



South St. Paul

WORKSESSION AGENDA
SSP City Hall
125 3rd Avenue North
Training room

Monday, October 14, 2024
7:00 pm

AGENDA:

1. Post-Election Review Discussion
2. Public Works Facility Planning Discussion
3. Hardman Triangle Update
4. **CLOSED SESSION:** Closed session pursuant to Minnesota Statutes § 13D.05, Subd. 3(b) for a confidential attorney-client discussion regarding active litigation in the matter *Sanimax USA, LLC v. City of South St. Paul OAH 23-6084-37132*–
No Attachment
5. Council Comments & Questions



City Council Worksession Report

DATE: OCTOBER 14, 2024

DEPARTMENT: CITY CLERK

PREPARED BY: DEANNA WERNER

ADMINISTRATOR: RG

AGENDA ITEM: Post-Election Review Request to Dakota County

OVERVIEW/BACKGROUND:

Michelle Blue, Dakota County Director of Elections will provide information on the process that is currently established by State Statute related to Post-Election Review. Ms. Blue's perspective is critical; in the State of Minnesota it is Counties – not Cities – that have the authority to conduct Post-Election Review unless such authority is delegated by the County Canvassing Board to one or more Cities.

To better understand Post-Election Review (PER), staff feels it is relevant and important to provide additional detail about the testing which takes place on all voting equipment prior to such equipment being deployed to the polling locations on Election Day. Council and readers are encouraged to review this website about election security, prepared by Dakota County:

<https://www.co.dakota.mn.us/Government/VotingElections/Security/Pages/default.aspx>

Preliminary Testing

Testing of voting equipment is done multiple times prior to Election Day. Preliminary testing of all voting equipment begins as soon as possible after ballots are received from the vendor supplying the ballots. Preliminary testing is conducted by processing a pre-audited group of ballots, marked to record a predetermined number of valid votes for each candidate and on each question, and must include for each office, one or more ballots which have votes more than the number allowed by law in order to test the ability of the voting system tabulator and electronic ballot marker to reject those votes; the test decks are marked in a number of ways:

- Preprinted
- Printed using the accessible voting device which may be used by disabled voters on Election Day
- Hand marked

The test ballots are inserted into the tabulator and when complete, the tabulator is finalized, just as it would be on Election Day to produce a hard copy tape. The tape is then compared with a spreadsheet which reflects the predetermined markings on each ballot. If any error is detected, the cause must be ascertained and corrected, and an errorless count must be made before the voting system may be used in the election. After the completion of the test, the programmed cards to be used on Election Day are sealed into the tabulator until Public Accuracy Testing takes place. The spare programmed cards, ballot cards, and other testing materials must be sealed and retained until Public Accuracy Testing convenes.

Public Accuracy Testing

Public Accuracy Testing is conducted at least three days before voting equipment is used, but not more than 2 weeks before the equipment is to be used on Election Day. The City of South St. Paul will conduct Public Accuracy Testing on Tuesday, October 29th, at 10:00 AM in the Training Room of City Hall. Public notice of the time and place of the test must be given at least

two days in advance by publication once in official newspapers. The test must be observed by at least two election judges, who are not of the same major political party, and must be open to representatives of the political parties, candidates, the press, and the public. Notice of Public Accuracy Testing was published in the St. Paul Pioneer Press on Thursday, October 3rd, 2024.

At Public Accuracy Testing the City Clerk, along with Election Judges from opposite political parties, will test the voting system to ascertain that the system will correctly mark ballots using all methods supported by the system, including through assistive technology and hand marked ballots and count the votes cast for all candidates and on all questions. The same process which is performed during preliminary testing will occur. Election Judges will participate in the process and then audit the results and compare the tapes to the predetermined spreadsheet for accuracy.

Once completed, the seals on the machines will be entered onto the Certification Form which is provided to the judges at the polling location on Election Day. At that time those seals are again verified and recorded. In addition, the Election Judges along with any individuals who attended the Public Accuracy Testing will sign the Certificate of Preliminary and Public Accuracy Testing which is retained in accordance with the Statutes governing the destruction of election materials (22 months).

Post-Election Review (PER)

In accordance with State Statutes, Post-Election Review of the Voting System is conducted by each county in the State of Minnesota, unless the County Canvassing Board designates a municipal clerk as the "postelection review official" within 24 hours after the canvass of the state general election. At the canvass of the state primary, the county canvassing board in each county must set the date, time, and place for the postelection review of the state general election to be held under this section. Dakota County has scheduled the Post-Election Review (PER) for Thursday, November 14th, at the County Administrative Center in Hastings. The postelection review must not begin before the ninth (9th) day after the state general election (November 14th) and must be complete no later than the 14th day (November 19th) after the state general election. **Staff would like to correct the record and confirm that following the 2020 election, Dakota County completed PER for five precincts.** It was suggested at the October 7 meeting that Dakota County only completed PER for four precincts. Also, **it should be pointed out that for the 2022 General Election, Dakota County conducted PER for five precincts (including Precinct 4 in South St. Paul).** These PERs revealed that the accuracy of machine counting in the 5 precincts that were "audited" in 2020 was 99.9247% with only one (1) incidence of difference/machine error among almost 23,250 votes tabulated. For 2022, the PER revealed that the accuracy of machine counting in the 5 precincts that were audited was 100% with zero (0) incidents of difference/machine error among almost 14,500 votes tabulated.

At the canvass of the state general election, the county canvassing boards must select the precincts to be reviewed by lot (fancy word for random selection). The ballots to be reviewed for a precinct include both the ballots counted at the polling place for that precinct and the absentee ballots counted centrally by a ballot board for that precinct. The county canvassing board of a county with fewer than 50,000 registered voters must conduct a postelection review of a total of at least two precincts. The county canvassing board of a county with between 50,000 and 100,000 registered voters must conduct a review of a total of at least three precincts. The county canvassing board of a county with over 100,000 registered voters must conduct a review of a

total of at least four precincts, or three percent of the total number of precincts in the county, whichever is greater. At least one precinct selected in each county must have had more than 150 votes cast at the general election.

The county auditor must notify the secretary of state of the precincts that have been chosen for review and the time and place the postelection review for that county will be conducted as soon as the decisions are made. If the selection of precincts has not resulted in the selection of at least four precincts in each congressional district, the secretary of state may require counties to select by lot additional precincts to meet the congressional district requirement. The secretary of state must post this information on the office website.

In accordance with Minnesota Statutes, the postelection review must be conducted of the votes cast for:

- President or Governor;
- United States Senator; and
- United States Representative.

The postelection review official may, at their discretion, conduct postelection review of the votes cast for additional offices.

A South St. Paul resident has requested that the City Council of South St. Paul pass a Resolution that would attempt to compel Dakota County to audit all 5 of the precincts in South St. Paul, and that this “audit” would include an additional eight (8) races beyond the three statutorily mandated races (President, Senator, U.S. Representative in the 2024 Election) for a total of 11 races in the hand count.

The Resolution that was provided over email and at the October 7 City Council meeting is a non-binding Resolution; the City Council of South St. Paul does not have any authority to require Dakota County to comply with the request. However, if the City Council chooses to move forward with approval of a Resolution asking Dakota County’s Canvassing Board to grant the request for a full city wide hand count of the 11 races on the ballot, and the Dakota County Canvassing Board would grant that request, the cost would be borne by the City of South St. Paul.

The 2020 Election saw nearly 9,000 ballots cast. Indications for the 2024 General Election are that we will surpass that number. Even if there were only 9,000 ballots cast on November 5th, hand counting 11 races would mean a hand count of 99,000 votes. Based upon the documented costs for a recent recount completed for a single Hastings School District race by Dakota County, we estimate a cost of about \$10,000 per precinct (on average) to conduct the requested PER, leading to at least a \$50,000 expenditure for the city to recount by hand eleven races on all ballots cast in South St. Paul. Staff would stress that this expenditure, and the effort to conduct PER on the five precincts in the manner suggested, would be directed at hand tabulating votes that have already been counted on equipment that has been tested multiple times, in some cases by some of the same people who are making this request. It is also important to note that empirically, electronic tabulators have been found to produce not only faster and more efficient tabulation of results, but that they have also been found, time and again, to be more accurate than hand-counting. Obviously, hand counting is conducted by humans; counting 99,000 votes would be an extremely repetitive task and even the best-trained and most well-intentioned persons

conducting this task may naturally become fatigued, increasing the possibility that errors are inadvertently introduced by the hand-counting process.

It has been suggested that the City Clerk's Office has the budget to cover this expense due to a reduction in the budget versus previous years. This is inaccurate. The City Clerk's Office budget for Elections decreased in 2024 due to the reduction of 0.5 FTE for the Deputy Clerk Position, which is now a shared position with the Parks and Recreation Department to right size the position commensurate with the workload. In addition, the previous (2022) budget also included an allocation for a temporary Election Specialist, which was eliminated for 2024 by using existing city staff to handle the absentee voting done in the office and hold down costs to the residents of the City of South St. Paul. In any event, nowhere in the City Clerk's budget is there a \$50,000 surplus to dedicate towards conducting a PER in the manner suggested.

South St. Paul has a history of high voter turnout. In fact, the voter turnout for the August 13th primary was the highest in Dakota County. As City Clerk, I pride myself, as did my predecessor, on well-trained judges, well-run polling locations and making the voting process seamless to our voters. In addition, all voting machines that will be used on Election Day are subject to multiple accuracy and operability checks, and Post Election Reviews in Dakota County (and throughout the country) conducted after our most recent elections have time and again confirmed the accuracy of vote tabulating equipment. Conversely, upon demand or by choice those jurisdictions that have employed hand-counting have found greater inaccuracy, significant delays in reporting results, and higher costs than using vote tabulating equipment. The request for a hand count of all precincts and all contested races in South St. Paul would come at additional monetary cost to the residents of South St. Paul, and undermines faith in South St. Paul's and by extension the Nation's elections without a basis in data or fact. We respect the Council's authority to respond to the request however they feel would best represent the City of South St. Paul, but based upon the information provided in this memo Staff does not recommend moving this action forward.

SOURCE OF FUNDS

A Post Election Review of the scale and magnitude suggested at the October 7 meeting is somewhat of an untested project, so estimates as to the cost of such an effort should be taken with a grain of salt. That said, extrapolating the time taken in the most recent Post Election Review leads us to estimate that conducting a PER as suggested would cost at least \$50,000 for South St. Paul. As a PER was not calculated in the 2024 Budget, a Budget Amendment would be required to support this expenditure.

