

MINUTES/URBAN DEVELOPMENT COMMITTEE
September 30, 1998 - 12:15 p.m.

Members present: Glassheim, Beyer, Polovitz.

1. Matter of St. John's annex.

John O'Leary, Urban Development, reported that they were going to explore some ways to look at financing if you decided to try to provide the owners of the building with some incentives for rehabing the ground floor and importance of this building in terms of downtown redevelopment. He reported that this building was not part of the original rehab proposal and wasn't included in program eligibilities for DDC's program; that initially it was included as part of the buyout because thought dike was running through there, but turned out it's not part of the buyout and dike farther east, and he stated they crunched numbers for acquisition and disposition of the building, and looking at something in excess of \$400,000 by time done, and clearly in council's best interest if not have to buy the building. He stated that there are a number of businesses that didn't make the cutoff point and ended up on bottom of list under DDC for rehab, that many of those businesses in the city for long time and paying taxes and sustained lot of flood damage, one is Lyons Auto Parts and council will endure a lot of criticism if you do a program specifically for the St. John's Annex without trying to figure out way to address some of those other businesses. He stated that there's one other option, and that's \$1.75 million program that was just approved and they would be eligible to participate in that for rehab, and that might put those businesses that didn't participate in the program on a level playing field with St. John's Annex and let selection process fall where it may, what's important to downtown and what's important to entire community and how well it will fare with rehab.; that they can apply for up to \$100,000 and 40% grant and portion forgiven after 3 years. Mr. O'Leary stated that the owners (limited partnership with Michael Lander as principal) want to sell, the appraised value is \$190,000 and more than cash flow of the building. He reported that another issue coming to committee is the voluntary acquisition there are a number of buildings downtown, esp. in City Center Mall, that were initially part of the dike and then weren't and now pro-posing to put those acquisitions into a Phase IV and not a con-sensus about whether that's a legitimate Phase IV acquisition because not part of the dike alignment. He stated they have a number of residential properties that were part of the original dike line, started negotiation process, people didn't fix up homes

or apartments because thought get bought out and then dike moved again and in those instances have accommodated them. Mr. O'Leary reported they could buy under CDBG acquisition, resold it and revenues come back and allocated LMI activities. He stated that there are about 3600 sq.ft. in that building on ground floor and do you rehab before selling; but real question is whether City wants to buy building. He stated they would run into a similar situation on some of the buildings in the City Center Mall, 3 that City owns and 1 that they bought (Phoenix building, NSP building, Panovitz building are one east side of the Mall) and are going out now

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looking for developers to try to redevelop those, that staff was meeting on this and if get program income from those buildings to pay off delinquent specials which City has eaten over the years out of the general fund.

Glassheim stated for City to buy for \$200,000 and sell probably get \$100,000 if someone looking at making it work, and changing of dike alignment messed up owners. Mr. O'Leary reported that the owners working with Parking Auth. now in trying to satisfy the parking requirements, as there are 23 parking spaces that owners had an agreement with the Parking Auth., Parking Auth. took out a loan at bank to pay that parking for 23 spaces, and owners have not been making payments on that loan and owe Parking Authority approx. \$15,000; and parking not going to be an issue in downtown for number of years until dike alignment goes through.

Mr. O'Leary reported he had asked Mr. Lander if he was interested in pursuing a rehab grant for this project and Mike Lander stated he didn't think that he should have to comply with the program requirements because he didn't have tenants; that they had a number of people who didn't apply for money for that very reason. Beyer asked Mr. O'leary if he had talked to them about the Business Rehab Program and he stated no; and can see that St. John's out of the boundary because thought building was going to be taken, when in dike line wanted it and now don't want it and rehab money is gone; so he's in tough spot but it's problem re. sharing heating system with adj. building he owns, and suggested talking to him about the Business Rehab. Mr. O'Leary stated that the Business Assistance Program a good program and he was not included in original rehab program but neither was South Washington and

those businesses have been invited to participate in the Business Assistance Program.

After further discussion it was moved by Beyer and Polovitz to decline to buy the building and encourage owners to apply to the open Business Grant Program. Motion carried.

2. Matter of Veits selection committee recommendation.

Glassheim reported that he and Beyer were part of the selection committee, and entertained two proposals: one from Mr. Graveline and one from Mr. Kalenze of what they wanted from us and what pre-pared to put into it, and committee unanimous in recommending Mr. Graveline's proposal; that the Kalenze proposal requested less money from the City than the Graveline proposal, but rationale of the committee was Mr. Graveline's history of successful management of large projects and rehab projects and demonstrated capability with historical restoration. It was noted that Mr. Graveline asked that the City sell the hotel for \$1.00, provide land at suitable location for \$1.00 (not sure of location), that the City do asbestos and lead paint removal, disconnect and cap utilities, \$200,000 grant towards restoration of the building, that the City pay for the cost of moving from existing site to the new site. It

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was noted that the State Historical Society will pay for 40% of that cost and other half matched by CDBG funding, and if building should go bad on the move, they won't pay for that either, they want a successful project. Mr. Graveline's estimate was that he would have to acquire somewhere between \$400-600,000 in his own financing and be responsible for that and proposal was to make an inn with 17 rooms each differently done with period furniture, etc. and he would be responsible for running it.

