REQUEST FOR PROPOSAL CITY OF DULUTH, MN

March 23, 2018

Waseca Industrial Road Extension- Design and Construction Phase

Project No.: 1108
State Aid Project Number pending

Bid Number: 18-0297

Proposals Due: April 11, 2018 1:00 PM, Local Time

PROJECT OVERVIEW

The City of Duluth is interested in retaining a consultant to provide design and construction services for the Waseca Industrial Road Extension project.

BACKGROUND

The Waseca Industrial Road Extension Project reflects a long- identified need for improved truck routing within a neighborhood that includes both industrial activity and residential/institutional properties. With anticipated industrial growth, truck traffic will increase. This project extends an existing mile long truck route an additional 2400 LF, utilizing existing city ROW, tax-forfeit parcels, a private property acquisition, and an unused BNSF rail spur. The City's Property and Facilities Management staff will handle property acquisition. The proposed alignment is attached as Exhibit A.

The street design will meet Municipal State Aid (MSA) urban standards, designed for industrial traffic. It is an anticipated that the street will be a minimum of 32 feet in width, bituminous pavement with concrete curb and gutter, and sidewalks. Rail removal and rail crossing replacements will be necessary. An environmental and archeological review will be required on this project. Consultant will be responsible for soil borings and geotechnical analysis.

Water main will be extended from 61^{st} Ave W to 63^{rd} Ave W (approximately 700 LF). Water main and sanitary sewer will be replaced under 63^{rd} Ave W (approximately 450 LF each). Natural gas main in 63^{rd} will be relocated separately by the City prior to construction if necessary.

The project will be constructed in 2019. The project will be funded through a Transportation Economic Development Infrastructure (TEDI) grant, MSA funds, and utility funds. The TEDI grant application is attached as Exhibit B.

The City of Duluth will provide the following:

- All available street and utility drawings from previous projects.
- Assistance in obtaining other related information in City files pertaining to the project if needed.

GENERAL PROJECT SCOPE

Consulting Engineering Services are expected to include all work necessary to provide final design including plans and specifications, permitting, environmental and archeological review, and bidding services, construction survey, construction administration and construction inspection.

All work shall be performed in accordance with the most recent version of the City Standard Specifications and Engineering Guidelines (available on the City of Duluth website.)

SCOPE OF SERVICES

1. Initial Site Visit and Consultations

a. The Consultant shall meet with City of Duluth representatives to review project scope and complexity, design criteria, related requirements, view existing conditions, gather

data from the City engineering files and previously prepared reports. Additional consultations shall, where necessary, clarify the technical requirements and objectives of the contract and may be in the form of meetings, letters, emails and/or telephone conversations.

- b. The Consultant shall provide documentation of meetings and data provided.
- c. The Consultant shall ascertain the applicability of information provided, review data for completeness, and notify the City of any additional data required. It shall be the responsibility of the Consultant to determine, by site inspection procedures, the reliability of existing drawings and information that they choose to reference.

2. <u>Survey, Geotechnical Exploration, Permitting, and Right-of-Way Mapping</u>

- a. The Consultant shall perform all field survey and data collection.
- b. The Consultant shall perform all necessary geotechnical exploration for design of the project.
- c. Consultation with regulatory agencies to determine required information for permit applications as it relates to the design and execution of the entire project will be required. The Consultant shall be responsible for permit applications that may be required of the City.
- d. A proposed alignment is attached to the RFP. If alignment changes are necessary during design, the consultant will identify the required right-of-way. The consultant will also be responsible to prepare the right-of-way documentation that will allow the City to acquire the properties or portions thereof identified as being needed for the alignment selected. The documentation and all required exhibits should be in a recordable form acceptable to the St. Louis County Recorder's Office.

3. <u>Plans and Specifications</u>

- a. The consultant shall prepare construction drawings as necessary to provide for the complete construction of the Waseca Industrial Road Extension project as detailed above, including construction and replacement of utilities. These drawings shall include all details, plans and specifications necessary for all work as required by appropriate approval agencies.
- b. The specification preparation shall also include appropriate sections for bidding, bonding, agreements, general and special provisions, and other appropriate contract provisions as well. These sections shall be developed in accordance with the City standards, which shall be made available to the consultant.
- c. The drawings shall include all necessary site maps, plans, elevations, sections, details, and notes as needed or necessary to adequately show, explain or describe all features of the project.

d. The contract drawing sequence shall follow the standard City of Duluth format. The drawings shall be prepared to meet all Municipal State Aid Standards.

4. Cost Estimate

Following the completion of the plans and specifications a quantity takeoff and a detailed itemized construction cost estimate for each individual phase of the project shall be provided.

5. <u>Project Bidding</u>

Upon completion of plans and specifications, the consultant shall provide all documents and services to provide for bidding and award for construction. The consultant shall answer any questions brought up during bidding and attend a pre-bid conference. This design phase shall be considered complete upon award of the project following bidding.

6. <u>Construction Administration</u>

Upon completion of plans and specifications, the consultant shall provide all documents and services to provide for construction survey layout, construction inspection, and project management for final completion and acceptance of the street and utility improvements.

Project Management Services provided by the Consultant shall include but not be limited to the following: contract management, State Aid documentation and reporting, progress reports, shop drawing review, testing and project management, including the completed record drawings and final records.

Construction services shall be based upon an assumed construction duration of 20 weeks.

7. Construction Inspection

The Consultant shall provide full time construction inspection services. The proposal shall be based upon 20 weeks of construction and a total of 60 hours per week of inspection.

8. Meetings and Public Participation

The Consultant should plan on leading:

- a. (3) three public meetings to coordinate and communicate design concepts and schedule with the residents and businesses.
- b. (3) three small group meetings with businesses to work through any design issues or concerns.
- c. An appropriate number of meetings with city and MNDOT staff to resolve design questions.
- d. Weekly on-site construction meetings, once work commences.

PROJECT COMPLETION DATES

March 23, 2018 RFP Issued April 11, 2018 Proposals Due

April 13, 2018 Selection of Consultant

April 23, 2018 Council Approval to Award Contract

June, 2018 Public Meeting

July 6, 2018 60% plans submitted for City review August 24, 2018 90% plans submitted for City review

Late August, 2018 Public Meeting

September 7, 2018 Plans and Specifications complete

September 7, 2018 Plans and Specifications submitted to State Aid for signature

October 3, 2018 Advertise for bids
October 24, 2018 Receive bids
May, 2019 Start Construction

October, 2019 Construction Completion
December, 2019 Submittal of record drawings.