ATTACHMENTS

2020 Post Election Review Records for Dakota County Precincts (from MN Secretary of State)
2022 Post Election Review Records for Dakota County Precincts (from MN Secretary of State)

Precinct: 1830 - EAGAN P-13

Dakota County

Office: U.S. Senator

Candidate Name	Total Votes	Total Hand-Counted Votes	Total Unadjusted Difference *	Total Explained Difference	Total Adjusted Difference	Explanation
Kevin O'Connor	105	105	0	0	0	
Oliver Steinberg	42	42	0	0	0	
Jason Lewis	810	810	0	0	0	
Tina Smith	1421	1420	1	1	0	
BLANK FOR OFFICE	0	0	0	0	0	
OVER / DEFECTIVE FOR OFFICE	0	0	0	0	0	
WRITE-IN**	1	1	0	0	0	
Totals	2379	2378	1	1	0	

Final Results	Difference of not more than 0.5%	0%	ACCEPTABLE
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Precinct: 1830 - EAGAN P-13

Dakota County

Office: U.S. Representative District 2

Candidate Name	Total Votes	Total Hand-Counted Votes	Total Unadjusted Difference *	Total Explained Difference	Total Adjusted Difference	Explanation
Adam Charles Weeks	97	97	0	0	0	
Tyler Kistner	858	856	2	2	0	
Angie Craig	1412	1412	0	0	0	
BLANK FOR OFFICE	0	0	0	0	0	
OVER / DEFECTIVE FOR OFFICE	0	0	0	0	0	
WRITE-IN**	0	0	0	0	0	
Totals	2367	2365	2	2	0	

Final Results	Difference of not more than 0.5%	0%	ACCEPTABLE
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Office: U.S. President & Vice President

Candidate Name	Total Votes	Total Hand-Counted Votes	Total Unadjusted Difference *	Total Explained Difference	Total Adjusted Difference	Explanation
Donald J. Trump and Michael R. Pence	788	789	1	1	0	PP: voter intent
Joseph R. Biden and Kamala Harris	1544	1545	1	1	0	PP: voter intent
Roque "Rocky" De La Fuente and Darcy Richardson	1	1	0	0	0	
Howie Hawkins and Angela Walker	12	12	0	0	0	
Kanye West and Michelle Tidball	6	6	0	0	0	
Brock Pierce and Karla Ballard	2	2	0	0	0	
Gloria La Riva and Leonard Peltier	0	0	0	0	0	
Alyson Kennedy and Malcolm Jarrett	0	0	0	0	0	
Jo Jorgensen and Jeremy "Spike" Cohen	31	31	0	0	0	
BLANK FOR OFFICE	23	23	0	0	0	
OVER / DEFECTIVE FOR OFFICE	4	4	0	0	0	
WRITE-IN**	16	16	0	0	0	
Totals	2427	2429	2	2	0	
Final Results	Difference of not more than 0.5%			0%	ACCEPTABLE	

Precinct: 2260 - FARMINGTON P-6

Dakota County

Office: U.S. Senator

Candidate Name	Total Votes	Total Hand-Counted Votes	Total Unadjusted Difference *	Total Explained Difference	Total Adjusted Difference	Explanation
Kevin O'Connor	107	107	0	0	0	
Oliver Steinberg	22	22	0	0	0	
Jason Lewis	975	975	0	0	0	
Tina Smith	783	781	2	2	0	PP: voter intent
BLANK FOR OFFICE	47	47	0	0	0	
OVER / DEFECTIVE FOR OFFICE	0	0	0	0	0	
WRITE-IN**	0	0	0	0	0	
Totals	1934	1932	2	2	0	

Final Results	Difference of not more than 0.5%	0%	ACCEPTABLE
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Precinct: 2260 - FARMINGTON P-6

Dakota County

Office: U.S. Representative District 2

Candidate Name	Total Votes	Total Hand-Counted Votes	Total Unadjusted Difference *	Total Explained Difference	Total Adjusted Difference	Explanation
Adam Charles Weeks	100	100	0	0	0	
Tyler Kistner	1009	1007	2	2	0	PP: voter intent
Angie Craig	763	763	0	0	0	
BLANK FOR OFFICE	59	59	0	0	0	
OVER / DEFECTIVE FOR OFFICE	2	2	0	0	0	
WRITE-IN**	1	2	1	1	0	PP: voter intent
Totals	1934	1933	3	3	0	

Final Results	Difference of not more than 0.5%	0%	ACCEPTABLE
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Office: U.S. President & Vice President

Candidate Name	Total Votes	Total Hand-Counted Votes	Total Unadjusted Difference *	Total Explained Difference	Total Adjusted Difference	Explanation
Donald J. Trump and Michael R. Pence	1008	1008	0	0	0	
Joseph R. Biden and Kamala Harris	884	882	2	2	0	PP: voter intent
Roque "Rocky" De La Fuente and Darcy Richardson	5	5	0	0	0	
Howie Hawkins and Angela Walker	6	6	0	0	0	
Kanye West and Michelle Tidball	2	2	0	0	0	
Brock Pierce and Karla Ballard	2	2	0	0	0	
Gloria La Riva and Leonard Peltier	0	0	0	0	0	
Alyson Kennedy and Malcolm Jarrett	0	0	0	0	0	
Jo Jorgensen and Jeremy "Spike" Cohen	18	18	0	0	0	
BLANK FOR OFFICE	0	0	0	0	0	
OVER / DEFECTIVE FOR OFFICE	0	0	0	0	0	
WRITE-IN**	7	11	4	4	0	PP: voter intent
Totals	1932	1934	6	6	0	

Final Results	Difference of not more than 0.5%	0%	ACCEPTABLE
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Office: U.S. President & Vice President

Candidate Name	Total Votes	Total Hand-Counted Votes	Total Unadjusted Difference *	Total Explained Difference	Total Adjusted Difference	Explanation
Donald J. Trump and Michael R. Pence	637	637	0	0	0	
Joseph R. Biden and Kamala Harris	702	703	1	1	0	PP: voter intent
Roque "Rocky" De La Fuente and Darcy Richardson	4	4	0	0	0	
Howie Hawkins and Angela Walker	3	3	0	0	0	
Kanye West and Michelle Tidball	3	3	0	0	0	
Brock Pierce and Karla Ballard	4	4	0	0	0	
Gloria La Riva and Leonard Peltier	0	0	0	0	0	
Alyson Kennedy and Malcolm Jarrett	0	0	0	0	0	
Jo Jorgensen and Jeremy "Spike" Cohen	16	16	0	0	0	
BLANK FOR OFFICE	3	2	1	1	0	PP: voter intent
OVER / DEFECTIVE FOR OFFICE	0	0	0	0	0	
WRITE-IN**	6	6	0	0	0	
Totals	1378	1378	2	2	0	
Final Results	Difference of not more than 0.5%			0%	ACCEPTABLE	

Precinct: 2660 - HASTINGS W-4 P-2

Dakota County

Office: U.S. Senator

Candidate Name	Total Votes	Total Hand-Counted Votes	Total Unadjusted Difference *	Total Explained Difference	Total Adjusted Difference	Explanation
Kevin O'Connor	121	121	0	0	0	
Oliver Steinberg	36	36	0	0	0	
Jason Lewis	743	743	0	0	0	
Tina Smith	710	710	0	0	0	
BLANK FOR OFFICE	29	29	0	0	0	
OVER / DEFECTIVE FOR OFFICE	0	0	0	0	0	
WRITE-IN**	0	0	0	0	0	
Totals	1639	1639	0	0	0	

Final Results	Difference of not more than 0.5%	0%	ACCEPTABLE
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Precinct: 2660 - HASTINGS W-4 P-2

Dakota County

Office: U.S. Representative District 2

Candidate Name	Total Votes	Total Hand-Counted Votes	Total Unadjusted Difference *	Total Explained Difference	Total Adjusted Difference	Explanation
Adam Charles Weeks	114	114	0	0	0	
Tyler Kistner	741	741	0	0	0	
Angie Craig	747	747	0	0	0	
BLANK FOR OFFICE	36	36	0	0	0	
OVER / DEFECTIVE FOR OFFICE	0	0	0	0	0	
WRITE-IN**	1	1	0	0	0	
Totals	1639	1639	0	0	0	

Final Results	Difference of not more than 0.5%	0%	ACCEPTABLE
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Office: U.S. President & Vice President

Candidate Name	Total Votes	Total Hand-Counted Votes	Total Unadjusted Difference *	Total Explained Difference	Total Adjusted Difference	Explanation
Donald J. Trump and Michael R. Pence	806	806	0	0	0	
Joseph R. Biden and Kamala Harris	793	793	0	0	0	
Roque "Rocky" De La Fuente and Darcy Richardson	3	3	0	0	0	
Howie Hawkins and Angela Walker	4	4	0	0	0	
Kanye West and Michelle Tidball	5	5	0	0	0	
Brock Pierce and Karla Ballard	3	3	0	0	0	
Gloria La Riva and Leonard Peltier	1	1	0	0	0	
Alyson Kennedy and Malcolm Jarrett	0	0	0	0	0	
Jo Jorgensen and Jeremy "Spike" Cohen	18	18	0	0	0	
BLANK FOR OFFICE	0	0	0	0	0	
OVER / DEFECTIVE FOR OFFICE	0	0	0	0	0	
WRITE-IN**	2	2	0	0	0	
Totals	1635	1635	0	0	0	
Final Results	Difference of not more than 0.5%			0%	ACCEPTABLE	

Precinct: 4950 - WEST ST PAUL W-2 P-2

Dakota County

Office: U.S. Senator

Candidate Name	Total Votes	Total Hand-Counted Votes	Total Unadjusted Difference *	Total Explained Difference	Total Adjusted Difference	Explanation
Kevin O'Connor	113	114	1	0	1	
Oliver Steinberg	16	16	0	0	0	
Jason Lewis	356	356	0	0	0	
Tina Smith	807	810	3	3	0	PP: voter intent
BLANK FOR OFFICE	29	28	1	1	0	PP: voter intent
OVER / DEFECTIVE FOR OFFICE	4	1	3	3	0	PP: voter intent
WRITE-IN**	2	2	0	0	0	
Totals	1327	1327	8	7	1	

Final Results	Difference of not more than 0.5%	0.0753%	ACCEPTABLE
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Precinct: 4950 - WEST ST PAUL W-2 P-2

Dakota County

Office: U.S. Representative District 2

Candidate Name	Total Votes	Total Hand-Counted Votes	Total Unadjusted Difference *	Total Explained Difference	Total Adjusted Difference	Explanation
Adam Charles Weeks	112	113	1	1	0	PP: voter intent
Tyler Kistner	359	359	0	0	0	
Angie Craig	811	810	1	1	0	PP: voter intent
BLANK FOR OFFICE	43	44	1	1	0	PP: voter intent
OVER / DEFECTIVE FOR OFFICE	1	1	0	0	0	
WRITE-IN**	1	1	0	0	0	
Totals	1327	1328	3	3	0	

Final Results	Difference of not more than 0.5%	0%	ACCEPTABLE
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Office: U.S. President & Vice President

Candidate Name	Total Votes	Total Hand-Counted Votes	Total Unadjusted Difference *	Total Explained Difference	Total Adjusted Difference	Explanation
Donald J. Trump and Michael R. Pence	376	377	1	1	0	PP: voter intent
Joseph R. Biden and Kamala Harris	912	914	2	2	0	PP: voter intent
Roque "Rocky" De La Fuente and Darcy Richardson	1	1	0	0	0	
Howie Hawkins and Angela Walker	1	1	0	0	0	
Kanye West and Michelle Tidball	3	3	0	0	0	
Brock Pierce and Karla Ballard	4	4	0	0	0	
Gloria La Riva and Leonard Peltier	2	2	0	0	0	
Alyson Kennedy and Malcolm Jarrett	0	0	0	0	0	
Jo Jorgensen and Jeremy "Spike" Cohen	10	10	0	0	0	
BLANK FOR OFFICE	4	5	1	1	0	PP: voter intent
OVER / DEFECTIVE FOR OFFICE	7	4	3	3	0	PP: voter intent
WRITE-IN**	7	7	0	0	0	
Totals	1327	1328	7	7	0	
Final Results	Difference of not more than 0.5%			0%	ACCEPTABLE	

* Total Unadjusted Difference is the sum of Unadjusted Difference for polling place votes and Unadjusted Difference for absentee/mail ballot votes. It will not always equal the difference between Total Votes and Total Hand Counted Votes.

