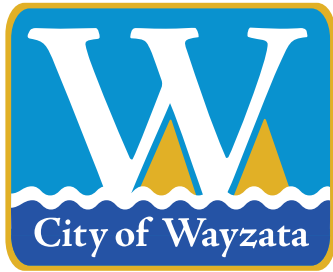


Wayzata City Council Workshop Meeting Agenda
Wayzata City Hall Community Room, 600 Rice Street
WEDNESDAY, November 4, 2015
5:30 PM

WORKSHOP TOPIC FOR DISCUSSION:

1. Review of Procurement Options for Mill Street Ramp (5:30 PM)



City of Wayzata
600 Rice Street
Wayzata, MN 55391-1734

Mayor:
Ken Willcox

City Council:
Bridget Anderson
Johanna McCarthy
Andrew Mullin
Steven Tyacke

City Manager:
Heidi Nelson

Date: October 29, 2015

To: Mayor Willcox & Councilmembers

From: Heidi Nelson, City Manager

Subject: Review of Procurement Options for Mill Street Ramp

As a part of the October 20th regular meeting agenda item regarding the Draft Term Sheet for the Public/Private Partnership (P3) with Beltz for the Mill Street Ramp/Commercial Corner, there was significant discussion of the method of procurement for the ramp project. DRAFT minutes from the October 20th discussion are attached for Council reference. In response to that discussion, staff has arranged for workshop time to review the various forms of procurement that the city could utilize for the ramp project with the goal of further quantifying the potential benefits/drawbacks of the P3/Construction Manager at Risk form of procurement. Ehlers has coordinated Kent Carlson with Anderson Companies to attend to provide his insight and experience with the various forms procurement for construction projects, background on Mr. Carlson is attached for Council reference. Jay Lindgren, the city's real estate legal counsel on this project, will also be present for the discussion.

Below is a summary of the forms of procurement of construction projects:

- **Design/Bid/Build**
 - City 100% in charge of all aspects of the project (like road reconstruction projects)
- **Agent Construction Manager**
 - Works for city on fixed fee for services
 - Prepares RFP/Q for A/E services which frees up city staff time
 - Bids project based upon final design
 - City at risk for unforeseen costs
- **Construction Manager at Risk**
 - City selects A/E services and provides guidance on budget
 - Works for city on fixed bid amount to construct ramp
 - No risk to City for unforeseen costs
- **Design/Build or Construction Manager/Design Team**
 - City completes portion of design then issues RFP/Q for contractor
 - Finalizes design and bids to build the project based upon design
 - City at risk for unforeseen costs
- **Design/Build/Operate/Maintain**
 - Same as above except city negotiates O & M agreement at same time
- **Public Private Partnership**
 - Combination of above



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Also attached to this memo is the presentation provided to the HRA on Thursday, October 29th, which includes the information reviewed at the October 20th meeting (slides added at end 11-13). This is provided as Council reference for the discussion.

Attachments:

DRAFT 10/20/15 Minutes

Kent Carlson, Anderson Companies Background

10/29/15 HRA Presentation of DRAFT Term Sheet with Beltz for P3

WAYZATA CITY COUNCIL
DRAFT – EXCERPTS OF OCTOBER 20, 2015 MEETING MINUTES

AGENDA ITEM 7. New Business.

a. Review DRAFT Term Sheet for Public/Private Partnership (P3) with Beltz for Mill Street Ramp/Commercial Corner and Consider Proceeding with the Entitlement Process for Mill Street Area

City Manager Nelson reported the Beltz group is interested in pursuing an agreement with the City, but nothing formal has taken place yet. Staff is proposing to proceed with the entitlement process for the land in and around Mill Street by initiating the re-platting, re-zoning and Comp Plan amendment for the area north of Mill Street and east of Broadway to allow for the construction of the Mill Street ramp.

Ms. Stacie Kvilvang, Ehlers & Associates, reported on the draft terms and conditions for the public/private partnership with Beltz for the Mill Street ramp and commercial corner. The proposal is for the Beltz group to construct a parking ramp with Mill Street improvements on behalf of the City.