QUALIFICATION PROPOSAL CONTENTS

The proposal shall be submitted in the following format broken into the 7 sections identified below. Proposals not following the specified format will not be review. No additional sections or appendices are allowed. The proposal shall be limited to 20 pages plus a cover letter (the page limit includes all resumes. Proposals that exceed this limit will not be reviewed. Dividers and covers are not included in the page limitation). The proposal format shall be as follows:

1. Goals and Objectives

A restatement of the goals and objectives and the project tasks to demonstrate the responder's view and understanding of the project.

2. Experience

An outline of the responder's background and experience with similar projects. Project descriptions shall include a list key staff and their role. Within the experience, the consultant should demonstrate and provide proof of competency in the following areas:

- New construction on Municipal State Aid projects
- Design and inspection of HDPE watermain projects
- Railroad experience

3. Personnel

Identify personnel to conduct the project and detail their training and work experience Identify how personnel proposed for this project were involved with the projects listed as experience. Identify office location of project staff. Identify a professional engineer registered in the State

of Minnesota who will oversee the overall project. No change in personnel assigned to the project will be permitted without approval of the City.

4. Knowledge of Duluth Requirements

Include a description of the firm's knowledge of City of Duluth street and utility standards.

5. Work Plan

Include a detailed work plan identifying the work tasks to be accomplished and the budget hours to be expended on each task and subtask for both roadway and utility design. The work plan shall be in spreadsheet format and shall list each task and the number of hours for each staff person on that task. The work plan shall also identify the deliverables at key milestones in the project as well as any other services to be provided by the City. The City staff intends to be actively involved with the project and three (3) status meetings held at City Hall are to be contained in the work plan in addition to any data collection or input/review meetings. Do NOT include any costs in the work plan.

6. Work Schedule

An anticipated work schedule shall also be provided. The work schedule shall identify all key milestone dates.

7. References

A listing of names, addresses and telephone numbers of at least three (3) references for whom the respondent has performed similar street and utility construction services.

COST PROPOSAL CONTENTS

Provide, in separate envelope, one copy of the cost proposal, clearly marked on the outside "Cost Proposal" along with the responder's official business name and address. Terms of the proposal as stated must be valid for the project length of time.

The consultant must include a not to exceed total project cost, as well as subtotals for design services and bidding and any sub consultant fees. The cost proposal shall include all of the following:

- A cover/transmittal letter
- A breakdown of the hours by task for each employee. This shall be in the same format as the work plan in the Qualifications proposal with the addition of costs.
- Hourly rates for each specific employee proposed. (not general rates by category)
- Identification of anticipated direct expenses and rates for miscellaneous charges such as mileage and copies.
- Identification of any assumption made while developing this cost proposal.
- Identification of any cost information related to additional services or tasks. Include this in the cost proposal, but identify it as additional costs and do not make it part of the total project cost.
- The Consultant must have the cost proposal/cover letter/transmittal signed in ink by an authorized member of the firm.
- The consultant must not include any cost information within the body of the RFP qualification proposal response.

SELECTION

The proposals will be reviewed by City Staff. The intent of the selection process is to review proposals and make an award based upon qualifications as described herein. A 100-point scale will be used to create the final evaluation recommendations. The factors and weighting on which proposals will be judged are:

•	Work Plan and Schedule	25%
•	Qualifications/experience of the personnel and company working on the project	20%
•	Understanding of the project scope	10%
•	Completeness of the proposal.	10%
•	History (completeness & timeliness, budget) of past work with the City of Duluth	10%
•	Project costs/fees	25%

Proposals will be evaluated on a best value basis with 75% qualifications and 25% cost consideration. The review committee will not open the cost proposal until after the qualification points have been awarded. Cost proposals will only be opened for the three top ranked firms.

SUBMITTAL DATE

Submit original and five (5) copies in an envelope marked, RFP 18-0297, Waseca Industrial Road Extension Project by 1:00 PM CDT, April 11, 2018 to:

Amanda Ashbach, Purchasing Agent City Purchasing Room 100 City Hall Duluth, MN 55802

CONTACT

All questions concerning the project shall be directed to:

Cari Pedersen, Chief Engineer of Transportation City of Duluth - Engineering Division 411 W. 1st Street, Room 211 City Hall Duluth, Minnesota 55802-1191 (218) 730-5091, FAX (218) 730-5907 cpedersen@duluthmn.gov

LIMITATIONS

This Request for Proposal does not commit the City of Duluth to award a contract or pay costs incurred in the preparation of the proposal, or to procure a contract for services or supplies.

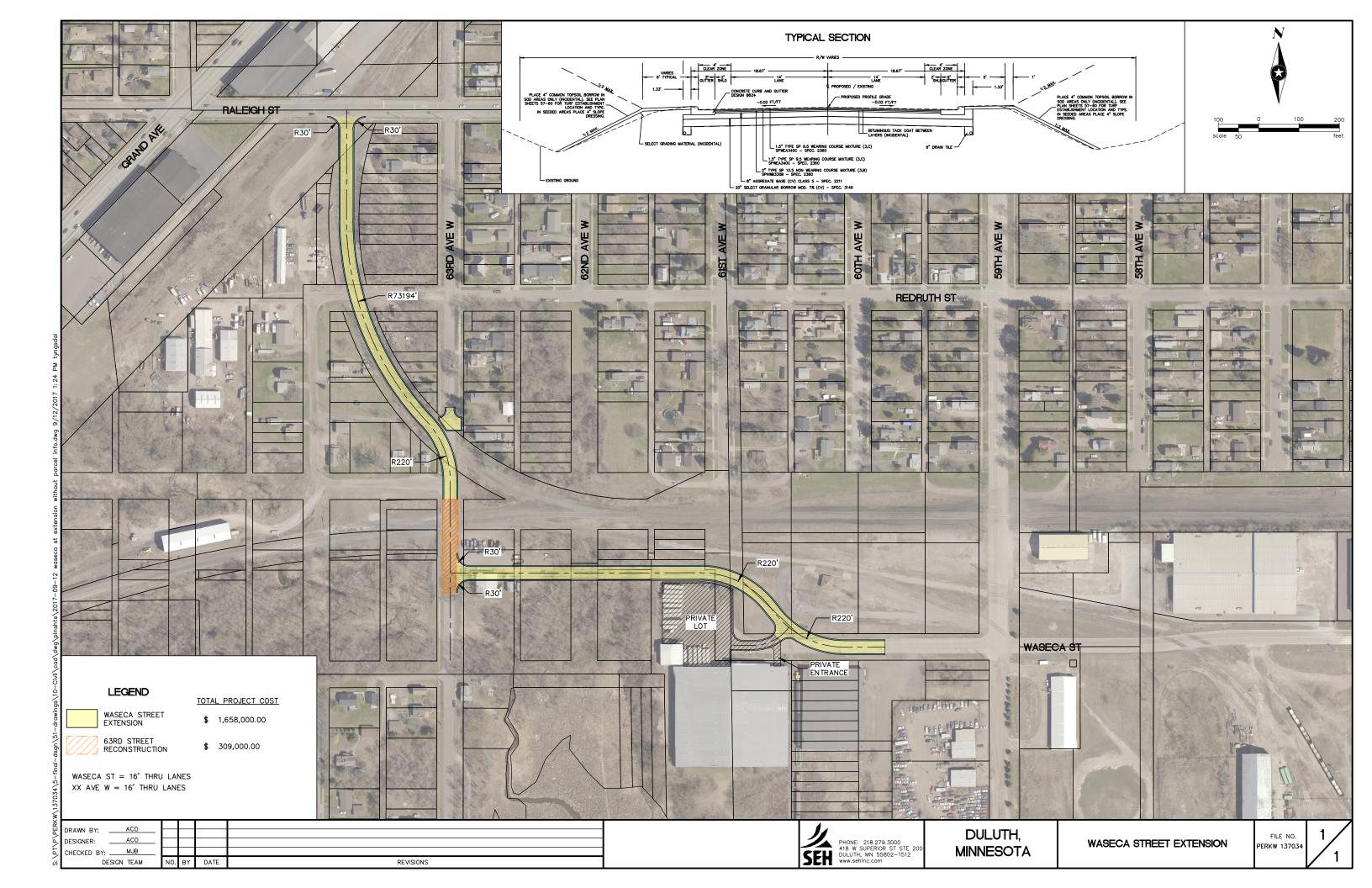
The Proposal shall not in any way include any restrictions on the City of Duluth. The Consultant shall NOT provide proposed contract language.