Precinct: 0245 - PERRY LAKE TWP

Crow Wing County

Office: Governor & Lt Governor

Candidate Name	Total Votes	Total Hand-Counted Votes	Total Unadjusted Difference *	Total Explained Difference	Total Adjusted Difference	Explanation
Steve Patterson and Matt Huff	0	0	0	0	0	
James McCaskel and David Sandbeck	1	1	0	0	0	
Scott Jensen and Matt Birk	109	110	1	1	0	AB/MB: Voter Intent - voter crossed out first choice and indicated vote for Jensen creating overvote
Tim Walz and Peggy Flanagan	37	37	0	0	0	
Hugh McTavish and Mike Winter	0	0	0	0	0	
Gabrielle M. Prosser and Kevin A. Dwire	0	0	0	0	0	
UNDER / BLANK FOR OFFICE	2	2	0	0	0	
OVER / DEFECTIVE FOR OFFICE	1	0	1	1	0	AB/MB: Voter Intent - voter crossed out first choice and indicated vote for Jensen - not overvote
WRITE-IN**	0	0	0	0	0	
Totals	150	150	2	2	0	

Final Results Difference of not more than 2 votes with fewer than 1,200 votes cast. ACCEPTABLE

Precinct: 1300 - BURNSVILLE P-10

Dakota County

Office: U.S. Representative District 2

Candidate Name	Total Votes	Total Hand-Counted Votes	Total Unadjusted Difference *	Total Explained Difference	Total Adjusted Difference	Explanation
Paula M. Overby	54	54	0	0	0	
Tyler Kistner	657	657	0	0	0	
Angie Craig	1035	1035	0	0	0	
UNDER / BLANK FOR OFFICE	8	8	0	0	0	
OVER / DEFECTIVE FOR OFFICE	0	0	0	0	0	
WRITE-IN**	1	1	0	0	0	
Totals	1755	1755	0	0	0	

Final Results Difference of not more than 4 votes with between 1,600 and 1,999 votes cast. ACCEPTABLE

Precinct: 3060 - LAKEVILLE P-16

Dakota County

Office: Governor & Lt Governor

Candidate Name	Total Votes	Total Hand-Counted Votes	Total Unadjusted Difference *	Total Explained Difference	Total Adjusted Difference	Explanation
Steve Patterson and Matt Huff	8	8	0	0	0	
James McCaskel and David Sandbeck	18	18	0	0	0	
Scott Jensen and Matt Birk	869	869	0	0	0	
Tim Walz and Peggy Flanagan	912	912	0	0	0	
Hugh McTavish and Mike Winter	18	18	0	0	0	
Gabrielle M. Prosser and Kevin A. Dwire	8	8	0	0	0	
UNDER / BLANK FOR OFFICE	2	2	0	0	0	
OVER / DEFECTIVE FOR OFFICE	0	0	0	0	0	
WRITE-IN**	1	1	0	0	0	
Totals	1836	1836	0	0	0	

Final Results Difference of not more than 4 votes with between 1,600 and 1,999 votes cast. ACCEPTABLE

Precinct: 4440 - SOUTH ST PAUL P-4

Dakota County

Office: U.S. Representative District 2

Candidate Name	Total Votes	Total Hand-Counted Votes	Total Unadjusted Difference *	Total Explained Difference	Total Adjusted Difference	Explanation
Paula M. Overby	37	37	0	0	0	
Tyler Kistner	142	142	0	0	0	
Angie Craig	301	301	0	0	0	
UNDER / BLANK FOR OFFICE	5	6	1	1	0	PP: stray mark read as write-in
OVER / DEFECTIVE FOR OFFICE	0	0	0	0	0	
WRITE-IN**	3	2	1	1	0	PP: see above
Totals	488	488	2	2	0	

Final Results Difference of not more than 2 votes with fewer than 1,200 votes cast. ACCEPTABLE



COUNCIL WORKSESSION REPORT

DATE: October 14, 2024

DEPARTMENT: Administration

PREPARED BY: Ryan Garcia

2

AGENDA ITEM: Public Works Facility Update/Discussion

DESIRED MEETING OUTCOMES:

Staff is seeking Council's feedback and direction as to whether there is:

- Consensus that moving forward with predesign and design for the Public Works facility at this time is necessary and desirable, in accordance with the 2024 Capital Improvements Plan.
- Consensus that utilizing a Construction Management Advisor for the design and construction phases of the project is necessary to assure a successfully executed project.
- Direction as to whether and when to negotiate a contract with Kraus Anderson for Construction Management Advisor services, and return to the Council for approval at a regular meeting.

BACKGROUND:

In late-June 2022, the City Council directed staff to complete a Master Plan for key City Buildings and Facilities as a part of their Action Strategy to implement the 2023 Council Goals. An RFP for the project was issued in December 2022, and the City received five proposals. A selection committee made up of multiple departments identified a multi-disciplinary team lead by BKV Group Architects as most well-suited to lead this effort. Throughout 2023 and early 2024, the BKV team – including Kraus Anderson Construction Company in a primary planning and estimating role - collaborated with City departments to define immediate and long-term space needs, evaluate the condition, resiliency, and functionality of current City Facilities, and prepare recommendations for future facility and building investments (and in some cases, divestments). The Study concluded that the City should consider replacement of the public works operations currently housed at 400 Richmond Street with a new facility, potentially the City-owned site at 316 Malden Street (former Thompson Motors property). This site, at 5.6 acres, offers (just barely) the additional space needed (501 Richmond measures 4.7 acres) to accommodate the proposed building program of a 75,000 – 85,000 square foot facility to include administrative offices/support spaces, vehicle maintenance bays, vehicle and equipment storage, material, tool, and supply shops, and ancillary police department storage, salt storage, and other covered material storage. The Study acknowledges the need for more detailed design, but a preliminary test fit confirmed the suitability of 316 Malden for this purpose. At a May 13, 2024 Worksession, the City Council discussed the Master Plan's findings and recommendations that the Central Maintenance Facility at 400 Richmond Street East was deficient and should be considered for replacement in the near future.

DISCUSSION:

At the May 13, 2024 Worksession, Council discussed the Master Plan's proposed building program and cost estimate and directed staff to continue moving forward with next steps for planning for a replacement public works facility, albeit with an eye towards reducing the project's costs, which were estimated at a total cost of up to \$32,800,000. In light of Council's direction in

May to proceed with the next steps in planning for the replacement of the facility and the subsequent confirmation that State and Federal assistance would not be forthcoming to assist with funding a replacement facility, Staff is prepared to propose engaging Kraus Anderson Construction Company (KA) as a Construction Management Advisor on the project. Under this arrangement, the City would sign and hold all prime contracts for the design and construction process but would employ KA to essentially manage the project from conception to completion on our behalf. This approach would be similar to the role that engineering firms such as Kimley Horn (on the Concord Street Reconstruction Project), WSB (on the Concord Exchange Reconstruction Project), and SEH (Well #3 Treatment Plant, various Airport Projects) have served on some of our more significant infrastructure projects in recent years.

Staff is of the consensus that construction management expertise will be absolutely essential if and when the City undertakes this project, given its scale, cost, schedule, and anticipated complexity. Kraus Anderson has served (is serving) in this capacity on similar projects in neighboring communities and previously assisted the City of South St. Paul in a similar capacity in the early 1990s with the Doug Woog (Wakota, at that time) Arena expansion. As proposed, as Construction Management Advisor (CMA), KA would act as the City's advocate and principal project manager throughout the project, by contracting directly with the City for preconstruction and construction phases of the project.

As an initial preconstruction/pre-design phase that supplements the BKV/Oertel Study, KA will utilize the information gathered in the Master Planning process as a starting point and prepare alternative concepts and budget estimates for Council consideration. This effort would be intended to demonstrate the "trade-offs" that are possible and acceptable if we were to look at reducing the concept's size, consider constructing over multiple phases, identify other locations, or explore other approaches intended to keep the project as cost-effective as possible.

If, following the pre-design phase the City settles upon a preferred design and opts to move forward into design and construction phases, KA would assist in the solicitation and management of a Design Contract for the project. Upon approval of Final Design, KA would assist the City with all statutory bidding and procurement processes for a construction project, review and advise on all contracts, provide on-site construction oversight and supervision, and assist the City with the processing of Payment Applications, Change Orders, and other payment and contract documentation and procedures.

Staff is seeking Council's feedback and direction as to whether there is:

- Consensus that moving forward with pre-design and design for the Public Works facility at this time is necessary and desirable, in accordance with the 2024 Capital Improvements Plan.
- Consensus that utilizing a Construction Management Advisor for the design and construction phases of the project is necessary to assure a successfully executed project.
- Direction as to whether and when to negotiate a contract with KA for Construction Management Advisor services, and return to the Council for approval at a regular meeting.

SOURCE OF FUNDS AND OTHER FINANCIAL CONSIDERATIONS:

KA has quoted a \$50,000 lump sum fee for all Preconstruction Services (preliminary design and estimating, management of design phase). If, at the City’s sole discretion after completion of the preliminary design and budget estimating phase, we choose not to proceed to the Design Phase (and thereby choose not to proceed with the Construction Phase) KA proposes reducing the fee to \$25,000. The Capital Programs Fund would be sourced for the costs related to this phase.

KA has also quoted fees for the Construction Phase at 1.9% of total project cost plus standard hourly rates, which are included below. Without knowing project scope, it is premature to put an exact dollar figure to the fee for this service during the construction phase, but it should be anticipated to land between \$500,000 - \$1,000,000 assuming the scope is within range of the project as conceptualized in the Facilities Master Plan. The CIP identifies City bond issuance as the source of funds for this project (most likely issuance in 2026).

CONSTRUCTION				
			Start Date:	TBD
			Finish Date:	TBD
	0.0	0	0	0
	Mo.	Wks	Days	Hours
Description	Quantity	Unit	Unit Cost	Total
Project Executive, Principal in Charge		HRS	\$200	
Senior Project Manager		HRS	\$170	
Project Manager		HRS	\$150	
Assistant Project Manager		HRS	\$122	
Project Superintendent		HRS	\$147	
General Superintendent		HRS	\$157	
Quality Manager		HRS	\$148	
MEP Specialist		HRS	\$160	
Safety Director		HRS	\$158	
Safety Manager		HRS	\$140	
VDC/BIM		HRS	\$135	
Project Coordinator		HRS	\$74	
Accounting		HRS	\$74	
Subtotal CONSTRUCTION STAFF		HRS		

Above is a standard rate sheet for 2024 staffing. These costs will be included in the budget the City of South St. Paul will be provided. We will develop these openly with the City once a schedule and scope are agreed upon.



Public Works Facility

City of South St. Paul

September 11, 2024



KRAUS-ANDERSON®

Building Enduring Relationships and Strong Communities

September 9, 2024

City of South St. Paul
Ryan Garcia, City Administrator
125 Third Avenue North
South St. Paul, MN 55075

Dear Mr. Garcia,

Kraus-Anderson (KA) is excited to share our experience as you plan for your new public works facility. We are known for delivering high-quality, cost-effective solutions, and look forward to making a positive impact on your community. We're passionate about what we do and we can't wait to show how our expertise and collaborative approach will help make this project successful. As your construction partner, KA brings the following benefits:

Experienced, Solution-Oriented Team

Dustin and Ken are highly experienced in managing and executing public works projects, with a proven track record of delivering complex infrastructure and community development initiatives on time and within budget. They excel in navigating regulatory requirements, coordinating with government agencies, and ensuring all stakeholders are engaged. With a deep understanding of the challenges involved, they implement best practices in project management, safety, and sustainability, and provide high-quality results that meet the needs of your community.

Knowledge of Public Works Projects

Our team's knowledge comes from successfully completing numerous public works projects, ranging from large-scale infrastructure developments to community-focused initiatives. These projects include public safety facilities, city halls, police and fire stations, public parks, and municipal buildings. Each project has been a testament to our commitment to improving public spaces and infrastructure, ensuring safety, accessibility, and long-term durability. With each endeavor, we have worked closely with local governments and communities to address their specific needs, ensuring that the results positively impact the public and stand as enduring assets for years to come.

