



Request for City Council Committee Action from the Department of Public Works

Date: November 7, 2013

To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Referral to: Honorable Betsy Hodges, Chair Ways and Means/Budget Committee

Subject: **Agreements for City-Owned Skyway and Connections to and through Hampton Inn & Suites Hotel**

Recommendation:

- A. Authorize the proper City officials to negotiate and execute a Cooperative Development Agreement with M.A. Mortenson Company for professional design services, demolition, and construction related to a City owned Skyway and re-connection to the proposed Hampton Inn & Suites Hotel site located at 19 8th St. N. The City shall pay for said work in the amount not to exceed \$425,000 from the Parking Fund (07500-685-HAWT).
- B. Authorize the proper City officials to negotiate and execute an Amendment to a 1992 Skyway Easement Agreement for purposes of memorializing termination of the original skyway contemplated therein, and restating and revising the 1992 terms to reflect a new skyway schematic.

Previous Directives:

- November 9, 1990 - Authorized the proper City officers to negotiate and execute an Agreement for Skyway Construction, Financing, Management, Maintenance, and Easements with LaSalle Plaza Limited Partnership.

Department Information:

Prepared by: Paul Miller, Project Manager, Department of Public Works, Transportation, Planning & Engineering

Approved by: _____

Steven A. Kotke, P.E., Director of Public Works

Presenters in Committee: Jon Wertjes

Financial Impact

- No appropriation needed. Costs are within the Parking Fund operating expense budget.

Community Impact

- City Goals: The City's infrastructure will be well-maintained; people will feel safe in the City.

Supporting Information

Background

In the late 1980s and early 1990s, the City identified a need and eventually built a skyway connection that included two skyways and building connections. The overall skyway connection linked the State Theater/LaSalle Plaza to and through private property (the former Carmichael/Lynch building and a surface parking lot) connecting to the Ramp A/Hawthorne Transportation Center parking ramps.

In 1992 the City entered into an agreement with LaSalle Plaza Limited Partnership to allow for a City owned skyway to be constructed on private property. The completed skyway connects the former Carmichael Lynch building at 800 Hennepin Avenue across a privately owned surface parking lot located at 19 8th St. N. to Ramp A (7th St. Parking Garage). Per the terms of that agreement, in the event that the private surface lot property would ever be re-developed, the City would be obligated to covers all costs of skyway removal and skyway reconnection from the new development to the 800 Hennepin Avenue building and Ramp A.

Current Development Proposal

A development team led by M.A. Mortenson Company is in the process of redeveloping the private surface lot property at 19 8th St. N. as the site of a Hampton Inn & Suites Hotel. The proposed hotel is currently in the formal Planning and Development Review stages with the City, with site plan approvals anticipated for November 2013 and construction anticipated to start in December of 2013.

The development team has approached the City to discuss its obligations related to the skyway removal and reconnection. Public Works and City Attorney Office are pursuing two basic elements that - 1) continue the skyway connections, and 2) cost effectively remove and reconnect a skyway to the new hotel. The continued skyway connections from the 800 Hennepin Avenue site, through the new hotel to Ramp A are integral to the design and construction of the new hotel. Attempting to coordinate and perform these removal and reconnection tasks using City forces in a timely manner would be difficult and not cost beneficial to the City. Through discussions with the development team it was determined that the expertise required for skyway design, skyway removal, and skyway construction are tasks best suited for M.A. Mortenson. The City is responsible for the costs of these tasks per the 1992 Agreement. M.A. Mortenson Company has provided initial cost estimates for these associated design services, demolition, and construction tasks totaling \$200,000. Costs for each of the separate, specific tasks are as follows:

1. Professional skyway design services in an amount not to exceed \$50,000
2. Skyway demolition in an amount not to exceed \$50,000
3. Skyway construction to 800 Hennepin Ave. in an amount not to exceed \$50,000
4. Skyway construction to Ramp A in an amount not to exceed \$50,000

While the skyway is disconnected and given its 20 years of age, Public Works has explored possible improvements to the skyways. These improvements which are still being discussed are estimated to add \$225,000 to the above \$200,000 cost for a total estimated cost not to exceed of \$425,000.

Recommendation

Public Works recommends that the proper City officers be authorized to negotiate and execute a Cooperative Development Agreement with M.A. Mortenson Company related to the proposed Hampton Inn & Suites Hotel for a total amount not to exceed of \$425,000.

The City shall commission and reimburse M.A. Mortenson Company for these services pursuant to standard City contract provisions, and pay the above amounts from existing City funds within the Parking Fund (07500-685-HAWT).

Public Works further recommends that the proper City officers be authorized to negotiate and enter into an Amendment to the 1992 Skyway Easement Agreement for purposes of memorializing termination of the original skyway, and restating and revising the 1992 terms to reflect a new skyway schematic.