



April 27, 2023

John Hinzman, AICP  
Community Development Director  
City of Hastings  
101 4<sup>th</sup> Street East  
Hastings, MN 55033

## AGREEMENT FOR INVESTIGATIVE SERVICES BLOCK 28 TIF ANALYSIS

Thank you for the opportunity to submit our proposal to provide a TIF analysis for Block 28 in Hastings, Minnesota.

LHB is a full-service architecture, planning, and engineering firm with a total of 260 staff located in our Minneapolis, Duluth, and Cambridge, Minnesota, and Superior, Wisconsin offices.

Our Government Studio has extensive experience working with local governments on their planning, design, architectural and engineering needs. Having been personally involved on various city councils and planning commissions, I understand how cities function and the importance of maintaining the support of appointed and elected officials and community throughout the process.

Below outlines our previous experience, team credentials, and scope of services. This proposal, if approved, will service as the Agreement between LHB and Client.

### I. PREVIOUS EXPERIENCE

LHB has significant experience with a variety of inspection and facility assessment projects, including the analysis of over 380 TIF Districts. Some examples include:

- City of Columbia Heights TIF Inspection Services
- City of St. Paul TIF Inspection Services
- City of St. Anthony Village, NW Quadrant TIF Inspection Services
- City of St. Louis Park TIF Inspection Services
- City of Mount TIF District "1-2" Inspection Services
- City of Osseo TIF Inspection Services
- City of New Richmond (Wisconsin) TIF Inspection Services
- Minnesota State System Facility Assessments
- State of Minnesota Facility Assessments
- Property Condition Assessments for the St. Paul Department of Planning and Economic Development (Franklin/Emerald Neighborhood)
- Condition Surveys for every DNR Facility in the State of Minnesota, 2014



## II. TEAM CREDENTIALS

### **Michael A. Fischer, AIA, LEED AP – Project Principal/TIF Analyst**

With over 36-years of experience serving as a 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 (TIF) analysis assisting over 100 cities with strategic planning for TIF Districts. Michael is an LHB Principal and Leader of the Integrative Design Team and leads the Minneapolis office.

Michael completed a two-year Bush Fellowship, studying at MIT and Harvard in 1999, earning master's degrees in City Planning and Real Estate Development from MIT. He has served on more than 50 committees, boards, and community task forces, including City Council President in Superior, Wisconsin, Chair of the Duluth/Superior Metropolitan Planning Organization, and Chair of the Edina, Minnesota Planning Commission. Most recently, he served as a member of the Edina city council and Secretary of the Edina HRA. 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 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, a Certified Plant Engineer, and 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.

## III. SCOPE OF SERVICES

- 1. Survey the TIF District to Determine if it Meets Applicable Coverage Test**
  - a. To meet the coverage test, parcels consisting of 70 percent of the area of the district must be “occupied” by buildings, streets, utilities, or paved or gravel parking lots.
  - b. A parcel is not considered “occupied” unless at least 15 percent of its total area contains improvements.
- 2. Conduct Visual Review of Building Interior and Exterior**
  - a. Obtain property owner’s consent for inspection.
  - b. Document property conditions relative to Minnesota Statutes Section 469.174 Subdivision 10.
- 3. Estimate Building Replacement Cost**
  - a. Replacement cost is the cost of constructing a new structure of the same square footage and type on the site.
  - b. A base cost will be calculated by establishing the building class, type, and construction quality.
  - c. Identify amenities, which increase the value of the building over the standard construction quality level.
  - d. Review building permits for each parcel.
  - e. The base cost and cost of amenities will be totaled to determine the replacement cost for the property.
- 4. Evaluate Building Existing Condition**
  - a. Evaluate condition of the building based on Minnesota Statutes Section 469.174 Subdivision 10 definition of structurally substandard:
    - i. “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.”

**5. Determine Building(s) Code Deficiencies**

- a. Determine technical conditions, which are not in compliance with current building code applicable to new buildings.
- b. Provide opinion of probable cost to correct identified deficiencies.
- c. Compare cost of deficiency corrections to replacement value of building.

**6. Prepare and Deliver Report:**

- a. Full Redevelopment TIF Report
- b. Deliver final reports in .pdf format via Email.

**IV. ASSUMPTIONS**

1. The preliminary boundaries of the district are as follows:
  - a. Six buildings on 13 parcels and one ROW area in downtown Hastings, Minnesota.
  - b. Under this agreement, LHB will inspect four of the six buildings.
2. Client will provide the following:
  - a. A list of all parcels affected, including name of owner and current known business or resident name and address.
  - b. Available information regarding the requirements of the engagement, and reports on the condition of the structures.
3. LHB shall be entitled to rely upon the information provided by the Client.
4. A building is not considered structurally substandard if it is in compliance with building code applicable to new buildings or could be modified to satisfy the code at a cost which is less than 15 percent of its replacement cost.