The City of Duluth specifically reserves the right to accept or reject any or all proposals, to negotiate with any qualified source, to cancel in part or in its entirety the Request for Proposal, to waive any requirements, to investigate the qualifications of any proposal, to obtain new proposals, or proceed to have the service provided in any way as necessary to serve the best interests of the City of Duluth.

The selected consultant must sign the City of Duluth standard Professional Engineering Services Agreement. Any questions concerning this agreement should be asked PRIOR to proposal submittal. These questions should be directed to Eric Shaffer in the City Engineering Office.

All materials submitted in response to this RFP will become property of the City and will become public record after the evaluation process is completed and an award decision made.

Prior to entering into an agreement with the city, the consultant shall furnish proof that it has all legal requirements for transacting business in the State of Minnesota.





Transportation Economic Development Infrastructure (TEDI) Program Application Cover Sheet

The Cover Sheet must be completed by all applicants requesting financial assistance.

Project Name:

Waseca Industrial Road Extension

Project Address
Or Location:

Waseca Industrial Road and Highway 23

DEED Request	\$1,657,688	MN House District	07B
Total Project Costs (not trunk highway)	\$2,280,993	MN Congressional District	8th

Applicant: City of Duluth				
Project Contact Person: Heidi Timm-Bijold				
Title: Business Resource Manager	Email address: htimm@duluthmn.gov			
Address: 411 West 1st Street	Phone: 218-730-5324			
City: Duluth	MN, Zip Code: 55802			
Minnesota Tax Identification Number: 41-6005105				
Federal Tax Identification Number: 8021696				

Are trunk highway funds being requested for a correlated trunk highway project through the Minnesota Department of Transportation (MnDOT) Transportation Economic Development (TED) Program? No

If so please complete the table below

MnDOT TED Request	N/A
Total Project Costs (trunk highway)	N/A

Transportation Economic Development Infrastructure (TEDI) Program Application

Project Summary

Provide a brief Project Summary that, at a minimum, includes the following:

Briefly describe the proposed project and justification for the need for funding. Please indicate how
your project meets program purpose and eligibility requirements.

The purpose of the TEDI Program is to "finance infrastructure that will create economic development opportunities and jobs while improving transportation systems". The Waseca Industrial Road Extension Project ("Project"), as proposed in this application by the City of Duluth, reflects a long-identified need for improved truck routing within a neighborhood that includes both industrial activity and residential/institutional properties. While improvements have been long-identified in both transportation and neighborhood studies, those improvements are increasingly necessary due to the organic industrial growth occurring within this West Duluth waterfront neighborhood—a neighborhood that includes the St. Louis River Interlake Duluth Tar (SLRIDT) Superfund site. As private sector growth occurs, it is critical that public infrastructure investment is made.

As noted, the proposed Project is located near the SLRIDT Superfund site as well as an active BNSF rail line and yard. Industries that historically located in this neighborhood along the St. Louis River included coking and by-product recovery, meat packing, iron-making, coke-oven tar refining, tar product manufacturing and manufactured gas production. This area was placed on both the EPA and MPCA Superfund lists in 1983 and 1984, respectively. Sediment cleanup in the river was completed in 2010; a majority of the land remediation is complete. With those efforts has come the availability of industrial property for redevelopment and the introduction of newer industrial operations that join those businesses that have been in operation for many decades. They are currently served by transportation infrastructure that has been "cobbled together" without consideration for efficiency and safety to best maximize the opportunities available from Interstate 35, State Highway 23 and the four Class I railroads that serve the Duluth/Superior Port.

That is particularly true of the current Waseca Industrial Road that was constructed in 1993.

Comprising a length of one mile beginning at the intersection of Central Avenue and Raleigh Street near I-35 and perched upon three bridges high above a creek and the BNSF rail yard, it dead ends just west of 59th Avenue West below the rail line. As a result of this dead end, trucks either return back onto Waseca to return to Central Avenue or—much more likely—cut through the residential streets of 59th Avenue West and Raleigh Street to return to either I-35 or Hwy. 23 (aka Grand Avenue).

FURTHER, this current infrastructure system, as described above, will soon experience a significant set-back to its already flawed design: Approximately two miles along the BNSF rail line to the south and west of the Project is the location of a scheduled development of tremendous impact to the City. Land assembly by a private developer over the past ten years has set the stage for an estimated \$40 million project comprised of housing and mixed-use construction as well as the establishment of a new City park for river access and state trailhead. Kayak Bay Road construction needs to cross the BNSF rail line. A condition imposed upon the City by the BNSF for this new crossing is the closure of the 59th Avenue West crossing at the Waseca Project site. Closure of 59th Avenue West will eliminate a secondary access to the industrial park. Whereas this application will document both the long-stated request by residents for its closure and its unsuitability for truck traffic, 59th Avenue West's closure also eliminates secondary access to the industrial park. In other words, the Project must be

constructed for an improved transportation system in support of current and future economic expansion at not one, but actually two locations.