Mr. Siewert reported there is a lot of mitigation to do on the wet side as far as Phase IV goes and this could be included in that mitigation along with other activities that may be undertaken between now and that time; that it is an historic building and there would be an adverse affect but need to realize there is an historic building sitting next to this which has not been addressed (antique store). Polovitz stated that this will cost City approx. \$400,000 and that's lot of money for building. Mr. Siewert stated their office has some

properties and their staff has been in discussion with local Commission on how to do mitigation, and he stated he would propose that they don't commit to any of these projects until can group all together and come up with agreements so do all as mitigation rather do this and in future have to mitigate building next door to it and not sure own that building.

Beyer suggested to accept Mr. Graveline's proposal with details to be worked out with the Historic Society and with Mr. Graveline contingent upon --; Mr. Siewert asked if need to accept proposal as written or review proposal and City has agreed that we will deal with the proposal Mr. Graveline submitted with details to be determined later and don't want to get before council talking dollars. Glassheim stated that the City has established its credentials as being interested in historic preservation on our own without anyone making us or nor, if think it's good thing to do let's go ahead and do it.

Beth Bouley, 124 Fenton, member of Historic Preservation, stated that Commission looked at Met and at Veits and have discussed buildings on east side of the Mall and are in reasonable agreement on those buildings but still some things to hash out there; but the local Commission looked at those two buildings (Met and Veits) and that those were the ones they wanted done.

Lonnie Winrich, Historic Preservation Commission, stated that if the Committee proceeded with the action they suggested, he would contact officials at the State Historical Society and point out what's happening and that they believe this should be considered mitigation even though don't have mitigation agreement in place now, and that he thought State would consider that a reasonable position, that he has had conversations with Mike Simmonson and others of the State who work with this, and that there is great interest in saving the Veits Hotel, and when State money was made

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available left from earlier flood grant acquisitions, etc. local Commission specifically told that it could be used for the Veits Hotel and if not use it there it wouldn't be available. He stated he couldn't guaranteed anything but thinks reasonable attitude in that.

Mr. Graveline stated if could get started this fall, would need to find location and that is real key to it, that building very plain and old it needs proper landscaping and proper approaches, parking and in order to do nice job have to find a location, once that determined could do something re. design and layout, but activity would have to wait until spring. He stated biggest thing is loca-tion, and with commitment can start on his part re. plans and applying for financing so all in place when start. He reported that the State Historical Society has stated they would approve moving the building farther from river, and there was suggestion re. Bronson property and tie in with University (that he talked with UND instructors who stated that they have no place on campus to put people up when bringing in candidates, visitors, etc. and that was one suggestion, and another suggestion is near the Aurora. There was discussion re. lead paint and asbestos abatement of the building; and also that the basement of the building needs to be dried out. Mr. Siewert suggested awarding abatement parts and part of the contract included gutting walls up to above water level, which would allow them to dry out and stabilize the building much more than putting fans in the basement because get rid of porous material. He also stated that they have temporary power over there.

Moved by Beyer to authorize staff to negotiate with Mr. Graveline on his proposal for the Veits Hotel. Polovitz seconded the motion. Motion carried.

Moved by Beyer and Polovitz to award the bid for abatement of lead paint and asbestos in the amount of \$. Motion carried.

3. Matter of bids for demolition of City Center Mall buildings.

Mike Murie presented tabulation of bids for three items:

a) Bids for street paving and sidewalk replacement; low bid was Opp Const. at \$141,397.00 and this is a unit cost bid and bid could vary slightly based on unit costs, and recommended award to low bidder. Mr. Siewert reported that completion date is October 31 and City's standard liquidated damages included. Moved by Beyer and Polovitz to accept the low bid of Opp Construction in the amount of \$141,397.00. Motion carried.

b) Change order to do asbestos removal in Poplar's building, 121 DeMers Avenue, Wagner Building, 207/209 DeMers Avenue and Antique Shop, 119 Demers in the amount of \$7,160.00 (no

asbestos in
Antique building). Moved by Polovitz and Beyer to approve
change

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order in the amount of \$7,160.00. Motion carried.

c) Removal and disposal of porous materials and sanitizing
of the following buildings: Berg Building, 22 S. 3rd St.,
Panovitz Bldg, 31 S. 3rd St., Phoenix Block, 15-19 S. 3rd St.
and NSP building, 25 S. 3rd Street, in amount of \$64,269.00.
He stated that he and Curt met with EAS and did some
negotiating and reduced bid amount by approx. \$9,000. Moved by
Beyer and Polovitz to approve proposal in the amount of
\$64,269.00. Motion carried.

4. Request to call for requests for beautification projects.

Curt Siewert requested authorization to do public notice to
request proposals for beautification projects from public and
other agencies for 1999. Moved by Polovitz and Beyer to
approve request. Motion carried. (Comm. only).

Moved by Polovitz and Beyer to adjourn; meeting adjourned at
1:15 p.m.

Alice Fontaine
City Clerk

Dated: 9/30/98.