

**City of Minneapolis**  
**Request for Committee Action**

**To:** Ways & Means  
**Date:** 2/22/2016  
**Referral:** N/A  
**From:** Finance & Property Services  
**Prepared by:** Greg Goeke, Director of Property Services  
**Presented by:** Greg Goeke  
**File type:** Action  
**Subcategory:** Contracts & Agreements

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**Subject:**

Acquisition and Redevelopment of the Roof Depot Properties for Municipal Operations Purposes

**Description:**

1. Approving acquisition of the real estate at 1860 28<sup>th</sup> St E and 2717 Longfellow Ave (also known as the “Roof Depot” properties) for municipal operations purposes for the sum of \$6.8 Million with a closing date before July 1, 2016 to be paid from the WTR18 Water Distribution Facility project CWTR18, Fund 7400, Department 9010923. Said properties are owned by 1860 East 28<sup>th</sup> Street, L.L.C.
2. Directing staff to redevelop the Roof Depot site following the Leadership in Energy and Environmental Design (LEED NC v4) standard and that the project be certified to the Gold Level of quality by the United States Green Building Institute.
3. Authorizing the issuance of a Request for Proposals (RFP) for architectural and engineering services related to the redevelopment of the Roof Depot properties.
4. Authorizing the issuance of a Request for Proposals (RFP) for LEED Commissioning Services related to the redevelopment of the Roof Depot properties.

**Previous Actions:**

- June 19, 2015 – City Council authorizes staff to negotiate for the acquisition of 1860 28<sup>th</sup> St E and 2717 Longfellow Ave, commonly referred to as the “Roof Depot” property for the expansion of the City’s Hiawatha Campus.
- Dec 11, 2013 Council Action authorizing the issuance of \$4M in bonds for the WTR18 Water Distribution Facility
- Dec 12, 2012 Council Resolution 2012R-655 authorizing \$3M in Water Revenue be appropriated to the WTR18 Water Distribution Facility project.
- April 6, 2001 Council Action authorizing discussions with the Roof Depot owners about possible City acquisition of their property.

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**Ward/Address:**

### **Background/Analysis:**

#### **Purpose for acquisition**

The acquisition of 1860 28<sup>th</sup> St E and 2717 Longfellow Ave, referred to as the Roof Depot properties, would allow for the planned expansion of the existing City-owned Hiawatha Campus for Municipal Operations. The current and most immediate need is to relocate and consolidate the Public Works Water Distribution Maintenance operation.

The existing Water Distribution Maintenance facilities (referred to as the Water East Yard) are located at the intersection of 5th Avenue SE and Hennepin Avenue. This facility serves as the base of operations for the water distribution system maintenance and construction of the Water Treatment and Distribution Division of Public Works. The Water Meter operations (currently located at the Water Treatment campus in Fridley) have been organizationally merged with Distribution Maintenance. When the two work units are consolidated and co-located in the same facility, the field staff and equipment can be utilized cross functionally to achieve operational efficiencies and improved service to the public.

On a larger scale, co-locating Public Works divisions on consolidated campuses provides for even more potential for cross utilization of field staff and equipment and to coordinate work more effectively.

#### **Terms and Conditions**

1. The City will pay \$6.8M at closing to the Roof Depot property owner, 1860 East 28<sup>th</sup> Street, L.L.C.
2. The \$6.8M payment includes all relocation benefits that may be due to Warehouse Depot, LLC, a corporation controlled by the same person as the property ownership entity.
3. The City is accepting the property “as is” and will assume the costs and responsibility for all pollution remediation required under the City’s redevelopment.
4. The closing date will be before July 1, 2016 and the property owner agrees that all occupants and personal property will be removed at least two days prior to the closing date.
5. The City will receive a credit at closing equal to 1.5% of the purchase price, representing one-half of the broker’s commission to be paid by the property owner.

#### **Leadership in Energy and Environmental Design Standard**

The City Standard, as directed by City Council in 2006 (Resolution 2006R-381), is to design, construct, and commission new buildings to a LEED Silver level of quality. For this project, staff is recommending a Gold level of quality be achieved.

As part of this designation, the Commissioning agent is to be hired independently from the Architect and Engineer who will complete the actual design. Therefore, staff has recommended separate proposal processes.

#### **Previous Council Direction for Community Engagement**

The previous Council directed Property Services to work with East Phillips residents and community members to identify redevelopment or leasing scenarios for the portion of the property not required for municipal operations, should the acquisition of 1860 28<sup>th</sup> St E and 2717 Longfellow Ave, commonly referred to as the “Roof Depot” properties, be secured.

### **Community Engagement and Redevelopment Process**

A staff work team consisting of Property Services, Public Works and Community Planning & Economic Development shall conduct regular meetings (throughout the project) with representatives of the East Phillips neighborhood to facilitate community input and timely and effective communication throughout the project.

The staff work team, with the assistance of the selected Architect and Engineer, shall conduct open houses to solicit input from the East Phillips Neighborhood and interested developers/contractors/tenants.

### **Initial Design Process**

Project Scoping/Definition and Conceptual Planning Phase: Upon receiving input at the open houses and reviewing the current Water Maintenance and other Municipal Operations programming needs, the Architect and Engineers shall provide redevelopment options (and associated cost estimates) to assist the City’s Facilities, Space and Asset Management (FSAM) committee in making recommendations to the City Council on the long term use of the site.

The FSAM committee, through the staff work team, will report back to Council at the completion of the Conceptual Planning Process for further direction.

### **Financial Review:**

**No additional appropriation required, amount included in current budget.**

**Future budget impact anticipated.**

**Approved by the Permanent Review Committee.**

The PRC provided initial consultation on the RFP at its February 11, 2016 meeting and staff will return to a future PRC meeting for full review and approval prior to issuance of the Request for Proposals.

**Meets Small and Underutilized Business Program goals.**