The proposed Project will extend Waseca Industrial Road from its current terminus across several properties to 63rd Avenue West before then extending onto an unused rail spur and up to the Raleigh Street/Hwy. 23 intersection—thereby containing truck traffic to appropriately-suited roads designed and constructed for that purpose.

Please see Exhibit A, Maps and Photo Documentation:

- A.1: Project Location Map
- A.2.: Truck Routes: Existing & Proposed
- A.3: Waseca Industrial Road Extension: Proposed Route
- A.4: Photo Documentation of Current Conditions

Please see Exhibit B, Kayak Bay Road Project Overview

- **B.1:** Map, Current and Proposed Rail Crossings
- **B.2:** Kayak Bay Project Concept Rendering

Job Creation SEE NARRATIVE AND TABLE, BELOW

- Will the proposed project lead to private investment in job creation or job retention? Please explain.
- Does the proposed project result in new jobs to the state as a whole as opposed to relocating from one region of the state to another? If relocating within the state, please explain.
- Provide a narrative <u>and</u> complete the table below detailing what companies will be creating jobs, how many full-time equivalent jobs, types of positions, wages of the new jobs, and timing of job creation. Additionally, provide information on building and equipment investments.
- Provide information on any current operations the business(es) has in Minnesota. Including a brief history of the business(es).
- Explain how this infrastructure project correlates and is essential to attracting new businesses or expanding/preserving jobs of existing businesses.
- Assess and describe the level of confidence that the jobs projected to be created or retained will actually occur and on what timeframe.
- Provide support letters for businesses creating jobs that detail plans for growth.
- What opportunities will be lost if the proposed infrastructure project is delayed or rejected?

<u>Direct feedback from seven existing businesses in or near the Waseca Industrial Park provides</u>

<u>evidence that the Project will result in both job retention as well as job growth—all of which are jobs</u>

<u>new to the state of Minnesota</u>. Table A indicates, as found on the following page, the Project will:

- o Retain 453.5 FTE jobs
- o Create 104.0 FTE jobs
- Retain/Create jobs with an average annual salary of \$56,112
- Support Investment of \$13 million in Building and Equipment Expenditures
- o Service an Additional 110,000 SF of Building Footage Within 1-7 Years

TABLE A

IABLE A								
Company	# of Jobs	# of Jobs	# of Jobs	Types of Positions Added	Avg. Wages	Building & Equipment Cost	Building & Equipment	Building Sq. Footage
	(FTEs)	(FTEs)	(FTEs)			Equipment cost	Completion Timing	(additional by
	in	by	long-				completion rining	2022)
	<u></u> 2017	2022	term					<u> </u>
			<u> </u>					
IPS Cranes-	21.5	28.0	30.0	Machinists, Welders, Shop	\$50,590/annual	\$2,500,000	3-5 years beginning	30,000 SF
-Duluth				Help			2018-19	
Verso	<u>255.0</u>	<u>263.0</u>	<u>263.0</u>	Technicians	\$64,584/annual	N/A	N/A	N/A
North	25.0	45.0	60.0	Office Administrator,	\$66,500/annual	\$2,500,000	2018	<u>5,000 SF</u>
<u>Shore</u>				Management, Railroad				
<u>Track</u>				Laborers, Railroad				
<u>Services</u>				Equipment Operators ,				
				Welders, Mechanics,				
				Machinists, Locomotive				
				Engineers				
<u>Moline</u>	82.0	<u>82.5</u>	90.0	Engineers, Machinists,	N/A	N/A	N/A	N/A
Machinery,				Welders, Assemblers,				
<u>LLC</u>				<u>Electricians</u>				
<u>Loll</u>	<u>63.0</u>	<u>115.0</u>	<u>115.0</u>	Production (CNC	\$39,000/annual	\$5,000,000	2019-2020	50,000 SF
<u>Designs</u>				Operators, Furniture				
				Assembly, Shipping), Sales				
				& Customer Service				
HDPE	<u>7.0</u>	12.0	N/A	Sales, Warehouse, Design,	\$50,000/annual	\$2,000,000	2019 - 2020	25,000 SF
<u>Supply</u>				Accounting				
<u>Walsh</u>	28.0	40.0	50.0	Production, Drivers, Sales,	\$40,000/annual	\$1,000,000	Contingent upon	N/A
				Clerical			acquisition of rail	
							<u>spur</u>	
TOTAL	<u>481.5</u>	<u>585.5</u>	608.0		\$56,112/annual	\$ 13,000,000	2018-2024	110,000 SF

This Project application focuses upon seven current business operations along and/or near the current and extended Waseca Industrial Road. They are:

IPS CRANES began operation in 1988 when a group of employees from American Hoist combined their talents and established a small company called IPS. Their service and manufacturing facility is located at 530 South 59th Avenue West in Duluth. It is a custom crane manufacturer of locomotive and crawler cranes that offers a full line of quality OEM replacement parts, repair, rental fleet, repair/rebuild services, custom manufacturing, and more. Its Duluth facility is a full-service repair, rebuild and manufacturing facility with track running into the building that is serviced by all major railroads. In fact, IPS manufactures, refurbishes and repairs the 2,000 rail-based cranes that are used to maintain the 76,000 bridges that connect 233,000 miles of track in America's domestic rail network. They were featured on the "World's Greatest" TV show in May 2017. Their Duluth expansion revolves around their patent-pending IPS Metro Crane, a metro subway crane already garnering interest from as far as away as Germany and India. www.IPSCRANES.com.

Verso Corporation is a leading North American producer of printing papers, specialty papers and pulp. The Duluth Mill began operating as Lake Superior Paper Industries in 1987 and was a joint venture between Minnesota Power and Pentair, Inc. The M.L. Hibbard Steam Station, unused since the 1970s, was then recommissioned to provide steam needed to make paper. In 1993, the Duluth recycled pulp mill—built by Minnesota Power—was added to the paper mill. The Duluth Mill encompasses 90 acres and has the capacity to produce about 270,000 tons of paper per year. www.versoco.com

North Shore Track Services (NST) was established in 1991 as a full-service engineering, construction, maintenance and track inspection company for the rail industry. The company was built from the ground up by engineering and rail professionals from multiple industries, resulting in design and construction excellence ranging from industrial rail spurs to shortline and mainlines, from the oil industry to the mining industry, and beyond. NST is relocating its corporate headquarters office to 710 59th Avenue West to consolidate with its operations facilities. This is due, in part, to NST's partnership with Hallett Dock Company—the property owner of the expansive "59th Avenue Peninsula" within the SLRIDT Superfund site—to form the Hallett Railroad Storage facility. NST believes their core business services within the Project area may more than double in upcoming years. www.northshoretrack.com