The Council asked what the cost savings are by doing this project with a public/private partnership. Ms. Kvilvang stated because a significant portion of this project is a public project, there may not be a significant amount saved.

The Council asked questions about the specifics of the ramp. Ms. Nelson stated if there is going to be a commercial corner, it requires the larger ramp. If the Council does not want the larger ramp, staff recommends not having the commercial corner.

The Council asked about a cost benefit analysis for a roof on the ramp with a wall or security fencing because of the neighborhoods adjacent to the parking ramp. The Council also asked about solar alternative energy for the ramp, a traffic study for one-way traffic on Mill Street, and the Wayzata Parking and Mobility Management District Ordinance. In reference to the District Ordinance, Ms. Kvilvang clarified the Beltz group would need to negotiate what the lease is going to be for any leased parking stalls in the ramp as well as any operations and management costs they would be responsible for, whether or not the City has a Parking District Ordinance.

The Council asked if staff explored a public/private partnership model that required the Beltz group to be responsible to operate and maintain of the ramp. Ms. Nelson stated it had not been explored.

The Council asked if this was a TIFF eligible expense. Ms. Kvilvang stated they had not explored that option, but it could be possible.

Ms. Nelson stated she sees the benefit of efficiencies in coordinating one construction manager for all of these projects and could get the percentages for the Council's consideration.

The Council indicated it was open to exploring the public/private partnership because it thought the project could be delivered more efficiently with more of the cost being pushed on to the district and off the residents, but the facts presented prove to be inconsistent with this.

By request of the Council, Ms. Nelson clarified the difference between a construction manager and a construction manager at risk.

Ms. Nelson stated she will continue in conversation with the Beltz group and discuss the concerns and questions that were brought forth by the Council.

Mr. Schelzel stated to prepare for a variety of possibilities for the Mill Street Ramp, the best scenario would be to combine the parcels through the platting process, approve a Comp Plan amendment to guide the property to the contemplated use, and re-zone it to commercial.

Mr. Tyacke made a motion, seconded by Mr. Mullin, to proceed with the entitlement process for the land in and around Mill Street by initiating the re-platting, re-zoning and Comp Plan amendment for the area north of Mill Street and east of Broadway to allow for the

1 construction of the Mill Street Ramp. Upon roll call vote, with Messrs. Mullin, Willcox, and
2 Tyacke voting yes, and Mrs. McCarthy and Mrs. Anderson voting no, the motion carried 3/2.

3

4 The Council recessed at 8:49 p.m.

5

6 The Council reconvened at 9:02 p.m.

DRAFT

Kent M. Carlson, Chief Development Officer

Background

Kent's background in development has both depth and breadth. Responsible for all aspects of development, construction and design, Kent leads site selection and acquisition, works with cities for use permits and approvals, negotiates sales/leases, and creates financial packages. With over 22 years of experience, Kent's tenacity in the area of brownfield development has earned national awards of excellence. In addition to his national reputation for the clean-up of contaminated sites and resolving environmental issues, Kent has expertise in assisting industrial customers with needs ranging from light industrial and manufacturing business parks, automated warehouses and distribution centers, to their corporate headquarters.

Professional Experience

Anderson Companies, Chief Development Officer, St. Louis Park, Minnesota 1/11—Present

Ryan Companies, Inc., Executive Vice President, Minneapolis, Minnesota

J R Gabrielson & Company, Marketing Principal, Minneapolis, Minnesota

Island Marine Supply, President, Minnetonka, Minnesota

Bauer's Sails, Inc., Vice President, Minnetonka, Minnesota

Affiliations and Volunteer Activities

American Wind Energy Association (AWEA)
National Association of Industrial & Office Properties
Past President and Chair of Long-range Planning
Past Minnetonka Yacht Club Board Member

Education

Loyola College; Baltimore, MD
MBA Studies – finance concentration
Iowa State University; Ames, IA
Bachelor of Science in Construction Engineering