**V. STANDARD OF CARE**

LHB shall perform its services consistent with the professional skill and care ordinarily provided by other professionals practicing in the same or similar locality under the same or similar circumstances. LHB shall perform its services in a timely manner consistent with the professional skill and care required for the orderly progress of the engagement.

Any report prepared by LHB represents a professional opinion based upon information available and arrived at in accordance with generally accepted professional standards. Other than as contained in the report, LHB makes no express or implied warranty.

Short of complete deconstruction to examine every element at every location, no assessment can reveal all conditions which may exist. Additional testing, assessment, or demolition may uncover conditions which would make it necessary to modify LHB's conclusions or recommendations.

Any report prepared for the purpose described in this Agreement is for the exclusive use by those to whom the report is addressed. LHB will not and cannot be held liable for the unauthorized reliance upon this report by any third party.

## VI. COMPENSATION

We propose to provide services on an hourly basis with the following key staff:

- Project Principal, Michael Fischer      \$290/hour
- Project Manager                              \$185/hour
- Project Architect/Inspector              \$165/hour
- Project Coordinator                         \$ 125/hour

Compensation shall be on an hourly basis, not to exceed Ten Thousand Two Hundred Dollars (\$10,200), including reimbursable expenses, for the inspection of the properties and Final TIF Report.

The cost to inspect four buildings and prepare four individual building reports, but not prepare a final TIF report at this time will not exceed Seven Thousand Six Hundred Dollars (\$7,600).

## VII. PAYMENT TERMS

Payments are due and payable upon receipt of our invoice. Unpaid balances 60-days after invoice date shall bear interest at the rate of 8% per annum or 0.67% per month on the unpaid balance.

Failure to make timely payment to LHB is a material breach of this Agreement and may, at LHB's sole discretion, result in a suspension or termination of services, and may, at LHB's sole discretion, result in the termination of the Client's limited license authorization to use LHB's copyrighted Instruments of Service.

## VIII. ADDITIONAL SERVICES

If there is a material change in the circumstances or conditions that affect the scope of work, schedule, allocation of risks or other material terms, LHB shall notify Client. Client and LHB shall promptly and in good faith enter into negotiation to address the changed conditions including equitable adjustment to compensation. The fees and costs for any additional services will be based upon LHB's 2023 Standard Hourly Rate Schedule and 2023 Reimbursable Expenses Schedule.

## IX. SCHEDULE

LHB can proceed to start the Work upon receipt of a signed copy of this Agreement.

The final report typically requires 30 to 45 days to complete from the time we are authorized to start. We can make preliminary conclusions prior to our full report being completed, if necessary, to allow other consultants and the client to begin their work.

## X. CONSEQUENTIAL DAMAGES

LHB and Client waive consequential damages for claims, disputes or other matters in question arising out of, or relating to, this Agreement.

## XI. LIMITATION OF LIABILITY

To the maximum extent permitted by law, Client agrees to limit LHB's liability for Client's damages to the sum of Ten Thousand Dollars (\$10,000) or LHB's fee, whichever is greater. This limitation shall apply regardless of the cause of action or legal theory pled or asserted.

XII. USE OF LHB'S DOCUMENTS

The documents prepared by LHB, including Documents in electronic format, are solely for use with respect to this Project. All Documents prepared or furnished by LHB pursuant to this Agreement are the Instruments of Service to the Project and LHB shall retain all common law, statutory and other reserved rights, including copyright. LHB grants to Client a nonexclusive limited license solely for the purposes of evaluating and executing the Project. Client shall not assign, delegate, sublicense, or otherwise transfer any license granted herein to another party.

To the extent the documents are transferred or are modified, supplemented or otherwise altered by Client, subsequent design professional, or any other party, Client agrees to indemnify, defend and hold LHB harmless for any claims, demands, damages or causes of action arising out of such transfer or modification, supplementation or alteration.

XIII. OTHER CONDITIONS

The laws of the State of Minnesota shall govern this Agreement. Any provision of this agreement later held to violate a law or regulation shall be deemed void. All remaining provisions shall continue in force.

Client recognizes that materials prepared by others may be subject to copyright protection and warrants to LHB that any documents provided by Client do not infringe upon the copyright held by another.

Unless the parties mutually agree otherwise, the parties shall endeavor to settle disputes by mediation. A demand for mediation shall be filed, in writing, within a reasonable period of time after a claim, dispute or other matter in question has arisen.

LHB and the Client, acting through the Client's legal representative, will, to the fullest reasonable extent, cooperate and coordinate efforts in preparing necessary responses to any third-party challenges to the inspections. The Client agrees to pay LHB its regular hourly rates spent as a result of a third-party legal challenge.

If the terms and conditions of this Agreement are acceptable, please sign and return a copy to LHB.

LHB, INC.



\_\_\_\_\_  
Signature

Michael Fischer

\_\_\_\_\_  
Printed Name

Its: Vice President

\_\_\_\_\_  
Title

CITY OF HASTINGS

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Signature

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Printed Name

Its:

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Title

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