Moline Machinery LLC was founded in 1945 by Harry Moline upon receipt of the patent for the hexagonal rotary donut cutter. Expansion of the product line into sheeting and dough processing systems for industrial and commercial use carried the business to 1972 when it was acquired by the Pillsbury Company. Integration into this major corporation broadened Moline's international presence and added the Industrial Frying Line which is manufactured by Moline to this day. In 1991, the company became privately held again and operates as Moline Machinery LLC. In 1995 Moline purchased the industrial product line from Donut Corporation of America (DCA) increasing market share in the industrial donut equipment business. Moline continues to be the only turnkey supplier of high volume yeast raised donut systems in North America. Moline continues to provide custom engineered solutions to the world's largest food companies. Specialties include high volume dough forming, sheeting, proofing, and frying systems that operate in excess of 25,000 pounds of dough per hour. In March 2012, Moline opened its new Customer Innovation Center in Duluth, MN. This facility features two multi-purpose sheeting/laminating systems, belt proofer, sweet goods proofer, donut fryer, and tunnel oven. www.moline.com

Loll Designs is located at 5912 Waseca Street. Loll is a designer/manufacturer of durable, all-weather, outdoor furniture and accessories made with recycled plastic – mostly from single use milk jugs. Using thoughtful, original designs and unique materials, Loll creates innovative, fun and high quality products proudly crafted in the USA. As an example, an estimated eight recycled milk jugs go into each pound of a Loll Adirondack Chair, which equals about 400 milk jugs per chair. Loll's history dates back to 1997 with the creation of TrueRide, a design and build contractor specializing in custom municipal skate parks. The TrueRide crew designed, built, installed and serviced more than 400 custom skateboard parks across the nation and abroad during a 10 year period. Eventually, three companies have spun out from TrueRide: Epicurean Cutting Services, Loll Designs (2007) and Intectural. Loll relocated from its original Duluth location to the Project area in 2014, where 60 employees design and manufacture product distributed by established retailers and contract furniture sales to resorts, hotels, etc. Since its inception in 2007, Loll revenues have increased by 28% annually. Due to that sustained growth, Loll is planning an expansion at their Waseca site within the next 1-3 years. www.lolldesigns.com

HDPE Supply is a locally-owned company founded by Dan Delmore in 2008. The company distributes High Density Polyethylene (HDPE) pipe, fitting and welding equipment to over 600 companies throughout North American. Power companies and municipal utilities are the customer base. Originally operating out of his garage and then other scattered locations, annual growth at the rate of 350 – 500% necessitated the consolidation of its distribution, fabrication and office operations. HDPE Supply is now located at 715 South 59th Avenue West in a recently-constructed 7,200 SF facility within the footprint of the SLRIDT Superfund site. The site was remediated with assistance from the DEED Cleanup grant program, to include remediation of an area soon slated for a 20,000 SF building expansion. www.hdpesupply.com

Walsh Building Products has been serving Minnesota, Wisconsin, Michigan and Canada with high quality windows and doors for over 60 years. Their commitment to quality is seen in every aspect of their operations. As a long term, stable employer in the West Duluth area, Walsh Building Products continues to strengthen their position in the market by adding a new product line of economically priced windows. Manufacturing this new line of product will result in growth from 28 employees in 2017 to 40 employees by 2022. In order for this growth to occur, the City would need to acquire the BNSF spur directly behind their facility so Walsh could increase their manufacturing facility footprint. www.walshwindows.com

All seven of the above-described companies have provided letters of support of this Project application as well as current and projected growth data. Their letters clearly articulate the need for more efficient and safe transportation linkages to both support their current business activities as well as enhance their planned expansions. Please see Exhibit C, Company Profiles and Their Letters of Support.

With respect to the question of the Project's correlation with new business recruitment, and how the absence of the Project would negate such opportunities: Whereas the previous narrative focuses upon existing businesses within the Project area, we cannot overlook the vacant land available for redevelopment. Excluding the land included in the previously-described expansion plans of the existing area business, there remains no less than 40 acres of land available for redevelopment. The Business and Economic Development staff of the City field requests on an almost daily basis for available land and buildings throughout the City. Without doubt, the greatest need is for industrial and/or commercial land that can accommodate warehousing, distribution and manufacturing. This Project area, with its proximity to Hwy. 23, I-35 and U.S. 2 towards Wisconsin, is well-positioned to meet that demand. City staff has already partnered with EPA and MPCA staff over the last several years to carve-out some of this available property from Superfund status so that other EPA tools can

be deployed to assist in site redevelopment. Yet another barrier that needs to be removed is that of inefficient and unsafe traffic circulation.

Please see Exhibit D, Potential Markets, for letters from the Director of the Duluth Seaway Port
Authority (DSPA), from the President and Chairman of Hallett Dock Company (the largest property
owner in this area) and from a local commercial realtor attesting to the value this Project brings to
meet land demand.

Improvement to the Transportation System to Serve the Project Area

There is a tremendous amount of context and documentation that has led up to this application request for financial support of the proposed Project that must be provided before responding to DEED's list of questions.

As previously noted, Waseca Industrial Road was constructed by the City in 1993 as called for in the 1987 West Duluth Plan as adopted by Council. It is our current understanding that the road terminated where it did due to lack of a design solution and funding. Its lack of full connectivity to Hwy. 23/Grand Avenue quickly became a negative issue to the neighborhood as the new road fell short of providing the connectivity that neighboring business required.

Hence, the 2001 Duluth-Superior Area Truck Route Study concluded: "Connect Waseca Industrial Boulevard to Grand Avenue to provide another truck entrance to the Waseca Industrial area." Six years later the City's Comprehensive Plan update called for a Master Plan of the Western Port Area Neighborhood, defined largely as the Irving and Fairmount neighborhoods, in recognition that it was an evolving area that required thorough review of its transportation, housing and land use. The 2008 West Duluth Community Neighborhood Revitalization Plan called for the "development of Phase 2 Waseca Street Industrial truck route to eliminate through truck traffic in (the) neighborhood". This recommendation was once again highlighted in the 2010 Irving Sustainable Neighborhood Action Plan. Unlike the previous documents, the 2010 document laid out actionable steps to accomplish the road extension. For example, it recognized that the road could not be extended directly from point of termination to Hwy. 23/Grand Avenue due to topography and wetlands. Rather, the recommendation included acquisition of the BNSF spur. Interestingly, it also called for the closure of 59th Avenue West above the rail line.

