

Heritage Preservation Commission
June 13, 2022 Meeting Minutes
Council Chambers – City Hall

1) Call to Order and Roll Call

Vice-President Jessica Fortney called to order the meeting of the Heritage Preservation Commission (HPC) at 12:00 p.m. on Monday, June 13, 2022.

Attendance:

Attending: Stacey DeRoche, Jessica Fortney, Brandon Hartung, Jess McCullough, and Sarah Wisdorf

Absent: Ken Buehler and Mike Poupore

Staff Present: Steven Robertson

2) Public Hearings

PL 22-090 Proposed Demolition of 102 East Superior Street (F.K.A. Astoria Hotel) – Steven Robertson gave an overview. Structure was built in 1905 and is a contributing structure to the downtown historic district. MN EAW rules state demo or movement of historic structures requires approval from the HPC, or an EAW, 106 review, or SHPO action. The application came in on May 18, 2022. Five items of correspondence were received and were shared with the commissioners in their packet. There is significant fire damage on the third floor of the building. Current owners bought the building in 2017 and have been plagued with the structure's history of lack of maintenance. There are no plans for a parking lot. They would like to demo the building for future development. According to the applicant it is more economical to tear down the building, then it would be to repair the structure. If the HPC makes a motion to approve, they will still need to get a wrecking permit from construction services. Any motion should have a reason behind it.

Applicant: Ann Stratioti addressed the commission. She is with ZMC Hotels. They operate local hotels, and have offices in Duluth. They refer to the building at 102 East Superior Street as the Bullseye Building. The site was purchased in 2017 as a good place for future development. Tenants were given month to month leases except for Huckleberry's which got one-year lease. The purchase of land for future development is not uncommon in the hotel industry. Early in 2021 one of the two water mains was leaking underground. The summer of 2021 major sewer issues were discovered and along with the needed roof and exterior repairs, it made them reconsider their plans for the building. The best course of action was to take it down. Major cracking and deterioration occurred. They have no intention of building a parking lot or ramp. Once the building is removed, they need to cap the dirt to prevent erosion. The cost of the building is valued at \$750,000. The cost to repair the building would be \$2.4 million. They feel the building is beyond its useful life and respectfully ask the UDC to consider their proposal and to note any future build would need to be approved by the HPC.

Bill Burns, legal counsel for the applicant, addressed the commission. He has lived in Duluth for most of his life. He has been involved in historic projects throughout Duluth. He feels with or without historic tax credits, he doesn't think it is feasible to save this building. The current owner did not allow the building to deteriorate. He requests that the commission authorize the demo of this building.

Commissioners: Stacey DeRoche has questions, but she would like to hear from the public first.

Public: Lori Melton of 4623 Gladstone Street addressed the commission. She is a member of the Duluth Preservation Alliance Committee. She is opposed. The Historic Art and Theater district was created in 2015. The Astoria hotel is in the middle of a historic district, and used to house three tenants who have been displaced. She urges the commission to deny the applicant's proposal and save the Hotel Astoria.

Miles Ringsred of 435 Leicester Avenue addressed the commission. He is an attorney in town for the Pastorette, and knows about the environmental laws that protect the building. There is either an EAW that is required, or the alternative is allowing the HPC to approve the process. He feels the process is according to city process and not state process. Several criteria need to be addressed by this commission; including mitigation. He has not seen evidence of this. He thinks the public should have time to review the documents, and it is just being put on the record today. He finds this concerning. He feels it will affect the historic district. Many contributing buildings have been destroyed including the carter hotel, the oriental grocery, and the Hacienda. If the city continues to allow developers to willy nilly tear down historic district buildings. The historic district itself is in jeopardy. Economic reasons itself doesn't warrant tearing down a building.

Bob Berg of 1051 84th Ave W addressed the commission. He is also a member of the Duluth Preservation Alliance Committee, and has been interested in Duluth history and architecture all of his life. He noted the building was built by a famous architect, and believes it is an important building to the downtown fabric. If the owners don't think repair is feasible, he hopes they will sell it to someone who does think repair is feasible.

Rod Raymond of 227 Fairmont Street addressed the commission. He owns the Fitgers Brewhouse, and restored the burrito union, which isn't a historic building, but is 105 years old. Also, the old Carlson book store, which now houses Black List Brewery. He is quite involved with Duluth's historic structures. He noted the condition of the old Carlson book store was horrible, but by using historic tax credits he was able to restore it. The smartest thing he could have done with all his buildings was to tear them down. He thinks restoration of the Old Astoria hotel is possible, and getting 40% back from tax credits is awesome. Putting up a vinyl hotel would just be horrible. He would like the HPC to slow down and take a look at the historic value. The historical vibe would be gutted if they lose this structure. He is opposed to demo of the building.

Linda Peplinski of 4231 Luverne Street addressed the commission. She is opposed. She doesn't agree with the attorney's view that this is an unsafe building for homeless people. She said the owner caused this situation by letting their tenants go.

Commissioners: DeRoche visited the building last week. It definitely needs work. She has some concerns. She thinks the owner selling it to someone who didn't want to save it was unfortunate. She agrees with Raymond's points about it is more economical to tear it down, but isn't always the best decision. She doesn't think ZMC has looked into purchasing tax credits to save the building. She is concerned about the re-districting. She also is leery about not seeing a future plan. The amount of money to shore it up will have to be done regardless of the outcome tonight. Stratioti disagreed and said as long as the building is standing, it does not have to be shored up. DeRoche thinks more needs to be done to offer the building to someone who wants to save it.

