



Economic Development Authority
City Hall Council Chambers
Via telephone or other electronic means
5200 – 85th Avenue North

Tuesday, February 16, 2021
6:00 pm

WORK SESSION – AGENDA #2

President Lisa Jacobson, Vice President Terry Parks, Treasurer Susan Pha
Commissioners Boyd Morson, Wynfred Russell and Tonja West-Hafner,
Executive Director Kim Berggren, Assistant Executive Director Jay Stroebel and Secretary Theresa Freund

Some members of the Commission will participate in the meeting by electronic means pursuant to Minnesota Statutes, Section 13D.021 rather than in-person at its regular meeting place at City Hall, 5200 85th Avenue North, Brooklyn Park, Minnesota. The audio of the Work Session will be available on the city's website the following date of the meeting.

For reasonable accommodations or alternative formats, contact Theresa Freund, 763-493-8059 or email theresa.freund@brooklynpark.org. Para asistencia, 763-493-8059. Yog xav tau kev pab, hu 763-493-8059. Please provide 72 hour notice.

Our Mission: Brooklyn Park, a thriving community inspiring pride where opportunities exist for all.

Our Goals:

***Strong Neighborhoods • Adapting to Changing Demographics • Public Safety
Financial Sustainability • Community Image • Focused Redevelopment and Development***

I. ORGANIZATIONAL BUSINESS

1. CALL TO ORDER/ROLL CALL

II. DISCUSSION

2. Discussion Items

- 2.1 Discuss Options for EDA-Owned property 8600 Zane Avenue North (Former Library Building)
 - 2.1A Property Summary
 - 2.1B Aquatics Study Options

III. ADJOURNMENT

City of Brooklyn Park EDA WORK SESSION

Agenda Item No:	2.1	Meeting Date:	February 16, 2021
Agenda Section:	Work Session	Prepared By:	Erika Byrd, Development Project Coordinator
No. of Attachments	2	Presented By:	Erika Byrd, Development Project Coordinator
Item:	Discuss Options for EDA-Owned property 8600 Zane Avenue North (Former Library Building)		

Overview:

The Brooklyn Park Economic Development Authority (EDA) purchased 8600 Zane Avenue North, the former site of the Hennepin County Library, in September of 2020. The purpose of this work session is for the EDA to discuss future options for the property and provide feedback to staff on how to proceed.

Background:

In 2016, Hennepin County relocated the Brooklyn Park Library from 8600 Zane Avenue to its current location at 8500 West Broadway. In 2019, Hennepin County staff indicated that they would like to dispose of the property and inquired about the City of Brooklyn Park's interest in purchasing the property. The City/EDA and staff have taken the following actions to date:

- June 3, 2019 – City Council discussed acquisition and directed staff to pursue acquisition and possible demolition to accommodate parking and future expansion needs of the Community Activity Center (CAC)
- April 20, 2020 – EDA approved purchase and tabled an action to demolish to a later date.
- May to September 2020 – EDA staff completed due diligence, site evaluations, and cost estimates to demo or re-hab.
- September 8, 2020 – Brooklyn Park EDA closed on the purchase of the property.
- September 28, 2020 – City Council did not take action on a request to use CARES funds for temporary improvements
- November 23, 2020 – EDA considered demolition (Vote 3-3).
- November and December 2020 – EDA staff compiled additional information related to the possible re-use of the building
- December 17, 2020 & January 7, 2021 – The EDA held two tours for EDA Commissioners
- January 25, 2021 -- EDA and Recreation and Parks Department staff invited parties who had expressed interest in the property to view the building during an open house event.

Primary Issues/Alternatives to Consider:

To assist with this discussion, staff has outlined some options below. In 2020, staff recommended demolition of the building due to its conditions and the costs associated with reinvesting in the building to bring it up to current standards for reuse. Building demolition would also maximize flexibility for reinvesting and expanding in the CAC. When staff negotiated the purchase price with Hennepin County, it was based on a discounted land value less the cost of building demolition.

• Option 1 — Sell

EDA Commissioners have not expressed interest in selling the building. Staff recommends against selling at this time because EDA/City ownership keeps options open for parking to support the CAC expansion and maintains the public campus.

- **Option 2 — Lease the building (5+ years)**

Several organizations and developers in the community have contacted the EDA to inquire about using the vacant building space. One option the EDA could explore is leasing the building to external groups. Attendees of the January 25, 2021 open house indicated they needed to know how many years a lease would run, the lease rate, and what improvements would be required before they could adequately prepare an offer or proposal for the EDA to consider. If the EDA chooses the lease option, additional work will be needed to determine a contractor's cost to rehab and improve the building to a leasable condition. Staff would also seek direction from the EDA about if they would be willing to fund repairs or if they would expect the leaseholder to contribute.