Project Experience

South Shore Corporate Park Phase I—2,394,200 SF,
Phase II—2,000,000 SF Office/Light Industrial
Tampa, Florida
Dean Lakes 275-acre Mixed-use Development Including
Retail, Residential, Industrial and Office Properties
Shakopee, Minnesota
Urban Village 415 Villa Apartments 130,000 SF Mixeduse
Development Including Office, Retail, multi-Level

Parking Ramp
Richfield, Minnesota
Northland Interstate Business Center Office Building
Tenant Build-Out 80,000 SF Clean Room and Office for
Medical Sales
Brooklyn Park, Minnesota
St. Alban's Villas/Marina
20 Condo's and Marina Office Complex
Greenwood, Minnesota

Reclaimed Land/Brownfield Experience

Twin Lakes Corporate Center 325,000 SF, Multi-Tenant
Office, Warehouse and Light Industrial
Roseville, Minnesota
Twin Lakes Health 66,434 SF, Medical Office Building
Roseville, Minnesota
Medtronic 135,470 SF, Office, Light Industrial Warehouse
Brooklyn Park, Minnesota
Wickes Furniture 203,040 SF Warehouse Distribution
Center Brooklyn Center, Minnesota
Center Pointe Business Campus 500,000 SF Office
Showroom in 10 Buildings
Roseville, Minnesota
Symantec Campus 143,157 SF Office Building
Roseville, Minnesota
Upsher-Smith Laboratories 193,250 SF Corporate
Headquarters Pharmaceutical Laboratory/Warehouse
Maple Grove, Minnesota
Mate Precision Tooling 200,784 SF Office/Light Industrial
Manufacturing Facility
Anoka, Minnesota



EHLERS

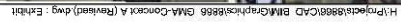
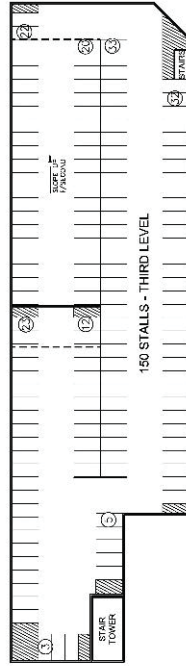
LEADERS IN PUBLIC FINANCE

Mill Street Parking Ramp Public/Private Partnership Term Sheet Review

Stacie Kvilvang– Ehlers
Jay Lindgren – Dorsey



Ramp Location



Wayzata Parking Options
Wayzata, Minnesota

11-04-2015 CC WORKSHOP PACKET
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Proposal

- Enter into an agreement with Beltz to construct the parking ramp and Mill Street improvements on behalf of the City
 - Ramp would consist of approximately 450 stalls
 - 3 levels (2 levels over 1 on-grade level)
 - Ramp would have approximately 8,000 sq/ft of retail attached
 - 2 stories
 - Mill Street would be modified into a “flexible street”
 - Pedestrian paths, one-way drive aisle, landscaping, lighting and various pedestrian and bike improvements



Requirements of City – Ramp

- Approve selection of engineering and design team and construction manager
 - [At City's sole discretion](#)
- Review and approve preliminary and final design/plans for the project
 - Ramp, commercial space and Mill Street improvements
- Finance the cost of the ramp and Mill street improvements
 - Make timely payments per mutually agreed upon disbursing agreement
- Complete inspections for the project
 - Require remedial work before final acceptance of ramp
- Prepare drafts and final documents for:
 - Construction Management At Risk Agreement
 - Development Agreement
 - Ground Lease
 - Parking Lease Agreement
- Retain ownership of the ramp and annually assess operations and maintenance (O & M)fees



Requirements of Beltz – Construction of Ramp/Commercial

- Enter into an agreement with the City for construction of the ramp
- Enter into a 99-year ground lease for approximately the size of the retail floor print
- Provide Construction Manager (CM) that is acceptable to the City in its [sole discretion](#)