Please see Exhibit E, Planning Documents, for excerpts of the following:

- **E.1:** Duluth-Superior Area Truck Route Study (2001)
- **E.2:** City of Duluth Comprehensive Land Use Plan (2006)
- E.3: West Duluth Community Neighborhood Revitalization Plan (2008)
- E.4: The Irving Sustainable Neighborhood Action Plan (2010)

Also refer to Exhibit H, Metropolitan Interstate Council Planning Documents

Two things occurred in 2012 that set the stage for today's proposed Project:

• City staff commenced work on a TED application for the road extension. They concluded that without further study of the *technical* issues associated with the project, it would be premature to proceed. Rather, we recognized that we needed to identify a source of planning money so that we would be prepared for a future TED application opportunity.

• The 500-year flood in June 2012 changed the landscape in many areas of Duluth, with the Irving neighborhood hit especially hard. The flooding of Keane Creek devastated Irving Park; it also took out a segment of the BNSF spur. Due to lack of industrial use of that spur, it remains unusable.

Based upon the above chronology, the City applied for, and was awarded, a \$200,000 EPA *Area-Wide Brownfield Planning* grant in 2015 that focused upon the Western Port neighborhoods. Led by the firm of Perkins + Will, in partnership with Toole Design Group, Tangible Consulting Services and SEH, the 18-month planning process wraps up next month. Called the "Irving Fairmount Brownfields Revitalization Plan (IFBRP), this masterfully-conducted process has been steeped in baseline research, stakeholder and public engagement, and analysis of best practice. We are currently reviewing 24 recommendations pertaining to Transportation, Development, Open Space/Placemaking and Housing in order to identify priorities and steps to implementation. The IFBRP study has maintained a keen eye on the recommendations from previous studies/reports for the extension of Waseca Industrial Road and, once again, community and business support prevailed. Further, this Project is a high priority of City Administration and City Council.

<u>Please see Exhibit F, Irving Fairmount Brownfields Revitalization Plan, for select planning documents that precede the Final Report.</u>

• Describe how the proposed infrastructure project enhances the safety of the transportation system.

The proposed Project will redirect truck traffic away from less safe routes. The current designated route for trucks originating in the Waseca Industrial Park is to follow Waseca Industrial Road to the intersection of Raleigh Street and Central Avenue. At this intersection, trucks are to turn right or northbound onto Central Avenue where they can access I-35. In order for trucks to avoid turning into the oncoming southbound lane of Central Avenue, they must make a tight right turn. This has led to several trucks tipping their load in recent years due to the severity of the turn. The alternative truck route as proposed in the Project will allow larger trucks or those with challenging loads to avoid a currently unsafe truck route.

The proposed Project will provide an alternative ingress and egress for trucks accessing the Waseca Industrial Park. This alternative route will distribute truck traffic onto multiple designated truck routes, thereby decreasing the volume of trucks on any particular route and reducing conflicts with other vehicle types, pedestrians, and cyclists.

The proposed Project will reduce truck traffic along non-designated truck routes through the Irving neighborhood. Currently, with only one designated truck route, truck traffic often utilizes non-designated truck routes through residential portions of the Irving neighborhood. This creates conflicts with residents traveling to and from their homes and approximately 300 school children going to and from the Raleigh-Edison Charter School. In trucks avoiding the Raleigh Street/59th Ave West area there will be less total traffic and therefore a presumed reduction in accidents (Exhibit B – Crash Data).

Describe how the infrastructure project improves the movement of people and goods.

The IFBRP calls for increased economic development in the Waseca Industrial Park due to the supply of available land for development and the momentum created by recent business expansions and investments. A market study conducted as part of this planning process revealed that the Waseca Industrial Park is an attractive location for many types of industrial uses because of its proximity to I-35 and Hwy. 23, major arterials that provide connections to

both local and non-local destinations. The proposed Project will provide a second ingress and egress for trucks accessing the Waseca Industrial Park which will enhance access to this area increase its attractiveness as a location and its ability to support additional economic development for both local neighborhoods and the greater Duluth-Superior region.

The proposed Project will significantly reduce truck traffic on routes better suited for non-commercial vehicles, pedestrians, and cyclists. In fact, upon the completion of the Project, State-Aid status will be removed from Raleigh Street and placed upon Waseca Industrial Road. Once truck traffic is reduced/eliminated along Raleigh Street and 59th Avenue West, the IFBRP calls for improved streetscaping, sidewalks, and bicycle facilities to help facilitate movement of people to local destinations. At the same time, these improvements will aid in making the residential portions of the Irving neighborhood more attractive to new residents and spur reinvestment into the local housing stock.

 What is the current and projected average daily traffic at the site of the proposed project for all vehicles?

As part of the IFBRP, traffic counts were collected for portions of Raleigh Street that would be impacted by the proposed Project. The counts reported an average of approximately 1,800 vehicles/day, with an hourly maximum of 171 vehicles per hour at 4:00 PM. It should be noted that the Project area located is located just off of the I-35 corridor that serves between 34,000 – 47,000 vehicles daily; Hwy. 23/Grand Avenue serves between 8,300 - 15,100 vehicles daily.

 What is the current and projected average daily traffic at the site of the proposed project for heavy commercial vehicles?

In addition to total vehicle counts, the IFBRP included an assessment of heavy truck traffic along a portion of Raleigh Street immediately east of Grand Avenue that would be impacted by the proposed Project. The analysis concluded that heavy vehicles not including buses comprised 15% of the daily traffic (1,800 vehicles), which is high compared to a 2%-5% average for a "typical" urban collector street. Therefore, the Waseca Industrial Road extension has the potential to divert over 250 heavy vehicles from Raleigh Street.

Additional analysis of traffic counts along Raleigh Street for the IFBRP yielded the following conclusions: During the AM peak hour, trucks comprised 23% of total traffic (21 trucks out of 89 total vehicles), most of which were traveling eastbound. During the PM peak hour, heavy vehicles comprised 18% of total traffic (29 trucks out of 161 total vehicles). Slightly more trucks were traveling westbound than eastbound in the PM peak hour. On average, one truck traveled on Raleigh Street every 3 minutes during the AM peak hour and every 2 minutes during the PM peak hour. During field observation, the heaviest noted truck movement was from southbound on Grand Avenue to eastbound Raleigh Street. This represents an extraordinary and excessive truck utilization of an urban street.

Please see Exhibit G, Traffic Data.

Describe how this project directly correlates to described job creation and increase in tax base.