Based on prior assessments, the building needs or will soon need major reinvestments including a new roof, new boiler and mechanicals, mold mitigation, and replacement of the bituminous parking lot. Adding a sprinkler system could also be needed, depending on the building's occupant. Based on a compilation of data related to long-term deferred maintenance, there is likely \$600K to \$960K in deferred maintenance and mitigation needs. Tenant finishes and improvements for specific a design or use (changing of walls, carpeting, painting, furnishings, and other remodeling costs, etc.) are not included in this estimated repair total. If the EDA wants to pursue a lease option, staff could work with a commercial broker to figure out appropriate lease terms for the building and seek bids for repair and tenant improvement work. Staff has consulted with the EDA attorney and understands there may be restrictions on who can lease the building if EDA subsidy is provided; churches, for example, would likely be ineligible.

- **Option 3 — City Rehab and Use**

The EDA/City could decide to invest in rehabilitating the building for City use. This could be for additional community or cultural space, for recreation use (senior center, teen center, fitness center), or for a small business resource center. Challenges associated with public use of the building include high renovation costs, ongoing operational costs, and long-term capital needs in an old building. Parking may become an issue, especially if there is an expansion to the CAC.

- **Option 4 — Hold Building Vacant (mothball)**

The EDA could decide to hold the building vacant without a planned use. Holding the building would allow the EDA/City more time to consider all options. One key consideration is the future of the adjacent Community Activity Center (CAC), particularly if plans that include building an aquatics center advance. It will likely be 18 to 24 months until the CAC planning begins. The 2018 Brooklyn Park Aquatics Feasibility Study produced six concept options for expanded aquatics facilities, one of which included demolishing the former library site for additional parking. These aquatics site plan options are attached.

One risk of holding the building vacant is that the facility can further deteriorate. Water intrusion and mold issues would likely continue to grow as the building is being held for future use. City staff originally estimated the annual vacant, non-use budget for the building at \$13,000-\$15,000 (for low heat). After taking over maintenance of the building, however, staff realized that the heating could not be adjusted to a minimal level without converting the building management system. Currently the heat is essentially on or off, with little adjustment allowed. Maintaining this higher building temperature, as we are today, costs more (approximately \$8,000 – \$10,000 more annually). Staff looked at the cost of converting to the building management system in use at the CAC and City Hall and estimated that would cost approximately \$7,000. Staff is also working on the pricing for a local control option. If the EDA wishes to hold the building vacant for several years, such investments may be worthwhile.

- **Option 5 — Demolish and hold land for parking or CAC expansion**

Based on 2019 quotes and estimates, EDA staff has approximated the cost for demolishing the building at \$108,500 to \$128,500. This includes the required asbestos remediation prior to demolition of the structure as well as demolition and contingency.

Demolition Scope	Cost Estimate	Source
Asbestos remediation	\$15,000-\$20,000	Informal estimate from IEA in 2019 based on results of their asbestos testing. Further investigation, design, and cost estimating would be required.
Demolition	\$83,500	Ramsey Companies 2019 demolition proposal. Proposal excludes asbestos and hazardous materials removal.
Contingency	\$10,000- \$25,000	City staff estimate
TOTAL	\$108,500 – \$128,500	

If the EDA chose to demolish, staff would seek updated bids to remediate the asbestos and demolish the building.

QUESTIONS FOR WORK SESSION DISCUSSION:

- What additional information does the EDA want or need to decide on how to proceed?

Attachments:

2.1A PROPERTY SUMMARY

2.1B AQUATICS STUDY OPTIONS

8600 Zane Avenue North

Property Overview

Address: 8600 Zane Avenue North

Year Built: 1976

Building Square Footage: 16,500 sq. ft.

Zoning Information: Public Institution District

Owner: Brooklyn Park Economic Development Authority (EDA), acquired September 2020

Parking: All parking is shared use with the City of Brooklyn Park Community Activity Center (CAC). The City is planning an expansion of the CAC that will require additional parking as well as the shifting of the existing parking. Approximately \$6M is budgeted for this project as part of the City's Park Bond.

History

Hennepin County operated the facility from 1976 to 2016 as a Library. In 2016, Hennepin County opened its new Brooklyn Park Library on 85th Avenue and West Broadway. At that time, the former library building was used to store book collections from other Hennepin County libraries that were being remodeled. In late 2019, Hennepin County stopped using the building for storage of book collections and vacated the facility.

City/EDA Actions to date:

- April 20, 2020 – EDA approved purchase of building and tabled action to demolish the building to a later date.
- September 8, 2020 – Brooklyn Park EDA closed on purchase of the property.
- September 28, 2020 – City Council did not take action on a request to use CARES grant funds for temporary improvements
- November 23, 2020 – EDA considered demolition (Vote 3-3, so motion failed). Some EDA commissioners asked to tour the building and for consideration of reuse. The EDA did not indicate an interest in selling the property.