Options To Construct The Ramp

- **Design/Bid/Build**
 - City 100% in charge of all aspects of the project (like road reconstruction projects)
- **Agent Construction Manager**
 - Works for city on fixed fee for services
 - Prepares RFP/Q for A/E services which frees up city staff time
 - Bids project based upon final design
 - City at risk for unforeseen costs
- **Construction Manager at Risk**
 - City selects A/E services and provides guidance on budget
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- **Design/Build or Construction Manager/Design Team**
 - City completes portion of design then issues RFP/Q for contractor
 - Finalizes design and bids to build the project based upon design
 - City at risk for unforeseen costs
- **Design/Build/Operate/Maintain**
 - Same as above except city negotiates O & M agreement at same time
- **Public Private Partnership**
 - Combination of above



Requirements of Beltz – Construction of Ramp/Commercial

- Looking at a Public Private Partnership with Beltz
 - Provides efficiencies in construction management if they are redeveloping their property adjacent to the ramp at the same time
- Enter into a **Construction Management At Risk Agreement**
 - Defines terms and conditions for oversight of the project
 - Includes engineering and design services and CM services
 - Qualified design team acceptable to the City in its **sole discretion**
 - City has full approval of design prior to CM issuing guaranteed price
 - Includes warranty provisions
 - **Includes maximum price**
 - City **ONLY** responsible for approved change orders it requests
 - Required to follow public bidding requirements for ramp only



Requirements of Beltz – Construction of Ramp/Commercial

- Secure all necessary entitlements, environmental review and permits and manage environmental remediation, if any
- Prepare final design and construction documents suitable for bidding the project, subject to City approval
- Construct the project and turn over all recorded drawings, construction drawings, warranty documentation and final consent of surety



Requirements of Beltz – Parking Agreements

- Enter into a Parking Lease agreement for the non-exclusive rights to the additional stalls required for the newly constructed 8,000 sq/ft commercial space **AND** enter into a Parking Lease Agreement for the non-exclusive rights to additional parking spaces if they redevelop their existing property
 - Rates, terms and conditions to be outlined in the Wayzata Parking & Mobility District Ordinance
- Accept annual obligation of paying operations and maintenance per stall that are required in the Parking Lease Agreement



Requirements of Beltz – Taxes

- Pay all property taxes required for the 8,000 sq/ft retail space



Parking District Cost Allocations

Assumption – grade +2 ramp

Total Structured Stalls		447
Capital Cost Per Stall	\$	21,744
Annual Operating & Maintenance	\$	225

Concept #1 - Ammortize over the life of the Ramp at 0% Interest (assume 50 years)				
Per Stall Cost	\$	21,744	per stall	
Depreciated Years		50	years	
Annual Capital Cost	\$	435	annual lease per stall or \$36.25/month	
Annual Operating Cost	\$	225	annual O & M per year	
Annual Total Costs	\$	660		
Example				
4000 SF Office Needs 14 Parking Stalls				
14 Stalls x \$660 = \$9,240 per year or				
\$2.31/SF for Parking Cost over and Above NNN Lease				
Concept #2 - Ammortize over Commercial Depreciation Term of 39 Years at 0% Interest				
Per Stall Cost	\$	21,744	per stall	
Depreciated Years		39	years	
Annual Capital Cost	\$	558	annual lease per stall or \$46.50/month	
Annual Operating Cost	\$	225	annual O & M per year	
Annual Total Costs	\$	783		
Example				
4000 SF Office Needs 14 Parking Stalls				
14 Stalls x \$783 = \$10,962 per year or				
\$2.74/SF for Parking Cost over and Above NNN Lease				



Future Actions - City

- Determine value of 99-year ground lease
- Set up Wayzata Parking & Mobility District Ordinance
 - Outlines areas included
 - Determines Value of annual parking leases for non-exclusive rights
 - Determines fees associated with O & M for non-exclusive rights to stalls
- Issue TIF bonds to construct the project



Next Steps – HRA/CC Parking Ramp

- Wednesday, November 4th (530PM)
 - CCWS to discuss procurement options
 - Kent Carlson with Anderson Companies in attendance to provide insight/experience with various project delivery methods
- Tuesday, November 17th (700PM)
 - Likely to have further discussion of Beltz P3 following further negotiations with Beltz
 - Review of zoning options for proceeding with entitlement process
- Tuesday, December 1st (700PM)
 - Possible Consideration of Beltz Term Sheet