The Irving and Fairmount Brownfields Revitalization Plan identifies significant underutilized tracts of land (40+ acres in the planning area, which does not include the adjacent SLRIDT superfund site) available for commercial and industrial development that are accessible to the

existing Waseca Industrial Road. Additional truck routes that provide a safer and more direct route to nearby arterials will enhance the development potential of these underutilized sites. Moreover, existing businesses in the areas currently served by the Waseca Industrial Road have been expanding in recent years due to the locational benefits of this part of Duluth. However, continued business expansion and new development will likely be dampened without increasing and/or enhancing the accessibility of heavy commercial vehicles. Moreover, the areas currently served by the Waseca Industrial Road have rail access and potentially port access, which make the area highly attractive for the storage, transfer, and manufacture of a variety of goods and materials.

• Is the proposed project consistent with relevant local, regional, state, and federal transportation planning guidelines and standards? (Applicants are encouraged to consult with MnDOT regional staff, Area Transportation Partnerships and/or Metropolitan Planning Organizations in developing proposals.)

The proposed Project is identified in the IFBRP as a key recommendation for improving economic development, transportation safety, and overall quality of life. The recommendation was built upon previous neighborhood planning efforts extending back more than 20 years in which an extension of the Waseca Industrial Road had been envisioned. The final report will be brought to City Council by the end of 2017 for approval and will be incorporated into the Comprehensive Plan updated document upon its approval in early 2018.

A planning project occurring parallel to our IFBRP project is an EPA-funded Superfund Revitalization Initiative (SRI) project. Unlike the IFBRP, its focus is exclusively on the SLRIDT Superfund site and specifically, its eventual reuse. Maximized use of that site will be predicated upon well-thought out infrastructure.

The Project is also consistent with recommendations from our Duluth-Superior Metropolitan Interstate Council (MIC), which is the transportation arm of our regional planning agency.

Over the last two decades, the MIC has generated several studies and reports that recommend this Project. In addition to the Duluth Superior Truck Route Study cited in Exhibit E, there is also the Duluth-Superior Landside Port Access Study (2000) and the Connections 2040: Long-Range Transportation Plan (2014). The latter named the lack of Waseca Industrial Road connectivity to Hwy. 23 as an "Identified Network Gap" and as an "unfunded need".

<u>Please see Exhibit H, Metropolitan Interstate Council Planning Documents and Letter of Support</u>

• How ready is the project to proceed? Explain status of engineering, permitting, right of way acquisition, and other required necessary preconstruction tasks.

Pre-engineering has been provided by SEH under the contract with Perkins + Will for our EPA-fund IFBRP project; this has been done specifically with this TEDI application in mind. Engineering will commence in earnest upon the City's award of a TEDI grant. That is true for permitting tasks as well.

The City's Property and Facilities Management (PFM) staff have begun informal discussions with property owners from which we will require ROW easements; as with Engineering, those easements will be formalized in early 2018. We anticipate three acquisitions: several tax-forfeit parcels; a private property acquisition; and the unused BNSF spur.

The spur has been internally discussed for several years, and more recently PFM staff have broached the topic with the BNSF. The City has ordered a "Yellow Book" appraisal from the Ramsland and Vigen

firm as the basis for negotiation. The spur holds value to several City departments, to include Parks within the Department of Administration, Engineering within the Department of Public Works/Utilities, and the Duluth Economic Development Authority (DEDA). We all understand that if a portion of the spur is needed for a singular project, the railroad will require the purchase of it in entirety. We have experienced this before: In the late 1990s, City Engineering/Public Works needed a short segment of an abandoned Soo line for the realignment of a street. The railroad required us to purchase the entire abandoned line of about four miles. In that instance, DEDA purchased it and then sold it to either the City (for its realignment project), to adjacent businesses who could expand their footprint, as well as to retain ROW for the City's Cross-City Trail. In other words, the City/DEDA has demonstrated capacity to acquire rail property to maximize opportunities. In the case of this BNSF spur, it would be utilized in support of this Project in addition to the City's trail system and to future business expansion opportunities along the spur, such as the project referenced in the letter of support from Walsh Building Products.

Increase in Local Tax Base

Describe how the project will increase the community's tax base. Please include a total projected
tax base increase and how long it will take to accomplish that growth. Provide evidence (letters from
city/county assessor) and amounts and comparison from previous tax year. Tax base increase should
be calculated with projected businesses in place and not with bare lots.

Based upon the capital investment amounts provided from businesses, there is an anticipated increase of 110,000 square feet of warehouse/industrial space within the next 5 years. Based upon the attached letter from Saint Louis County Assessor's Office, this would be an increase of \$2.75 million - \$3.85 million in Estimated Market Value and an annual increase of \$100,000 - \$140,000 in generated property taxes.

Please see Exhibit I, Letter—St. Louis County Assessor's Office

Private Investment

What amount of private investment is being made by the businesses locating or expanding (not
including investment in public infrastructure project)? These figures should match those from
TABLE A.

\$13,000,000

- What level of private investment is being made in the actual transportation/public infrastructure project and what form is that investment being made? Please provide what form that private investment is being made (Examples include cash, land donation). Please provide status of the private investment that includes commitment letters and other documentation.
 - \$27,629 in the form of donated ROW easements from three property owners and removal of a rail siding. Please see the letter in Exhibit C from Greg Benson, Loll in which he references his free conveyance of the majority of ROW easement needed as well as removal of the rail siding.
- What percentage of the project is being funded by private sources? 1%

Leverage of Nonstate Funds

What nonstate funds are being invested in the transportation/public infrastructure project (outside
of the trunk highway)? Are those funds committed? If not please explain the process and timing of
that commitment.

There is no trunk highway funding in the defined Project. In addition to the private Project money described above, the budget includes \$49,718 EPA funding from the IFBRP planning process and free conveyance by St. Louis County of tax forfeit property valued at \$85,400.

There is an additional non-state match from the City in the amount of \$16,000 that is NOT included in its cash match to this grant; this additional City match is the cost of the appraisal order for the acquisition of the BNSF rail spur.

- What percentage of the infrastructure project is being funded by nonstate funds? 27%
- Is there a funding gap? If, so provide an explanation of how that funding gap will be filled and the level of confidence in that plan.

If fully-funded by DEED, we anticipate no funding gap.

Project Budget

Please fill out TABLE B and include all costs for the non-trunk public infrastructure costs. Please include the source of each expenditure and if the source is committed. Provide an additional narrative of the commitment level and timing of commitments. Provide documentation of funding commitments. If this project is part of a larger project that includes trunk highway work, please keep that budget separate. If needed, complete TABLE C if there is an aligned project in the trunk highway.

TABLE B – Non-trunk Highway Project Budget

Please see Exhibit J, Table B

TABLE C – Trunk Highway Project Budget

Project does NOT include Trunk Highway funding.

Please provide the following:

 A resolution from the local unit of government authorizing the application and pledging necessary leverage.