Proven Value Management Process

Our team employs an extensive value management process that optimizes costs without compromising quality or functionality. From the initial planning stages to project completion, we assess every aspect of the construction process to identify areas where efficiencies can be gained. We evaluate materials, construction methods, and design alternatives to find the most cost-effective solutions that meet project goals. By engaging all stakeholders—clients, architects, engineers, and contractors—early in the process, we make sure that budget-friendly decisions are made without sacrificing performance or safety. This proactive approach consistently results in significant savings and enhanced project outcomes.

We are excited to partner with the City of South St. Paul and help you better serve your community through this new public works facility. Please contact me if you have any questions or need more information.

Sincerely,

KRAUS-ANDERSON® CONSTRUCTION COMPANY



Dustin R. Phillips, Construction Executive
C: 612-419-9563 | dustin.phillips@krausanderson.com



DUSTIN PHILLIPS

Project Director

ROLE

- » Dustin will have responsibility for the corporate commitment and delivery of all preconstruction and construction services and will ensure the full availability of all KA resources for this project.

RELEVANT PROJECTS

- » City of Rosemount Police and Public Works Facility
- » City of Oakdale Public Works
- » Blue Earth County Public Works Facility
- » Scott County Public Works Storage Facility
- » Hiawatha Maintenance Facility Expansion
- » St. Croix County Highway Department Campus
- » Village of Baldwin Emergency Medical Services Facility
- » Washington County West Central Service Center
- » Washington County Public Works North Shop Expansion

EDUCATION

B.S., Construction-Business Administration
 Masters, Construction Management
 University of Wisconsin-Stout, Menomonie, WI

INDUSTRY EXPERIENCE

18 years

KEN FRANCOIS

Senior Project Manager

ROLE

- » Ken will support to the project team in the preconstruction, construction, and post construction phases.
- » He will support the analysis and development of all project estimates, value engineering, scheduling, and phasing during the preconstruction phase of the project.

RELEVANT PROJECTS

- » City of Rosemount Police and Public Works Facility
- » Dunn County Community Services Building Renovation
- » Hiawatha Maintenance Facility Expansion
- » St. Croix County Highway Department Campus
- » Washington County West Central Service Center
- » Wright County Highway Department Building
- » City of Oakdale Public Works

EDUCATION

B.S., Civil Engineering, University of Wisconsin-Platteville, Platteville, WI

INDUSTRY EXPERIENCE

21 years



Wright County Highway Department Facility

Buffalo, MN

The Wright County Highway Department Facility project encompassed 105,000 SF of new buildings, associated site work, and parking.

- **37,703 SF Fleet Maintenance Shop**

Ten maintenance bays, in-floor heating and energy recovery system, indoor car wash, lube/fluids system, 5-ton bridge crane, welding bay with a bridge crane, small engine room, small sign shop, and parts room.

- **54,620 SF Vehicle Storage**

49 parking stalls (17 large truck, 16 snowplow, and 26 semi-truck), a chemical storage room, an engineering and testing room for soil testing and analysis, and a tool storage area.

- **12,640 SF Office Area**

Ten permanent offices and ten flexible workspaces, two large conference rooms, a kitchenette, in-slab heating around the perimeter to free up wall space and make the workspaces more flexible, locker rooms, and showers.





Rosemount Police + Public Works

Rosemount, MN

Three new buildings on a 20-acre site that includes a 160,000 SF new Police and Public Works facility, a 7,400 SF cold storage building, and a 4,800 SF salt storage building with a total estimated cost of \$60M.

- **Police Facility**

48,000 SF and includes a squad garage for 35 vehicles, an office area that consists of a storm shelter, holding rooms, and a six-lane gun range.

- **Public Works Facility**

112,000 SF and includes a garage for 17 plow trucks and 57 vehicles, office, shops, maintenance area, and wash bay.





Washington County Public Works North Shop Expansion Stillwater, MN

Expansion of the improved 50-year-old Public Works North Shop facility included:

- **Fleet Services Building**
Additional 23,000 SF fleet services building housing all maintenance equipment, wash bay, and storage mezzanine area that services over 450 county units from snowplow trucks to patrol cars.
- **Renovation of Existing Fleet Storage**
A 48,000 SF renovation that included bridge cranes, vehicle lifts, and lubrication systems.
- **Administrative Space**
30,000 SF of administrative space that includes an office, a kitchen, multiple meeting spaces, and a signs and signals shop that maintains and repairs over 10,000 traffic signs.
- **Site Improvements**
New parking lots, well, main sanitary sewer, stormwater treatment ponds, and elimination of an on-site septic system.





St. Croix County Highway Department Campus

Baldwin, WI

KA completed the highway maintenance campus which included three new buildings on a 52-acre site.

- 135,700 SF main maintenance and office building
 - 68,000 SF vehicle storage area includes 82 parking stalls for cars, trucks, plows, graders, and end loaders.
 - 46,000 SF five maintenance bays including parts rooms, two sign shop bays, tool rooms, a mechanic's office, two welding bays, and a 7,700 SF mezzanine storage area.
 - 14,000 SF administrative area
- 60,000 SF unheated storage building for highway equipment
- 24,000 SF salt shed, including a brine-blending system and storage tanks
- KA also completed a county-wide facilities assessment for the Highway Department





City of Minneapolis - Hiawatha Public Works Campus Expansion

Minneapolis, MN

KA is working on expanding and renovating the Hiawatha Public Works campus. The 16-acre site will include a 26,700 SF office addition and a 16,000 SF vehicle maintenance bay addition to the existing public work building, a three-story, 428-stall parking ramp, 70,000 SF tempered vehicle storage building with 95-fleet vehicle parking, 31,000 SF water department office and shops building, and a new fueling island. The project is planned to be LEED V4 Silver and feature green roofs in select areas, water reduction systems, stormwater control and filtration with a cistern under the parking ramp, solar wall systems to preheat HVAC air, day lighting, and native prairie landscaping. A new training and recruitment center is included as part of the expansion.



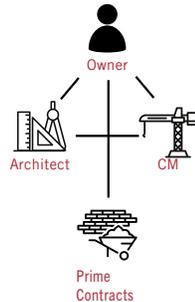


Solution-driven, **KA will join the project team as an engaged, transparent, and collaborative partner.** Our experience and understanding of your project will support the framework for reliable information, streamlined workflow, communication across teams, an environment of trust, and an atmosphere of accountability. Our comprehensive, high-quality preconstruction and construction services will focus on achieving your goals and objectives for your new Public Works facility project.

Construction Management Advisor (CMA)

What does CMA Mean?

- » Separate contract for design and construction
- » Owner signs and holds prime contracts
- » CM acts as the owner's advocate
- » CM manages prime contractors and construction
- » Allows for the early release of bid packages to accommodate long-lead times for critical items
- » KA will review each contract with the owner and help process the execution of contracts

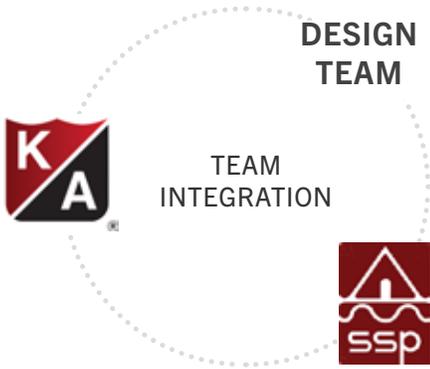


Project Delivery Plan

Our project delivery plan begins with understanding your scope and expectations and defining the parameters of your project options. As project planning evolves, KA will provide the team with detailed constructability reviews, forward-looking construction strategies, phasing, value engineering ideas, project scheduling, and precise cost management throughout the project's life cycle.

PRECONSTRUCTION PHASE SERVICES

Project success cannot happen without successful preconstruction activities. This team has the proven experience to successfully estimate and provide key information to keep the project on track. We start by creating an Overall Budget Summary that tracks both hard and soft costs, encompassing all aspects of the project. Done in partnership with the City and the design team, the document is then updated and referred to throughout the project for accountability of pricing efforts.



Estimating is a collaborative effort. We will meet with the design team routinely during these estimates to confirm assumptions and provide clarifications. At each estimate, KA will present the numbers to City staff in a transparent, open-book process.

Estimating and Budgeting

KA will use a total cost management process to support the City and design team in aligning project scope and design with the available budget. As a team, we apply a collaborative approach that prioritizes the functional, aesthetic, and operational goals set forth by the City giving transparency and clarity around the project’s component and system costs. This approach provides all stakeholders with the information needed to make sound decisions early enough in the project planning to maximize value and avoid costly rework late in design or during construction.

As the project moves into the Design Development phase, KA will provide critical input on the major building components and systems concerning availability, constructability, and cost. With many specialty systems planned for the project (i.e., MEP configurations, in-floor or mobile, structure types, lube systems, fuel systems, heating systems, wash bays, security and surveillance systems, etc.), we will pay close attention to safety, timelines for bidding, engineering, production, and delivery of said systems. This may require analysis of alternatives to meet the project goals, including performance, aesthetics, timing, and cost.



PROJECT APPROACH



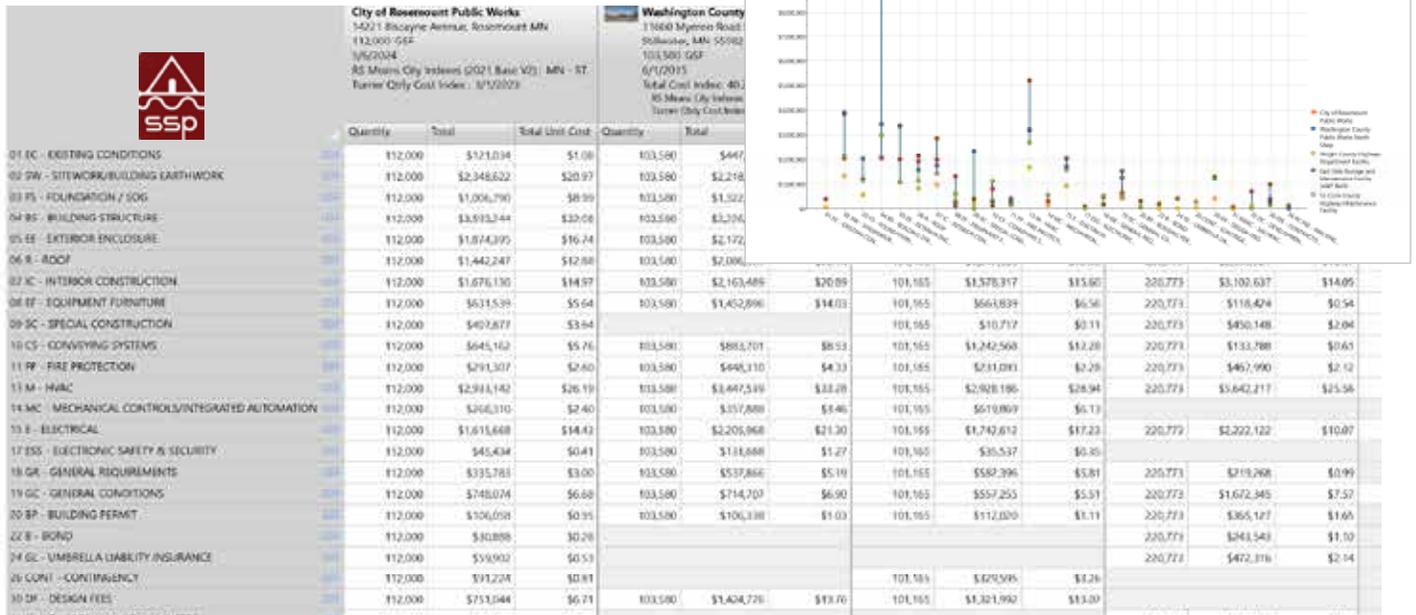
A closely collaborative approach to design and construction is critical to delivering successful projects such as this. KA has a proven track record of providing critical cost and constructability feedback to our clients and design partners and takes great pride in delivering that feedback at the right time to drive value. KA will provide the City and design team with reliable cost data based on real-time feedback from key trade partners and material vendors, as well as valuable insights on risk versus value for key project components and appropriate alternatives.