Jess Mccullough asked if the owner who purchased it in 2017 realized it was a historic district. Stratioti noted she knew it was an arts and entertainment district, but not necessarily a historic district. Duluth Marine Supply Building – didn't come in until 1935. Mccullough asked if the building is destroyed what is the plan? Stratioti stated there isn't a plan on paper yet, but thinks the original idea was to put a hotel there. The site has not been profitable. They will either need to build something, or sell it. Their intent is not to sell it.

Sarah Wisdorf asked staff why an EAW is not needed. Per Robertson, this is the first or second (mentioned Hacienda) historic structure demo to be handled this way. Staff was unaware of the gravity of demo in the national historic district. The process now includes four options: 106 review, ask SPHO to remove from the district, an EAW or CLG (HPC) review it. An example in the commissioners' packet showcases the city of Northfield and their hotel. Staff did not receive a comment back from SPHO. If the item is tabled, a reason needs to be shared. Wisdorf asked if they vote to approve demo, could they make conditions regarding taking pictures and giving landmark recognition. Robertson will research if conditions could be made.

Mccullough asked if the applicant has a ballpark figure of what a new building would cost. 2.4 million does not include replacing concrete floor or bringing the building up to ADA standards and doesn't include any interior work. She estimates 5-6 million to restore the building. They would never see a return on investment for that price. Even with tenants in there, the building was operating at a loss. If they decide to add a hotel in the future, it could cost as much if not more, but their return on investment would be better, because they would have more rooms to rent out and would get top dollar for events like Grandma's Marathon.

DeRoche asked how much of the 5-6 million dollars could be mitigated by tax credits? Burns noted tax credits are good, but it doesn't just come off the bottom line. DeRoche noted it all seems a big blurry. They are getting conflicting information from other historic building owners like Raymond. Robertson noted the state tax credit is sunseting this month. Vice-President Fortney noted historic preservation is her day job, and her hobby. She is on this board because she cares. Historic Districts are great, and even if a structure is non-contributing, it is still important. They still need to change their language. They need to support their contributing structures and she doesn't want to see this historic district delisted. Restoration would bring it back to 1905. She considers this a rehabilitation project to bring it back to 2015 when it was listed.

Fortney feels this is demolition by neglect. The owner needs to keep up with maintenance. She feels the city and this commission needs to stand up here. She reiterates a language change is needed for local landmark status, the national register, contributing and non-contributing buildings. They want to move forward with rehabilitation. She thinks the fire damage could be repaired and the fire was part of the building's history, which needs to be promoted. Demo doesn't fit in Duluth's greener plan. Bricks and metal going into landfill is not ideal. The greenest building is one that is already built. She would like to see the applicant hire an HPC specialist. They need to adhere to the future Historic Downtown Guidelines. Stratioti noted they tried to get the roof replaced in 2020, but due to the pandemic, things shut down. The roof continued to deteriorate. They asked a salvation expert to see what was worth salvaging, and they didn't see anything worth keeping. They would welcome reuse of the building if someone would be interested. She noted Raymond did a wonderful job on the Oliver Inn, but spent 2 million. To make it into a boutique motel she has no idea what that would cost. She will work on those numbers, if that is what is requested.

MOTION/Second: Wisdorf/Mccullough table for: 1) More information from staff on the EAW, 2) More specific numbers from the applicant on repairs, 3) Feedback from SHPO and 4) Is there mitigation they can request as a condition of dem.

VOTE: (5-0)

3) Consideration of Minutes

April 11, 2022 Regular HPC Meeting

MOTION/Second: Fortney/Wisdorf approved the minutes with a minor edit on a typo

VOTE: (5-0)

4) Communications

Minnesota Historic Tax Credit Ending June 30, 2022 – Per Vice-President Fortney – There is more talk that is could come back in September. Current requests will be grand-fathered in.

City of Bemidji seeking input on Historic Commissions – Bemidji would like to include members who are invested in the city, but don't live in the city. Fortney asked commissioners to look it over, and maybe they can draft a letter for the next HPC meeting.

5) Report of Final Disposition of Matters Previously Before the Commission –

Lincoln Park Improvement Project MOA – Cliff Knettel city senior park planner addressed the commission and gave an overview. They are getting close to finalizing the plan and having it go out for bid. The MOA (Memorandum of Agreement) will go to the city council tonight, and will be routed for signature from all parties. They are pursuing the listing on the national register.

MOTION/Second: Wisdorf/DeRoche approved the Lincoln Park Improvement Project MOA

VOTE: (5-0)

6) Reports of Officers, Staff and Committees

Wisdorf gave an overview of the planning commission's next meeting. They will be voting on the need for a Lester Park EAW.

7) Consideration of Matters Regarding Commission Action

None at this time.

8) Other Business

None at this time.

9) Adjournment

Meeting adjourned at 1:30 p.m.

Respectfully,

DocuSigned by:
Adam Fulton
6F120D73DC4F4F5...

Adam Fulton – Deputy Director
Department of Planning and Economic Development