See Exhibit K, Council Resolution

- Provide maps showing city boundaries, the location of the proposed development, the location
 of the proposed public infrastructure improvements, including types of improvements, etc.;
 See Exhibit A, Maps and Photo Documentation
- Provide evidence that all permit approvals and/or status from necessary agencies (i.e. MN
 Pollution Control, Department of Health, Dept. of Natural Resources, etc.) have been obtained;
 See Table D for the Proposed Schedule that calls for permits to be acquired July September 2018.
- Provide status of engineering documents;

See Table D for the Proposed Schedule that call for Engineering to be completed in September 2018.

- Construction start and end dates of the project;
 See Table D for the Proposed Schedule that calls for construction June November 2019.
- If site is not owned at time of application, provide date of acquisition or annexation. Provide letters of commitments to acquire and/or annex the site;
 See Exhibit J for the Proposed Schedule that calls for Easement and Property Acquisition to be completed during March July 2018. Refer to Exhibit J.3 for Acquisition Commitment Letter from the City's CAO, Dave Montgomery.
- Letters of commitment from the new or expanding business; Contact information for the
 business and/or businesses: (name, title, address and phone/fax number, etc.). If there is a
 parent company, provide evidence that they support the expansion.
 See Exhibit C, Company Profiles and Letters of Support.

Provide Evidence of Community Support/Permitting

- This would include, but is not limited to, neighborhood meetings, planning commission approval, city council approval and MnDOT support.
- Provide documentation indicating the project is consistent with all applicable comprehensive plans, zoning ordinances, etc.

Extensive community engagement during the Irving and Fairmount Brownfields Revitalization Plan process yielded significant support for the proposed project. The IFBRP was initiated in spring 2016. Input from key stakeholders was solicited through four methods:

- 1. A Project Advisory Team met monthly to provide critical advisory input throughout the planning process. This group consisted of representatives from the Duluth-Superior Port Authority, St. Louis County Department of Public Health, Duluth LISC, St. Louis River Alliance, MN Brownfields, and the EPA. This advisory body regularly raised the importance of enhancing connections to and from the Irving neighborhood as being essential to both the economic and social well-being of residents and stakeholders alike. This group was supportive of a Waseca Industrial Road extension.
- 2. A Stakeholders Group consisting of business owners, neighborhood groups, and other agencies affected by the IFBRP met on three occasions to weigh in on a plan vision and provide feedback on various recommendations. In each case, enhanced connections to support increased economic activity were highly rated. When a specific recommendation for a Waseca Industrial Road extension was presented, the Stakeholders Group strongly approved of the concept and only provided minor alterations to preliminary concepts in the interest of mitigating its impact on adjacent property owners.
- 3. Duluth city staff made numerous efforts to go directly to certain stakeholder groups in order to solicit their input on plan recommendations, including the proposed project. Groups that were met with included the Economic Development Authority Technical Advisory Committee, an Irving and Fairmount business owners' focus group, a focus group of Raleigh-Edison Charter School parents and teachers, the West Duluth Parks and Trails Association, the Valley Youth Center. The business oriented groups supported the proposed project because of its ability to improve access to the Waseca Industrial Road business district. The school and neighborhood groups supported the proposed project because it would reduce truck traffic near the

Raleigh-Edison Charter School and thus be safer for students getting to and from the school.

4. A public meeting was held in September 2016 in which attendees were invited to weigh in on important transportation and economic development issues. This meeting did not present specific plan recommendations for attendees to react to.

Nevertheless, there were strong themes among the feedback related increased economic opportunity and safer streets with comments specific to the current volume of truck traffic along streets not designated as truck routes.

Please see Exhibit L, Community Support, for letters from the West Duluth Business Club and the Duluth Edison Charter Schools Raleigh Academy.

Project Timetable

Please provide a projected timetable to complete the road and infrastructure project in a format similar to TABLE D.

TABLE D – Project Timetable

Activity	Start mm/yy	Finish mm/yy
Initial Engineering	9/17	9/17
Easements Acquired	3/18	7/18
Resolution Approved	3/18	3/18
Engineering	3/18	7/18
Declaration for public property	7/18	7/18
Permits Acquired	7/18	9/18
Project Specifications	7/18	9/18
Out for Bid	10/18	10/18
Bid Close	10/18	10/18
Award Contract/Notice to Proceed	12/18	12/18
Project Construction	6/19	10/19

	Waseca Street Extension					
		Proposed Schedule				
ID	Task Name	2018 2019 20				
1	Easement and Property Acquisition					
2	Resolution Approved	•				
3	Engineering					
4	Declaration for Public Property					
5	Project Specifications					
6	Out for Bid/Bid Close					
7	Permits Acquired					
8	Award Contract/Notice to Proceed					
9	Project Construction					

Additional Required Program Information

- Resolutions: A resolution indicating city's approval and the commitment of local matching funds from the governing body of the municipality in which the site is located. (A blank resolution has been attached for your convenience). You may choose to re-format this resolution but make sure to include all of the statements that appear in the resolution.
 NOTE: Statutory Cities must authorize the mayor and clerk to execute all contracts on the resolution. (Attachment 1).
- **Declaration:** The legal description of the site where TEDI funds will be used must be provided on the attached Declaration as the Declaration will need to be recorded if the application is approved for funding. This is a requirement of General Obligation Bond funds (Attachment 2).
- State Prevailing Wages: As per Minnesota Statute 116J.871, Subdivision 4, "Notification: A state agency shall notify any person applying for financial assistance from the state agency of the requirements under subdivision 2 and of the penalties under subdivision 3."
 - Subdivision 2 reads, "Prevailing wage required. A state agency may provide financial assistance to a person only if the person receiving or benefiting from the financial assistance certifies to the commissioner of labor and industry that laborers and mechanics at the project site during construction, installation, remodeling, and repairs for which the financial assistance was provided will be paid the prevailing wage rate as defined in section 177.42, subdivision 6."
 - Subdivision 3 reads, "Prevailing wage; penalty. It is a misdemeanor for a person who has certified that prevailing wages will be paid to laborers and mechanics under subdivision 2 to subsequently fail to pay the prevailing wage. Each day a violation of this subdivision continues is a separate offense."
- Resolution is attached as Exhibit K. A separate resolution will be executed at the time of a grant agreement.
- The City of Duluth has submitted Declaration documents to DEED on numerous, previous G.O.
 Bond-funded projects and will do so for this project upon securing all ROW easements and/or acquisitions.
- State Prevailing Wage: The City, by ordinance, enters into Project Labor Agreements on all City infrastructure projects greater than \$150,000, thereby exceeding Prevailing Wage requirements for this Project.