KA, in collaboration with the design team, will provide the City with comparable costs from other recent public works projects in the region to assist in making the most cost-efficient and effective decisions.

Below is an example of how we utilize comparable projects with the City's current design to see how costs are proving out for the City to determine how they desire to move forward.

We will help you evaluate various facility options by providing comprehensive value management and cost estimating services tailored to your current site or a potential new location.

MODELOGIX EXAMPLE





VALUE ENGINEERING

Pivotal to controlling costs is maximizing the value of each component system in a building. Our team employs concurrent design, estimating, and document review processes. This allows the team to better understand the program and the designers' intent and offer solutions to align your program, budget requirements, and construction approach with actual costs in the marketplace. Critical areas are identified where further clarification and detail are required. We provide up-front recommendations regarding the phasing of the work, installation issues, long-term performance, and value engineering options.



VALUE ENGINEERING SOLUTIONS - PROVIDING SAVINGS TO LAKE COUNTY:

- Owner provided parking lot bituminous paving: *Saved \$298,000*
- Owner provided all granular fill and Class 5: *Saved \$149,000*
- Eliminated on-site fencing and gates: *Saved \$71,000*



LAKE COUNTY HIGHWAY DEPARTMENT FACILITY

Two Harbors, MN

53,873 SF new highway department maintenance facility on a 20-acre site, including a 22,100 SF vehicle storage area, a 12,610 SF vehicle repair/storage/wash area with three maintenance/repair bays, a wash bay, and a welding bay, tool room, and parts room, 8,763 SF administrative area, 5,500 SF mezzanine, and 4,900 SF second-floor unfinished future office.



IN-HOUSE TECHNICAL RESOURCES

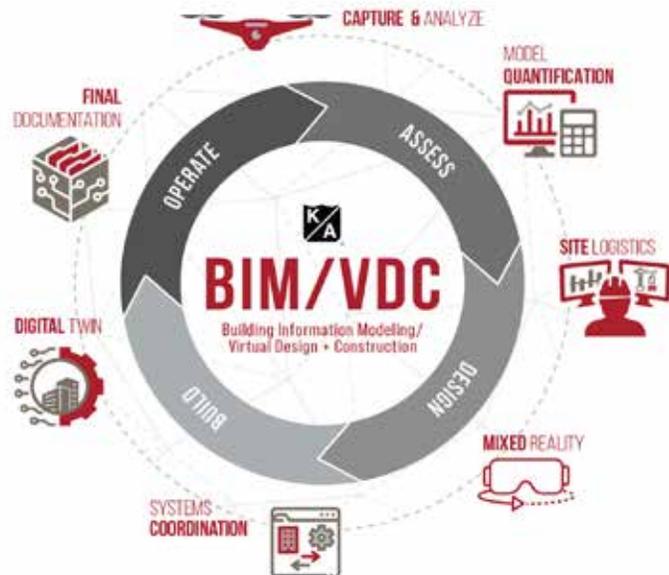
Our in-house technical team members bring expertise and tools to help us understand existing building conditions, tie-ins to new construction, and provide viable options and solutions.

Building Science: Jon Porter, Director of Building Science, will examine the project's means and methods, constructability, building materials technology, workflow and sequencing, proper installation techniques, and testing and acceptance protocols. Jon's expertise brings value, particularly in understanding and ensuring the integrity of the building's enclosure.

Mechanical and Electrical Systems Reviews: Mechanical and electrical systems will be a key project component for cost and value impact. Our MEP team will lead M&E systems review and coordination for cost estimating, value engineering, constructability reviews, and phasing/sequencing.

BIM/VDC: Building Information Modeling (BIM) and Virtual Design and Construction (VDC) are tools and capabilities KA utilizes to improve the project delivery process for all project stakeholders. These tools will provide essential information and data for planning and managing project collaboration, help estimate costs, track progress, minimize waste, and optimize risk management.

- » Data Management
- » Model Quality Assurance/Quality Control
- » 4D (Schedule)/5D (Cost) Development
- » Model-Based Quantity Take-Offs
- » Clash Detection
- » Project Planning (Site Logistics/Phasing)
- » Reality Capture (Laser scanning/drones/360-degree photos)
- » Project Closeout



TECHNOLOGY TOOLS

Modelogix/WinEst: Along with our experienced team, these technologies are the backbone of our continuous estimating and proven project pricing to ensure accurate budgets from the start.

Autodesk Build: This is considered one of the best communication tools in the industry. It allows for real-time communication so that all trades and members of the project team are working off the same plans, housing all key, up-to-date project information, including plans, specifications, shop drawings, product information, Requests for Information (RFI), Potential Change Orders (PCO), Change Orders (CO), punch lists, observation reports, daily project logs, progress photos, and many other project-specific items.



PROJECT BUDGET

This team has the proven experience to keep your project on track. We start by establishing the Overall Project Budget that tracks both hard and soft costs, encompassing all aspects of the project. This is done in partnership with the City and the design team. The document is then updated and referred to for accountability of pricing efforts throughout the project.

COST CONTROL

KA's construction administration is focused on open communication and transparency. KA employs financial and project management systems to provide critical information to the project team to evaluate project status and make well-informed decisions.

We will carefully manage the workflow and information through a direct and efficient interface with your staff and designers. We will prepare weekly progress meetings and detailed reports for the team on each subcontractor's work and overall financial management of their portion of the project. Billing, cash flow projections, and job cost reports are included in our monthly reporting, ensuring we are on top of your budget through every step of the project.

BIDDING

KA will prepare a procurement plan that identifies every trade item required to complete the project and the dates when procurement action must be initiated and completed. This procurement plan will consider long-lead items, schedule implications, budget information, and how the intended procurement is consistent with the project goals.

Additionally, bid packages will include project-specific construction requirements for logistics, scheduling, safety and coordination, inspections, shop drawings, and submittals.

Scopes and bid packages will be developed to provide the best opportunities for inclusion of local subcontractors.

Pre-bid meetings will be organized for general project information, as well as for specific trade packages. We will conduct meetings as an important element of the procurement phase to familiarize potential vendors and subcontractors with the scope of work required. KA will manage the competitive bidding process.

DISRUPTION AVOIDANCE PLANNING

KA has worked on many projects with similar components to your new Public Works facility project. We will work with the City to develop construction logistics and phasing as needed to safely and efficiently interface with the community. For example, our team can work with the City to design detailed plans for construction phasing, noise mitigation, temporary shutdowns, and maintenance of HVAC/electrical/life safety systems during construction. An emergency management plan will be developed with the City for construction or operational emergencies. We will work with the City to develop a communication plan that interfaces with all stakeholders and the public.





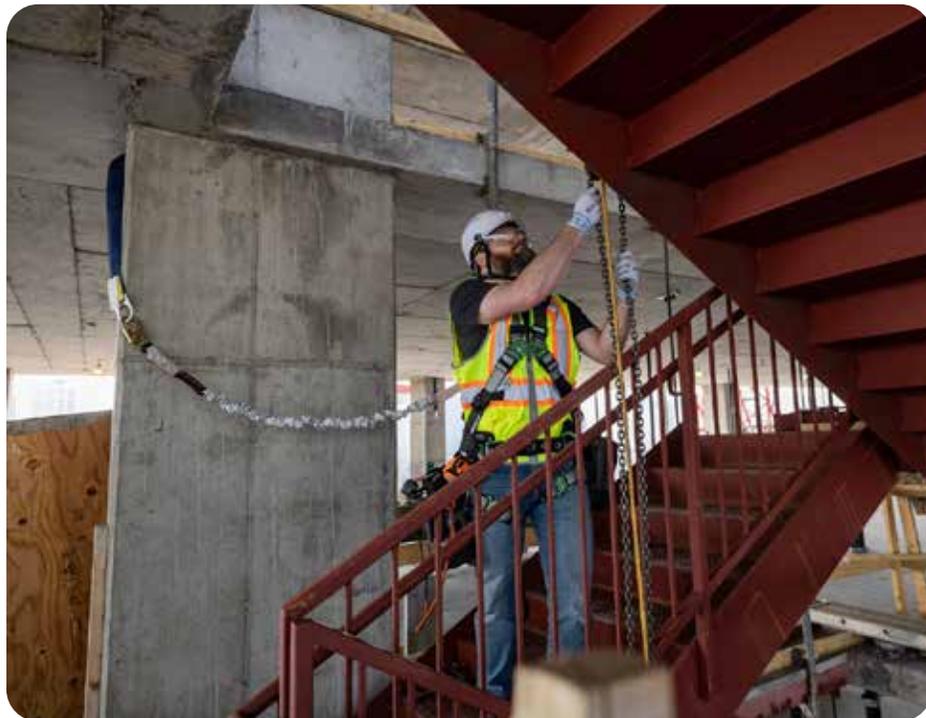
SITE CONTROL AND SAFETY

We will assign a full-time Project Superintendent to organize and supervise all construction activities. In conjunction with Senior Project Manager Ken Francois, they will coordinate the scheduling of the subcontractor's work, ensuring requirements of the overall schedule is met and no delay-related or other claims are presented to the City due to ineffective management, scheduling, or planning.

They will be responsible for quality and safety program compliance with assistance from Jay Vander Leest, Director of Safety. They will monitor all deliveries of materials, subcontractor progress and measure physical completion of work, both in conjunction with each subcontractor's invoicing procedures and at greater frequencies when needed. They ensure that each subcontractor has the appropriate staffing to meet schedule requirements.

KA strives for zero injuries on every project through good management, utilization of resources, a proactive approach to safety, a solid supervisory presence, and hazard assessments. Our goal is to provide staff, visitors, KA employees, subcontractors, and vendors working on or visiting the project site with a safe experience that meets expectations and guidelines.

KA has a formal, written Safety and Health Program that addresses general safety and OSHA standards and guidelines. Our program will incorporate all applicable federal, state, and local regulations.



SITE LOGISTICS

- » **Good Neighbor**
Understand the constraints construction may place on neighboring communities.
- » **Construction Access**
Focus on controlling access points to the site to prevent disruption on surrounding roads.
- » **Construction Efficiency**
Try to keep staging and parking on site.



Experience Modification Rate (EMR)

KA has been recognized annually since 1991 for our excellent safety record that consistently ranks within the top tier of construction firms nationally.

KA is proud of its safety accomplishments and our safety record. Our EMR rating of 0.66 places us within the top tier of construction firms nationally.

PROJECT APPROACH



MANAGING THE CONSTRUCTION PROCESS

Senior Project Manager Ken Francois will be the primary point of contact, offering the City a single, committed line of communication from preconstruction to operation. He will serve as a conduit between the City, the design team, and the project team and seek cost and schedule efficiencies. During preconstruction, he will provide budgeting, value management, constructability review, schedule development, logistics, and safety planning. During construction, Ken will provide the project's day-to-day management, including monitoring the schedule and budget. Specific tasks include daily supervision and overall coordination of the project; coordination of estimating, engineering, accounting, cost control, and construction functions; master progress schedule updates; leading team meetings; contract and subcontract documents; quality control objectives; direction of field and office staff; and project closeout.