Building Conditions Reports

Building Assessment: In 2011, Hennepin County hired RSP to complete a full building assessment. The assessment was scored on a weighted system accounting for Appearance, Functionality and Life Expectancy based on the need for action for Asset Preservation. This report identified a number of critical issues and estimated the probable cost of repairs to be \$435,850.

Roof: Based on a 2011 roof inspection report performed by Inspec, the roof had many deficiencies that needed to be addressed. At the time of the report, the estimated cost of repairing these issues was \$195,017 by Inspec.

Pavement: A 2010 pavement assessment by Inspec noted that there were trip hazards on the sidewalks that needed to be addressed, and the parking lot needed to be seal coated in 2014. The parking lot is currently beyond its useful life and needs replacement. A mill and overlay is the most cost-effective replacement option. The parking lot is approximately 41,00 square feet. Based on mill and overlay pricing obtained by the City of Brooklyn Park in 2020, the estimated cost for a mill and overlay would be \$35,000.

HVAC Replacement: NAC did an inspection and review of the existing HVAC components in the facility in April 2019. They provided the City of Brooklyn Park with a budget estimate of \$250,000 to \$300,000 to replace and upgrade the HVAC system to current standards.

Asbestos Assessment: The City of Brooklyn Park hired Institute for Environmental Assessment (IEA) to complete an asbestos assessment in 2020. The scope of IEA's work only included accessible locations and did not include opening up walls, ceilings, and other portions of the building envelope. IEA confirmed asbestos materials in ductwork seam tape, air handling unit (AHU) penetration putty, caulking between stucco building and sidewalk, and sink undercoating. IEA assumes asbestos materials are located within boiler and air handling unit insulation, transite air duct, flange gaskets, roofing materials, below grade damp proofing materials, and fire doors. No formal cost estimate for asbestos abatement was received by the City of Brooklyn Park, though IEA staff indicated abatement may cost around \$15,000.

8600 Zane Avenue North

Indoor Air Quality and Mold Assessment: The City of Brooklyn Park hired Institute for Environmental Assessment (IEA) to complete an indoor air quality and mold assessment in September 2020. IEA offered the following conclusions after its assessment:

- Moisture-damaged ceiling systems were observed at various locations throughout the Building. The ceiling stains were reportedly from numerous roof leaks over the years.
- Active fungal growth was observed in northeast corner of the Main Library within the areas identified to be currently wet. The fungal growth appears to be due to moisture intrusion from the reported roof leaks.
- The carpets are in rough shape and appear to be worn, stained, or faded. Furthermore, they may have been wet in the past from roof leaks and could be harboring fungal spores.
- The airborne fungal results do not indicate an airborne fungal issue at the time of the Assessment.
- General IAQ parameters within throughout the Building were within recommended guidelines at the time of the Assessment.

Copies of the eight assessments referenced in this summary are available here: https://brooklynparkmn-my.sharepoint.com/:f/g/personal/brad_tullberg_brooklynpark_org/EsxzVpwjxmVJtrsJF5NEplQBk0Bh-bA00dqPa3ohETEZIQ?e=yVessh

Other Improvements Needed

Fire Suppression System: In discussion with the Brooklyn Park Fire Marshal, any significant change to the type of occupancy would require the installation of a sprinkler system due to updates to the building code. When Recreation and Parks was evaluating the building for use, a contractor provided an estimate of \$100,000 to \$150,000 depending on the system design and revisions to the building occupancy and layout.