PROJECT SUPERVISORY APPROACH

KA will provide a full-time, on-site Project Superintendent that will provide project oversight and maintain safety, quality, and schedule. Along with Jay Vander Leest, KA's Safety Director, they will be responsible for quality and safety program compliance. They will also monitor all deliveries of materials, contractor progress and measure the physical completion of work, in conjunction with contractor's invoicing procedures. They will ensure that each contractor has the appropriate staffing to meet schedule requirements.

KA's experienced project teams work collaboratively to maximize safety and productivity throughout construction, including site logistics, communication management, and disruption avoidance. We are committed to creating value for all project stakeholders every step of the way.

During preconstruction, our Superintendent will provide valuable insight and knowledge for constructability review, schedule, quality, and safety planning. During construction, he/she will be on-site full-time and responsible for the day-to-day supervision and management of all construction activities associated with the New Public Works Facility project and be the direct contact for the City and the community concerning logistics and construction activities.



SUBCONTRACTOR MANAGEMENT

Preconstruction Phase

To maintain your best interests on this project, all trade work will be competitively bid and awarded to qualified subcontractors who can meet the schedule, safety, quality, and cost requirements.

We plan to competitively bid out 100% of the trade work for your project.

Local Participation

Working with local subcontractors not only benefits your community but can also lead to a smoother project execution because of their knowledge of local and regional conditions and resources.

We will work diligently to engage and vet local subcontractors to obtain and incorporate their bids. Our bidding process is fair, transparent, and compliant with all relevant laws and regulations.



St. Anthony Public Works
St. Anthony, MN



Waconia Public Works
Waconia, MN



QUALITY ASSURANCE/QUALITY CONTROL

Working with the City and design team, KA will define the essential quality activities and resources for the unique construction of your project. We will ensure appropriate quality standards, design, and sustainability goals and incorporate a process to address them.

We achieve this by:

- » Reviewing and understanding the project requirements.
- » Determining key stakeholders and decision-makers.
- » Setting the project goals and aligning them with the expectations of the City and design team.

- » Utilizing KA's experienced in-house technical support professionals who specifically focus on and support the team with specialized needs.
- » Reviewing the project documents and providing feedback to the design team. We will identify areas requiring clarification, highlight discrepancies, and provide timely recommendations regarding constructability, long-term building performance, and value-engineering options.



COST REPORTING AND TRACKING

KA maintains an open-book accounting system and fiscal controls that accurately account for, manage, track, and report costs to support financial services like billing. Our sophisticated project management capabilities provide responsive, accurate financial data for review by the City, ensuring that the GMP is maintained through the duration of the project.

COST SAVINGS APPROACH

KA's philosophy is to return 100% of savings to our clients.



POST-OCCUPANCY APPROACH

We believe that transitioning responsibility and knowledge over time will better serve the City taking control of the new facility. Contractors will work to train staff on new systems, assist the City and staff through any troubleshooting, coordinate training of the facility and maintenance staff by technical professionals, collect and inventory additional materials, and be the primary resource for the City. It is our commitment to support the City, not only through project turnover but also through the one-year call-back period.



“KA’s team has stepped up to every challenge and provided a solution for us. This is a reflection on the experience, knowledge, and practical, critical thinking your staff brings to the table.”

- Don Theisen, Director of Public Works (retired), Washington County

PUNCH LIST, WARRANTY, AND CLOSEOUT

Punch List - KA starts working on the punch list long completing project. We regularly communicate with the contractors to confirm that their work meets the team’s expectations. As the substantial completion nears, KA will perform our pre-punch with the contractors to address any outstanding issues before substantial completion, as well as the City and design team’s punch list walk-throughs. KA will work with the team and contractors to confirm that all deficiencies are addressed promptly. KA utilizes Autodesk to facilitate all punch list activities and will provide the City and design team with the necessary devices to perform their punch list inspections.

Warranty - KA will assist with coordinating all warranty-related items through the one-year call-back period. If the need arises for warranty work, we will assist the City with involved material/equipment suppliers and trade contractors. KA standard practice is to perform an 11-month base-building/public space walk-through with City staff and the design team to confirm the building performs properly and close out the 1-year workmanship warranty. Should items arise, we will again coordinate all items through completion and provide a detailed checklist for your review and approval.

Closeout - During the preconstruction phase, we will prepare the necessary schedules to define the project closeout activities. This ensures that all appropriate parties are ready for final inspections and occupancy. Upon project completion, we will walk through your facility with your maintenance personnel to direct the check-out of utilities, systems, and equipment for readiness. We will also assist in the initial commissioning, start-up, and testing by the trade contractors. We will also secure and transmit the required guarantees, affidavits, releases, bonds, and waivers from the contractors, along with operating manuals, records, and as-built drawings in hard copy and electronic format to the City.



KA'S UNIQUE STRENGTHS

OPEN-BOOK TRANSPARENCY

Over 80% of our CM work is repeat- or referral-based, and we know it all starts with trust. Transparency is a cornerstone of trust and our team delivers with integrity. You will receive regular financial and schedule updates throughout the project, and upon request at any time.

OWNER ADVOCATE

It is more than just construction. As your advocate, we are responsible for ensuring project success on all fronts. This is a team effort requiring informed decisions.

TEAM SYNERGY

This team embodies our core purpose of **building enduring relationships and strong communities** with **integrity, commitment, teamwork,** and **valuing people.** It is our people who truly earn our ranking in the *Star Tribune's Top 150 Workplaces* for over ten years running.

COMPREHENSIVE TEAM COMMUNICATION

Communication is arguably the single most important thing KA does as a CM. KA will engage the City, the Public Works department, all stakeholders, and the design team in an interactive, transparent, and collaborative design and preconstruction process. Our process begins with understanding your scope and expectations and defining the parameters of your project options. As project planning evolves, KA will provide the City and the design team with detailed constructability reviews, forward-looking construction strategies, phasing, value engineering ideas, project scheduling, and detailed cost estimating throughout the life cycle of your project.

Concise and clear communication is pivotal to a successful project. We employ a proactive, transparent, and collaborative format to establish open communication between the City and stakeholders, the design team, KA, the project team, and the community.

Communication Opportunities Council Meetings/ Workshops: KA will update the Council in-person or virtually as needed. Updates typically consist of a high-level progress update and photos or videos of work completed to date.

- » **KA Client Portal:** a single, collaborative destination for our clients to conveniently access relevant client applications and securely store and exchange project information before, during, and long after project delivery.
- » **Construction Update Website:** At KA, we use Adobe Express pages to provide an always-available update that stakeholders can access via link or QR code.



Scan or click the QR code to view the Adobe Express page for each project.



**Exhibit 1 - CM Site Services & Fee
Kraus-Anderson Construction
City of South St. Paul Public Works**

PRECONSTRUCTION				
		Start Date:		Sept/Oct 2024
		Finish Date:		Dec-2025
	14.0	61	303	2427
	Mo.	Wks	Days	Hours
Description	Quantity	Unit	Unit Cost	Total
Project Executive, Principal in Charge	0	HRS	\$200	\$ -
Senior Project Manager	120	HRS	\$170	\$ 20,420
Project Manager	60	HRS	\$150	\$ 9,009
Preconstruction Manager/Estimator	220	HRS	\$150	\$ 33,033
Quality Manager	24	HRS	\$148	\$ 3,591
MEP Coordinator	24	HRS	\$160	\$ 3,883
Project Coordinator	61	HRS	\$74	\$ 4,489
Subtotal PRECONSTRUCTION STAFF	510	HRS		\$ 74,426
Discounted PRECONSTRUCTION RATE				\$ 50,000

KA is providing a roughly \$25K discount for preconstruction services based on our involvement with the master planning efforts for this project. KA will provide all support necessary for concept evaluations, estimating, budgeting, scheduling, and bidding. Should the job stop at the end of preliminary design concept evaluations, KA will only ask for half of the amount listed above - \$25K.

CONSTRUCTION				
		Start Date:		TBD
		Finish Date:		TBD
	0.0	0	0	0
	Mo.	Wks	Days	Hours
Description	Quantity	Unit	Unit Cost	Total
Project Executive, Principal in Charge		HRS	\$200	
Senior Project Manager		HRS	\$170	
Project Manager		HRS	\$150	
Assistant Project Manager		HRS	\$122	
Project Superintendent		HRS	\$147	
General Superintendent		HRS	\$157	
Quality Manager		HRS	\$148	
MEP Specialist		HRS	\$160	
Safety Director		HRS	\$158	
Safety Manager		HRS	\$140	
VDC/BIM		HRS	\$135	
Project Coordinator		HRS	\$74	
Accounting		HRS	\$74	
Subtotal CONSTRUCTION STAFF		HRS		

Above is a standard rate sheet for 2024 staffing. These costs will be included in the budget the City of South St. Paul will be provided. We will develop these openly with the City once a schedule and scope are agreed upon.

REIMBURSABLES				
Job Site Office Trailer	0.0	MOS		
Office Equipment & Supplies	0.0	MOS		
Travel and Expenses	0.0	MOS		
Pick-up Truck & Tools - Supt	0.0	MOS		
Subtotal CONSTRUCTION STAFF				

Reimbursable Expenses are estimated to be around \$7,000/month.

FEE				
Subtotal CONSTRUCTION MANAGEMENT FEE	TBD		1.90%	

Fee percentage will be applied to the cost of work as defined in the contract.



Washington County Public Works
North Shop Expansion

MINNESOTA

Minneapolis

501 South Eighth Street
Minneapolis, MN 55404
612-332-7281

Bemidji

206 Beltrami Avenue
Bemidji, MN 56601
218-759-0596

Duluth

2000 West Superior Street
Suite 101
Duluth MN, 55806
218-722-3775

Rochester

502 2nd Avenue SW
Rochester, MN 55902
507-226-8690

NORTH DAKOTA

Bismarck

1815 Schafer Street
Suite 200
Bismarck, ND 58501
701-989-7150

Fargo

1100 NP Avenue
Suite 201
Fargo, ND 58102
701-699-0699

WISCONSIN

Madison

151 East Wilson Street
Suite 100
Madison, WI 53703
608-838-5444

Milwaukee

126 North Jefferson Street
Suite 402
Milwaukee, WI 53202
414-216-7249

ARIZONA

Phoenix

1401 North 24th Street
Phoenix, AZ 85008
480-899-3240

ROC 102058



www.krausanderson.com

Kraus-Anderson is an EEO/AA Employer.



AGENDA ITEM: Hardman Triangle Update

DESIRED MEETING OUTCOMES:

Staff is seeking Council’s feedback and direction on the following:

- Schematic concept for mixed-use development at the corner of Concord Street and Grand Avenue.
- Support for advancing the redevelopment plan for the Hardman Triangle through additional site and stormwater master planning.
- Discussion and direction related to the potential establishment of a Redevelopment Tax Increment Finance District for the southern end of the Hardman Triangle.

DISCUSSION:

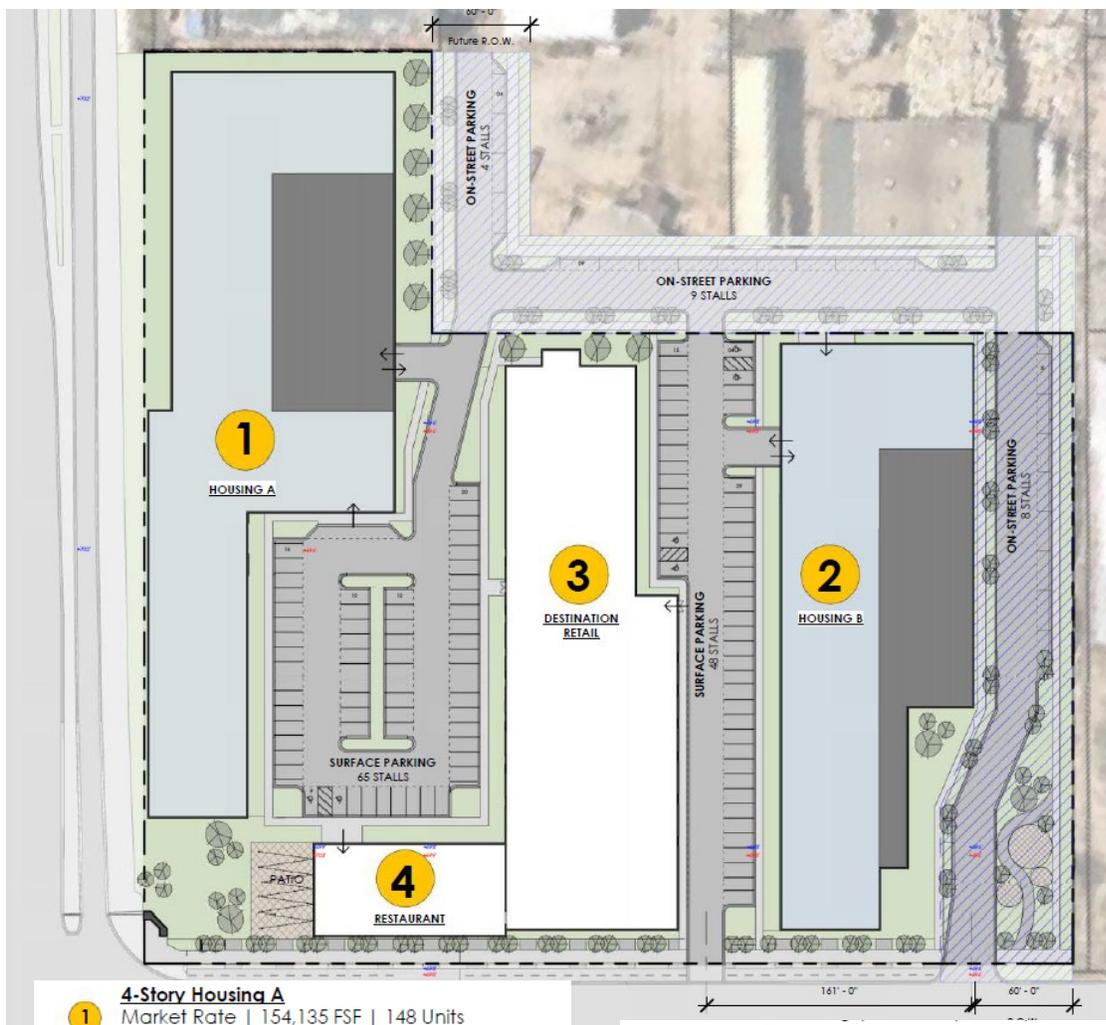
As discussed at previous Worksessions, the City’s Economic Development Strategy identified an approximately 20-acre area lying between Concord Street, Hardman Avenue, and Grand Avenue as a key focus area for redevelopment. In early 2020, the City Council approved the Hardman Triangle Redevelopment Plan, which established a framework for development of a vital mixed-use district at this key location in the community. Following the Redevelopment Plan’s approval, Community Development Staff and the EDA have made progress towards positioning the City for successful revitalization of the Hardman Triangle. As we enter the 4th Quarter of 2024, several interrelated opportunities warrant consideration in the context of the City’s vision for the Hardman Triangle.

Development Potential/Developer Interest
The Hardman Triangle Redevelopment Plan ([click for link to the Plan document](#); plan graphic is on this page to the right), through an intensive market study and evaluation of the site, suggests that the Hardman Triangle could potentially accommodate up to 50,000 square feet of commercial development and between 650 – 900 residential units over the next 10 – 12 years. The EDA controls about 11.25 acres of land in the district (generally, sites “C”, “D” and “E” and the western half of Site “B” in the graphic to the right). Site “D” (which encompasses the 125 – 135 Grand Avenue properties) is viewed by staff as the key site within the district to establish the tone of development for the rest of the Hardman



Triangle. Situated at the “100% corner” of Grand Avenue and Concord Street, in the ideal this site would attract a significant commercial presence at street level.

In the time since the Plan’s approval, Staff has continued in attempts to keep this site on the radar of our contacts in the development community, and since the Winter of 2023 have continued to slowly gain traction with Zavi Development on the concept of a mixed-use development project starting at the corner (generally, site “D”). Obviously, with only about half of the total acreage within the Triangle under our control, additional land acquisition will be key to full implementation of the strategy, and Staff and Zavi understand and agree with the Council’s vision to see the full realization of a “Master Plan” for the Hardman Triangle. Nonetheless, Zavi has worked with their site and architectural design team to present schematic design concepts for the corner site (see below), which consists of approximately 50,000 square feet of restaurant/destination retail (indoor pickleball facility) and 264 units of market-rate apartments in two phases. **At this stage, Staff is seeking feedback on the concept, and discussion as to the EDA’s interest in formalizing continued collaboration on this concept through a Preliminary Development Agreement.**



1 4-Story Housing A
 Market Rate | 154,135 FSF | 148 Units
 Garage Parking | 45,530 SF | 141 Stalls
 Surface Parking | 37 Stalls (Shared)

2 4-Story Housing B
 Market Rate | 111,710 FSF | 116 Units
 Garage Parking | 30,145 SF | 97 Stalls
 Surface Parking | 33 Stalls (Shared)

3 Destination Retail
 42,890 GSF
 Surface Parking | 48 Stalls (33 Shared)

4 Restaurant
 6,500 GSF | 3,000 SF Dining Room
 Surface Parking | 65 Stalls (37 Shared)

“District” Master Planning

The 2020 Redevelopment Plan established a high-level framework to demonstrate the development potential of the Hardman Triangle, but it was not intended to establish with any detail how new public infrastructure within the Triangle would be laid out internally or integrate into existing public infrastructure at the site’s edges. As we consider the development of the southern portion of the site more seriously, Staff suggests that it is necessary to take a deeper look at the larger site layout and desired development pattern, including public streets and utilities, private and public access, parking, and stormwater management features. In doing so, we can assure that the development as conceptualized by Zavi sets the pattern for efficient extension of public utilities and services and does not inadvertently hamstring future development parcels within the district.

If Council is supportive of taking this deeper look, Staff would return to a future EDA meeting with proposals to conduct this master planning work in partnership with Zavi, their architect (Tushie Montgomery Architects), and Barr Engineering, who has extensive experience in the City of South St. Paul particularly as it relates to our flood control system.

Tax Increment Finance District Consideration

In November 2021, the EDA adopted Resolution 2021 – 28. In summary, this resolution found that the properties at 135 Grand Avenue East and 139 Grand Avenue East were occupied by “substandard buildings” as defined by Minnesota TIF Law and that in accordance with Section 469.174 the EDA had the right to establish a TIF District which is a “redevelopment district” within three years of the demolition of a substandard building. Demolition of the building located at 135 Grand Avenue East commenced in March 2022. As such, if the EDA desires to establish a Redevelopment TIF District that includes that property, that district would need to be certified by March 2025.

As a component of the 2020 Redevelopment Plan for the Hardman Triangle, Ehlers’ analysis indicated a gap of at least \$1.4 Million for the first phase of Hardman Triangle redevelopment at the southwest portion of the site. Since then, we have undertaken additional due diligence of the site that indicates very clearly that site conditions such as unstable soils, environmental conditions, and additional demolition (of pavements and building foundations) will be encountered in any efforts to redevelop the site. Based on Ehlers’ previous analysis and our documented knowledge of site conditions, Staff is of the opinion that Redevelopment TIF is both justified and necessary for the future redevelopment of the southern portion of the Hardman Triangle to be viable. To be clear, precise district boundaries of this district would be intentionally limited to the total “footprint” of Zavi’s development concept (all phases); Staff would not recommend extending the district to the north at this time. **If the EDA/Council is open to the utilization of Redevelopment TIF to support the development of the southern portion of the Hardman Triangle, Staff would proceed with engaging our TIF Counsel and Ehlers in the establishment of a Redevelopment District in accordance with Minnesota TIF Law and will return to a future EDA meeting to formally begin that process.**

SOURCE OF FUNDS AND OTHER FINANCIAL CONSIDERATIONS:

The EDA has been awarded a \$45,000 Predevelopment Grant through the Metropolitan Council’s Livable Communities Demonstration Account which can be used to support the preparation of a site master plan and stormwater study.

If the EDA chooses to advance with the Zavi concept and enter a preliminary development agreement, a deposit / option payment of \$15,000 would be collected to assist with these costs

upon execution, with additional payments totaling another \$15,000 due in 3-month increments until the Pre-DA is terminated or replaced by full and formal Development Agreement(s). These payments would also be used to offset the master planning and TIF District creation costs.

ATTACHMENTS:

Ehlers 2019 Hardman Triangle TIF Presentation
Resolution 2021 - 28



City of South St. Paul

Hardman Triangle Redevelopment - Phase I

Redevelopment Feasibility

November 25, 2019



Approach to Review

- Estimate redevelopment project costs
- Identify potential sources of revenue
 - Includes Tax Increment Financing (TIF) estimates
- Determine if a redevelopment project is financially feasible, or if there is a financial gap
- Quantify up-front costs necessary to initiate redevelopment of Phase 1
- Present options to fund redevelopment of Phase I and determine how/when the City will recoup their investment?



Project Cost Estimates

Land Acquisition	\$ 5,459,370
Relocation	\$ 100,000
Demolition	\$ 260,000
Environmental	\$ 300,000
Soft Costs	\$ 25,000
Total	\$ 6,144,370

Note

- The City has already expended \$1,959,370 to date on Land Acquisition and is included in the figure above.



Tax Increment Potential

Scenario	Use	Units / Sq. Ft.	Value per Unit / Sq. Ft.	Total Taxable Market Value	Captured TIF (Present Value)
1	Apartments	370	\$ 110,000	\$ 41,900,000	\$ 10,226,000
	Retail	12,000	\$ 100		
2	Office	195,000	\$ 150	\$ 29,250,000	\$ 8,280,000
3	Industrial	70,000	\$ 60	\$ 4,200,000	\$ 705,000

Assumptions

- Scenarios are based on planning documents created by the Cunningham Group
- Phase I would start in 2021 with 25% being complete, and then 100% complete by 2022
- Values are based upon estimates received from the County Assessor's office
- A Redevelopment TIF District with the full 26 years of increment
- An interest rate of 5.00% to calculate TIF present value
- Assumes a 2.00% inflation on valuation every year to calculate full TIF



Gap Analysis

Scenario	Uses		Sources			
	Project Costs	Potential TIF Assistance	Land Sale Proceeds	Grants	Captured TIF	Excess or (Gap)
1	\$ 6,144,370	\$ 6,654,000	\$ 2,989,600	\$ 0	\$ 10,226,000	\$ 417,230
2	\$ 6,144,370	\$ 5,376,000	\$ 1,950,000	\$ 0	\$ 8,280,000	(\$ 1,290,370)
3	\$ 6,144,370	\$ 421,000	\$ 280,000	\$ 0	\$ 705,000	(\$ 5,580,370)

Assumptions

- Potential TIF assistance may be needed for redevelopment projects. Estimates are based on TIF over 15 years.
- Land Sale Price for Scenario 1 is \$8,000 per unit, Scenario 2 is \$10.00 per sq. ft., and Scenario 3 is \$4.00 per sq. ft.
- Land Sale Proceeds assume a 2% inflation on the sale price of land from 2021 to 2022.
- Grant funds are competitive and dependent on many factors, as such, there are too many unknowns to assume funds would be awarded.