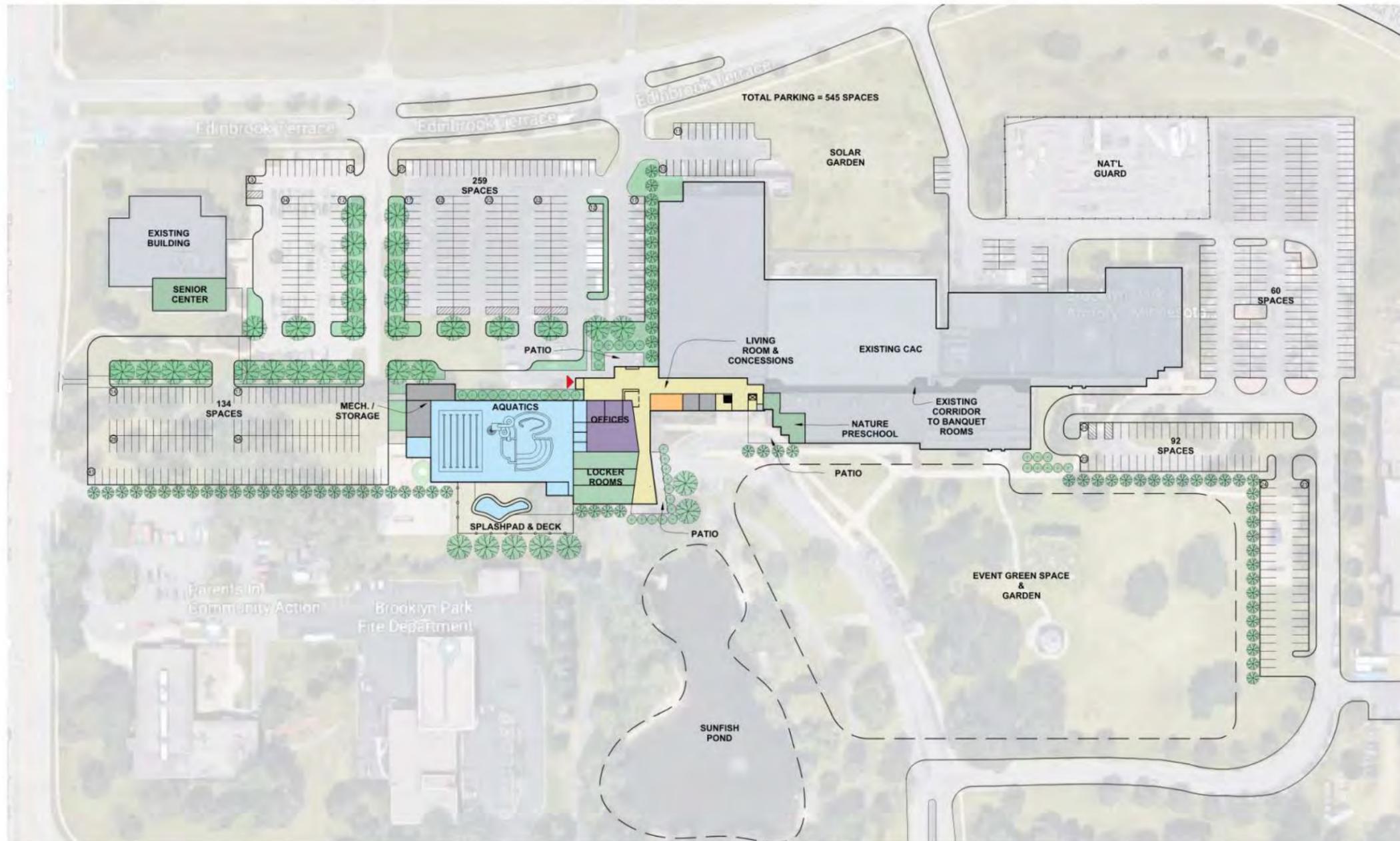
ADA Compliance: Several items have been identified in the existing building as non-compliant based on current ADA standards. Some of the areas that need improvement are the building entrance, restroom accessibility, as well as access to the smaller spaces within the building.

Other renovations: If a new user were identified, additional renovations would likely be required. Range of renovations varies greatly based on use but would likely include bathroom remodeling.

Estimated Total: Based on a compilation of data related to long-term deferred maintenance, there is \$600K to \$960K in deferred maintenance and mitigation needs. Additionally, through staff estimates and industry standards for tenant finishes, it is estimated that it could cost \$500K to \$1M to remodel the building to a leasable standard, resulting in a \$1.1M to \$2M investment for 5-to-10-year use.

Repair	Cost Estimate	Source/Explanation
Roof	\$250,000-\$350,000	2011 roof inspection by Inspec - cost of roof repair estimated at \$195,017. Range adjusted upward to account for inflation in construction costs.
Boiler/Mechanicals	\$250,000-\$300,000	NAC inspection and estimate from 2019.
Asbestos Remediation	\$15,000-\$20,000	Informal estimate from IEA in 2019 based on results of their asbestos testing.
Bituminous Replacement	\$35,000-\$40,000	City staff estimated \$35,000 based on 2020 mill and overlay pricing.
Fire Suppression System (if needed)	\$0 - \$150,000	Sprinkler system estimated between \$100K-150K from contractor in 2020. Need will depend on use.
Air Quality, Accessibility, and Liability	\$50,000-\$100,000	City staff estimate based on 2020 IEA indoor air quality assessment & 2020 LHB building analysis.
Total Repair Costs	\$600,000 - \$960,000	
Tenant Finishes & Remodeling	\$500,000 - \$1,000,000	City staff estimate of remodel to a leasable standard based on current industry standards.

CONCEPT OPTIONS



Option 1:
Family Aquatic Center at CAC

Project Construction Cost: \$23.6 M
\$18.7 Family Aquatics + \$4.9 Other Improvements

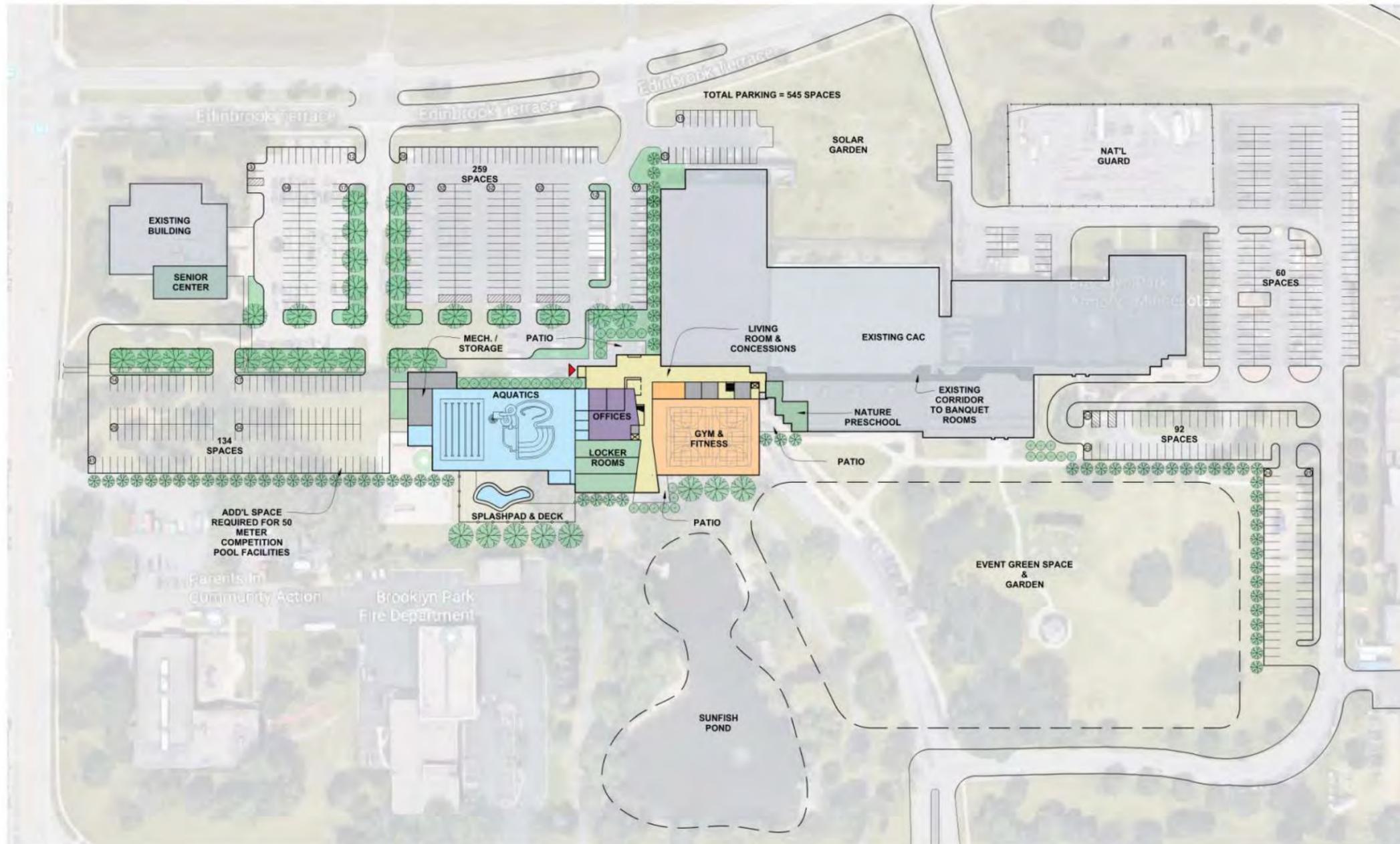
Family Aquatics

The family aquatics portion Includes a leisure pool with play features and a water slide, a six-lane lap pool, outdoor splashpad, locker rooms, party rooms, living room, and support spaces.

Other Improvements

Other improvements include renovation of existing ice arena lobby (2 levels), relocated/renovated senior center, relocated nature preschool, existing banquet corridor refresh, and site improvements (parking and removal of drive to existing main entry).

CONCEPT OPTIONS



Option 2: Family Aquatic Center/Gym/Fitness at CAC

Project Construction Cost: \$29.5 M
 \$18.7 Family Aquatics + \$ 4.9 Other Improvements + \$5.9 Gym/Fitness

Family Aquatics

The family aquatics portion Includes a leisure pool with play features and a water slide, a six-lane lap pool, outdoor splashpad, locker rooms, party rooms, living room, and support spaces.