Redevelopment Funding



Note

- Pooled TIF Funds is cash available from the Concord Street TIF No. 2 District.



Redevelopment Option #1 - Housing

- Acquire the remaining property located in Phase I for redevelopment
- Requires the use of all pooled TIF funds from the Concord TIF District (\$2.1 Million)
- Requires the City to identify an additional \$1.4 million to support up-front project costs
- Projections show that the City could be repaid over 26 years for its up-front investment today



Redevelopment Option #1 - Housing

Revenue Years	Land Sale Proceeds	TIF Admin	TIF District	Total
2021	\$ 1,480,000	\$ -	\$ -	\$ 1,480,000
2022	\$ 1,509,600	\$ -	\$ -	\$ 1,509,600
2023-2037	\$ -	\$ 333,000	\$ -	\$ 333,000
2037-2048	\$ -	\$ 178,000	\$ 3,061,000	\$ 3,238,000
Total	\$ 2,989,600	\$ 511,000	\$ 3,061,000	\$ 6,561,600

Assumption

- Present Value for TIF Admin and the TIF District assumes 5% interest



Redevelopment Option #2 - Housing

- Break Phase I into two sub-phases (Phase IA and IB)
- Start with Phase 1A and focus on redevelopment of existing City-owned land
- Work to get one apartment project started now and use the land sale proceeds for continued land acquisition
- Pooled TIF funds and Phase 1A land sale proceeds could likely support Phase 1B in a staggered approach
 - Eliminates additional up-front City investment
- Potential Challenge: Adjacent land uses may prohibit redevelopment until further land acquisition can happen



Questions



South St. Paul Economic Development Authority
Dakota County, Minnesota

RESOLUTION NO. 2021-28

**RESOLUTION FINDING THAT PARCELS ARE OCCUPIED BY
STRUCTURALLY SUBSTANDARD BUILDINGS**

WHEREAS, the South St. Paul Economic Development Authority (the “EDA”) is considering the establishment of a new Tax Increment Financing (“TIF”) District located generally north of Grand Avenue East, east of Concord Street North, and west and south of Hardman Avenue North, including EDA-owned property with Dakota County Tax Parcel Identification Numbers 36-03800-00-073 and 36-03800-00-072 and located at 135 Grand Avenue East and 139 Grand Avenue East as well as private property with Dakota County Tax Parcel Identification Number 36-03800-00-041 and located at 302 Hardman Avenue North (collectively, “Properties”); and

WHEREAS, on the Properties are buildings (“Buildings”) consisting of a structure or structures; and

WHEREAS, Minnesota Statutes, Section 469.174, Subdivision 10, Clause (d), preserves the right to establish a TIF District which is a “redevelopment district” within three years, if certain findings are made and actions taken; and

WHEREAS, such findings and actions do not obligate the EDA to create a Tax Increment Financing District, but preserve the opportunity to do so; and

WHEREAS, the EDA engaged LHB, Inc. (“LHB”) to independently inspect and evaluate the existing conditions at the Properties and within the Buildings for compliance with Minnesota Statutes regarding establishment of a redevelopment TIF District; and

WHEREAS, LHB conducted a physical inspection of the properties and submitted a letter to report its findings dated October 28, 2021.

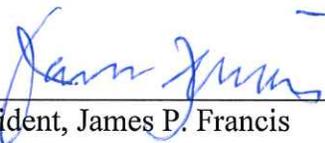
NOW THEREFORE BE IT RESOLVED, by the Board of Commissioners of the South St. Paul Economic Development Authority, as follows:

1. The EDA has engaged LHB to inspect the Properties and the Buildings located on the Properties and to prepare a report as to the Properties and the conditions of the Buildings situated thereupon. A letter of findings from LHB dated October 28, 2021 (the “LHB Findings”, Exhibit A), has been presented to and reviewed by the Board of Commissioners. It is expected that one or more of the Buildings located on the Properties will be demolished and removed prior to the creation of the TIF District. It is also expected that the costs of such demolition and removal can and will be financed by the EDA in its current capacity.

2. The Board of Commissioners hereby finds as follows:

- (a) That Properties are “occupied” because more than fifteen percent (15%), specifically between eighty (80%) and ninety-eight (98%) percent of each of the Properties, are occupied by buildings, streets, utilities, or paved or gravel drives or parking lots;
- (b) That three of the three Buildings – equaling one hundred percent (100%) of the Buildings - located on the Properties are structurally substandard within the meaning of Minnesota Statutes, Section 469.174, Subd. 10(b), since they contain 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;
- (c) That three of the three Buildings – equaling one hundred percent (100%) of the Buildings - located on the Properties are not in compliance with the building code applicable to new buildings and require substantial renovation and could not be modified to satisfy the building code at a cost of less than 15% of the cost of constructing a new structure of the same square footage and type on the Properties;
- (d) That the conditions described in (a), (b), and (c) above are reasonably distributed throughout the geographic area of the proposed TIF District;
- (e) That after demolition and removal of one or more of the buildings on the Properties, the EDA intends to include the Properties within a Redevelopment TIF District. In making the findings under (a) through (d) above, the EDA is relying on the LHB Findings.

Adopted this 1st day of November, 2021.



President, James P. Francis



Executive Director, Ryan Garcia

EXHIBIT A

LHB FINDINGS LETTER



PERFORMANCE
DRIVEN DESIGN.

LHBcorp.com

October 28, 2021

Ryan Garcia,
Director of Economic and Community Development
City of South St. Paul
125 3rd Avenue North
South St. Paul, MN 55075

TIF ANALYSIS FINDINGS FOR 135 AND 139 GRAND AVENUE EAST AND 302 HARDMAN AVENUE NORTH

LHB was hired to inspect two buildings at 135 and 139 Grand Avenue East and one building at 302 Hardman Avenue North in South St. Paul, Minnesota, to determine if they meet the definition of "Substandard" as defined by *Minnesota Statutes, Section 469.174, subdivision 10*. The building parcels may potentially be part of a future Redevelopment TIF District, so will need to be compliant with all the statutes pertaining to a Redevelopment District.

The parcels are located at in a triangular block bounded by Concord Street North, Hardman Avenue North, and Grand Avenue East (see Diagram 1).



Diagram 1

City of South St. Paul

CONCLUSION

After inspecting and evaluating the buildings on August 12, 2021 and applying current statutory criteria for a Redevelopment District under *Minnesota Statutes, Section 469.174, Subdivision 10*, it is our professional opinion that the buildings qualify as substandard.

The remainder of this letter and attachments describe our process and findings in detail.

MINNESOTA STATUTE 469.174, SUBDIVISION 10 REQUIREMENTS

The properties were inspected in accordance with the following requirements under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, which states:

INTERIOR INSPECTION

"The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property..."

EXTERIOR INSPECTION AND OTHER MEANS

"An interior inspection of the property is not required, if the municipality finds that

(1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and

(2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard."

DOCUMENTATION

"Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3, clause (1)."

QUALIFICATION REQUIREMENTS

Minnesota Statutes, Section 469.174, Subdivision 10 (a) (1) requires two tests for occupied parcels:

1. Coverage Test

"...parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or paved or gravel parking lots..."

The coverage required by the parcel to be considered occupied is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which states:

"For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures."

The LHB team reviewed the following parcels:

Parcel A (302 Hardman Avenue North)

- The parcel is approximately 79,092 square feet and is 80 percent covered by buildings, parking lots or other improvements.

City of South St. Paul

Parcel B (135 Grand Avenue East)

- The parcel is approximately 77,582 square feet and is 96 percent covered by buildings, parking lots or other improvements.

Parcel C (139 Grand Avenue East)

- The parcel is approximately 227,009 square feet and is 98 percent covered by buildings, parking lots or other improvements.

Findings

The parcels are covered by buildings, parking lots or other improvements, exceeding the 15 percent parcel requirement.

2. Condition of Buildings Test

Minnesota Statutes, Section 469.174, Subdivision 10(a) states:

"...and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;"

Structurally substandard is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(b)*, which states:

"For purposes of this subdivision, '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."

We do not count energy code deficiencies toward the thresholds required by *Minnesota Statutes, Section 469.174, Subdivision 10(b)*) defined as "structurally substandard", due to concerns expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

Findings

The three buildings located at 302 Hardman Avenue North, 135 Grand Avenue East, and 139 Grand Avenue East exceed the criteria required to be determined substandard buildings (see the attached Building Code, Condition Deficiency and Context Analysis Reports).

Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in *Subdivision 10(c)* which states:

"A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence."

"Items of evidence that support such a conclusion [that the building is not disqualified] include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence."

LHB counts energy code deficiencies toward the 15 percent code threshold required by *Minnesota Statutes, Section 469.174, Subdivision 10(c)*) for the following reasons:

- The Minnesota energy code is one of ten building code areas highlighted by the Minnesota Department of Labor and Industry website where minimum construction standards are required by law.

City of South St. Paul

- Chapter 13 of the *2015 Minnesota Building Code* states, "Buildings shall be designed and constructed in accordance with the International Energy Conservation Code." Furthermore, *Minnesota Rules, Chapter 1305.0021 Subpart 9* states, "References to the International Energy Conservation Code in this code mean the Minnesota Energy Code..."
- Chapter 11 of the *2015 Minnesota Residential Code* incorporates *Minnesota Rules, Chapters, 1322 and 1323 Minnesota Energy Code*.
- The Senior Building Code Representative for the Construction Codes and Licensing Division of the Minnesota Department of Labor and Industry confirmed that the Minnesota Energy Code is being enforced throughout the State of Minnesota.
- In a January 2002 report to the Minnesota Legislature, the Management Analysis Division of the Minnesota Department of Administration confirmed that the construction cost of new buildings complying with the Minnesota Energy Code is higher than buildings built prior to the enactment of the code.
- Proper TIF analysis requires a comparison between the replacement value of a new building built under current code standards with the repairs that would be necessary to bring the existing building up to current code standards. For an equal comparison to be made, all applicable code chapters should be applied to both scenarios. Since current construction estimating software automatically applies the construction cost of complying with the Minnesota Energy Code, energy code deficiencies should also be identified in the existing structures.

Findings

The buildings have code deficiencies exceeding the 15 percent building code deficiency criteria required to be determined substandard (see the attached Building Code, Condition Deficiency and Context Analysis Reports).

TEAM CREDENTIALS

MICHAEL A. FISCHER, AIA, LEED AP - PROJECT PRINCIPAL/TIF ANALYST

Michael has 33 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 130 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 Masters degrees in City Planning and Real Estate Development from MIT. He has served on more than 50 committees, boards, and community task forces, including a term as a City Council President and as Chair of a Metropolitan Planning Organization while living in the Duluth/Superior area. He served as Chair of the Edina, Minnesota planning commission and most recently served a four-year term on the Edina city council. 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 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.

City of South St. Paul

ATTACHMENTS

We have attached a Building Code, Condition Deficiency and Context Analysis Report, Replacement Cost Report, Code Deficiency Report, and thumbnail photo sheets of the building.

Please contact me at (612) 752-6920 if you have any questions.

LHB, INC.

A handwritten signature in blue ink, appearing to read "MA Fischer".

MICHAEL A. FISCHER, AIA, LEED AP

c: LHB Project No. 210426.00

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