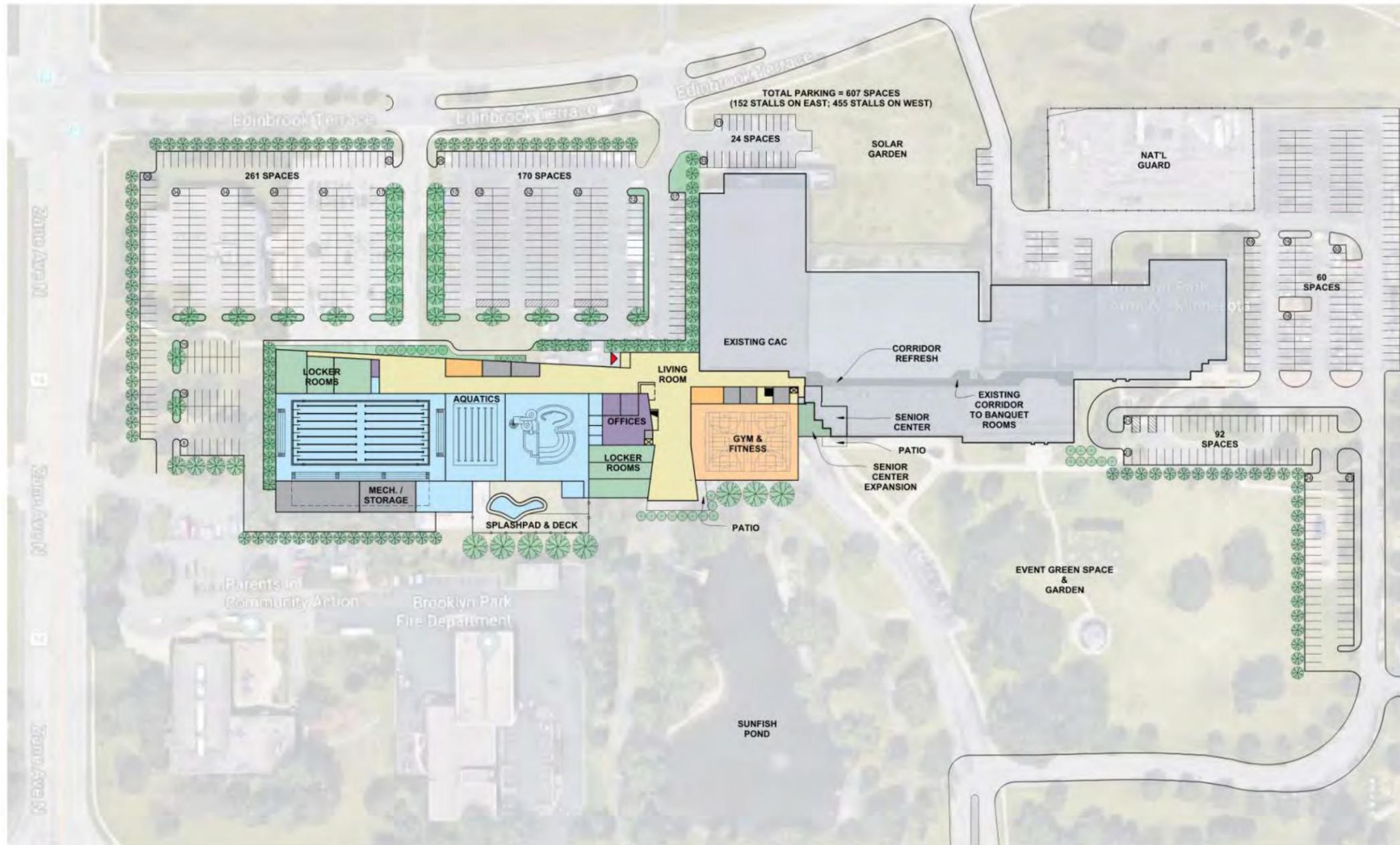
Other Improvements

Other improvements include renovation of existing ice arena lobby (2 levels), relocated/renovated senior center, relocated nature preschool, existing banquet corridor refresh, and site improvements (parking and removal of drive to existing main entry).

Gym/Fitness

Gym/fitness elements include a gymnasium with multi-purpose courts, a walking/running track, group fitness studios and open fitness space with cardio and weights.

CONCEPT OPTIONS



Option 3:
Family Aquatic Center/Gym/Fitness/50 Meter Pool at CAC

Project Construction Cost: \$41.4 M

\$18.7 Family Aquatics + \$ 4.9 Other Improvements
+ \$5.9 Gym/Fitness + \$11.9 50-Meter Pool

Family Aquatics

The family aquatics portion Includes a leisure pool with play features and a water slide, a six-lane lap pool, outdoor splashpad, locker rooms, party rooms, living room, and support spaces.

Other Improvements

Other improvements include renovation of existing ice arena lobby (2 levels), renovated/expanded senior center, existing banquet corridor refresh, and site improvements (parking and removal of drive to existing main entry).

Gym/Fitness

Gym/fitness elements include a gymnasium with multi-purpose courts, a walking/running track, group fitness studios and open fitness space with cardio and weights.

50-Meter Pool

50-Meter pool elements include a 50-meter by 25-yard pool, locker rooms, concessions, restrooms and office space.

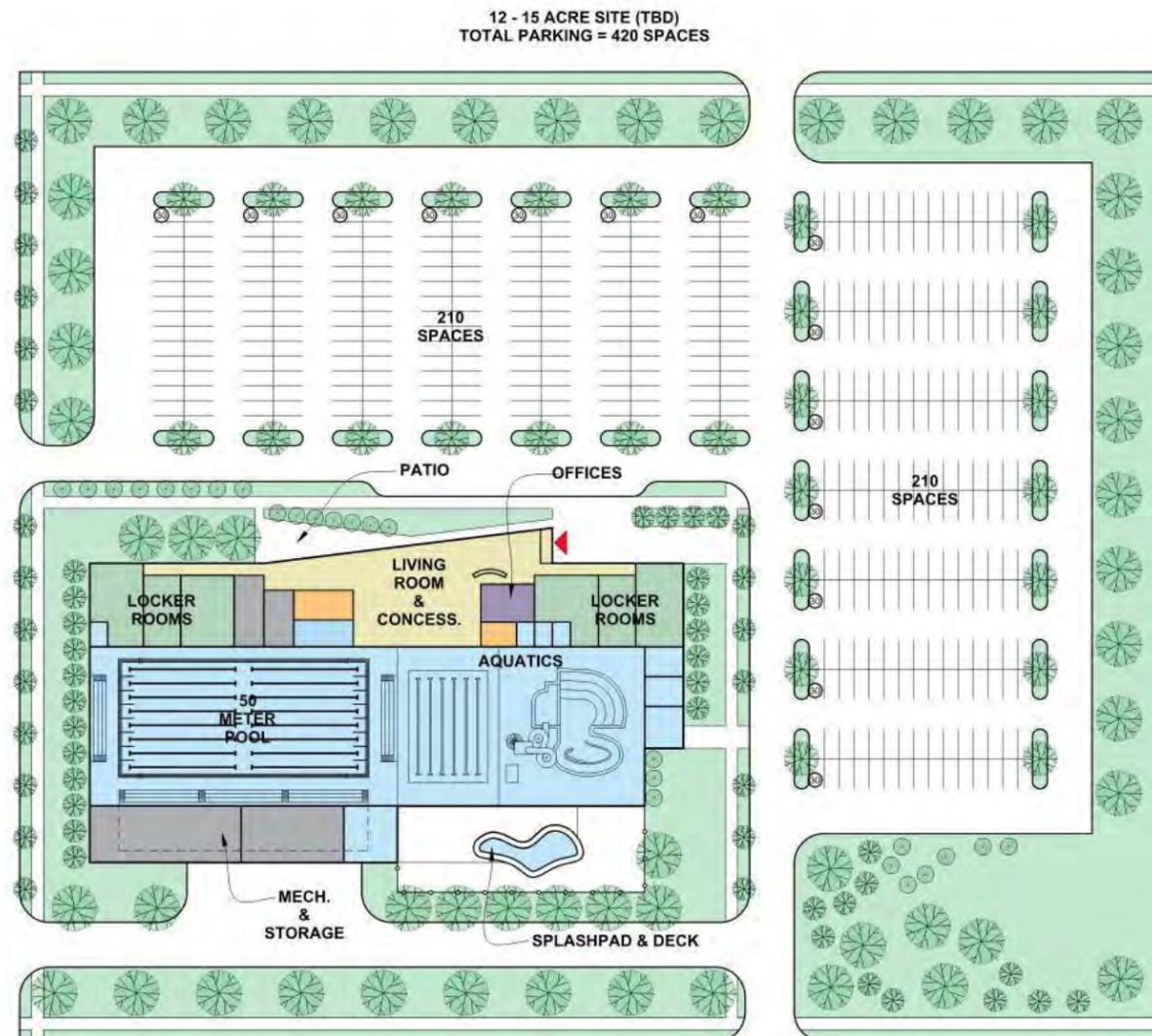
CONCEPT OPTIONS

Option 4: Family Aquatic Center/50 Meter Pool at New Site

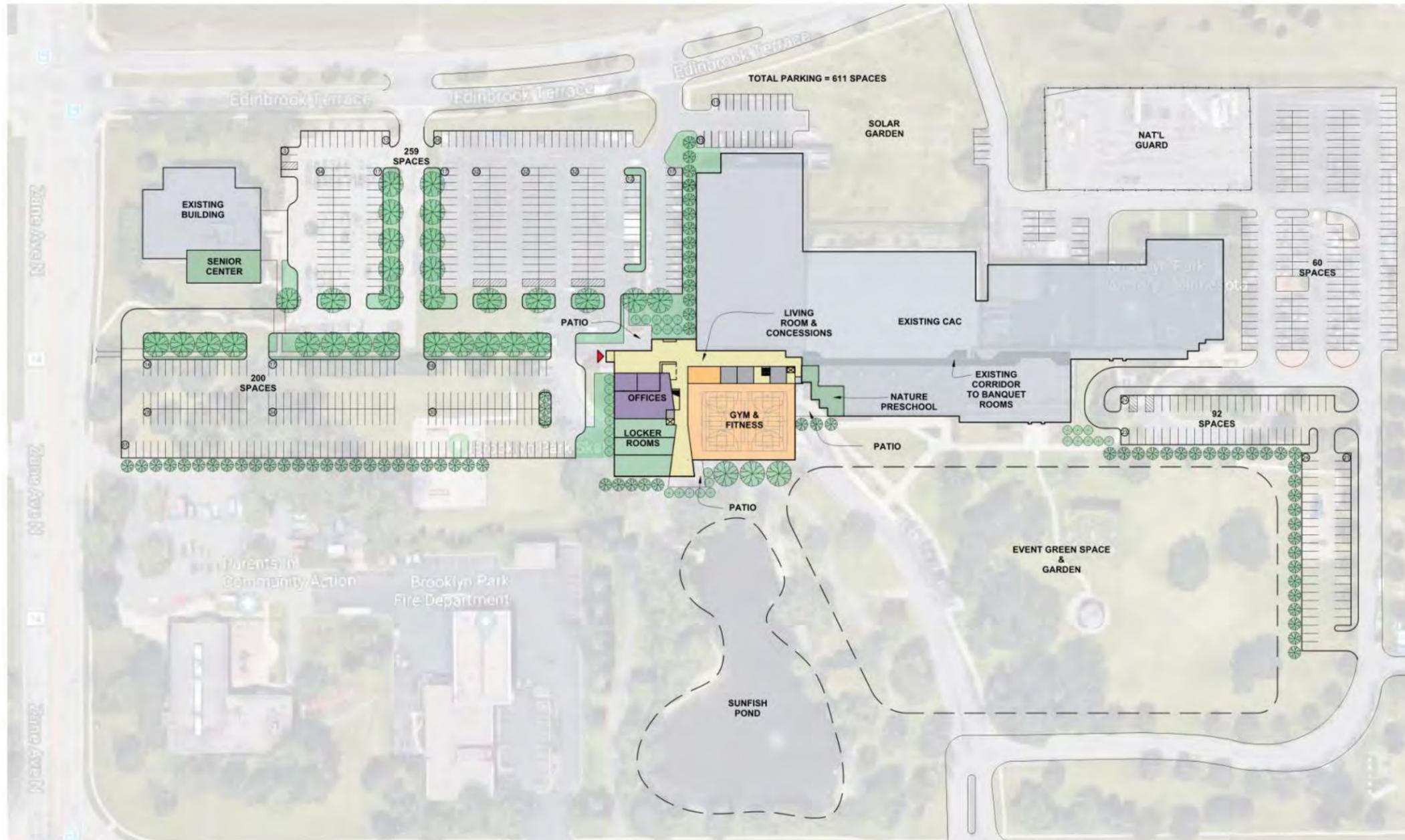
Project Construction Cost: \$31.8 M
 \$18.7 Family Aquatics + \$13.1 50-Meter Pool

Family Aquatics
 The family aquatics portion Includes a leisure pool with play features and a water slide, a six-lane lap pool, outdoor splashpad, locker rooms, party rooms, living room, and support spaces.

50-Meter Pool
 50-Meter pool elements include a 50-meter by 25-yard pool, locker rooms, training area, proshop, concessions, restrooms and office space.



CONCEPT OPTIONS



Option 5:
Gym/Fitness at CAC

Project Construction Cost: \$12.5 M
\$2.1 Other Improvements + \$10.4 Gym/Fitness

Other Improvements

Other improvements include renovation of existing ice arena lobby (2 levels), renovated/expanded senior center, existing banquet corridor refresh, and site improvements (parking and removal of drive to existing main entry).

Gym/Fitness

Gym/fitness elements include a gymnasium with multi-purpose courts, a walking/running track, group fitness studios and open fitness space with cardio and weights.

CONCEPT OPTIONS

Option 6: 50 Meter Pool at New Site

Project Construction Cost: \$24.5 M
\$24.5 50-Meter Pool

50-Meter Pool
50-Meter pool elements include a 50-meter by 25-yard pool, a 25-yard, 6-lane lesson/lap pool, locker rooms, training area, therapy pool with changing area, proshop, concessions, restrooms and office space.

