



REQUEST FOR COUNCIL ACTION

AGENDA DATE: November 25, 2024
AGENDA ITEM: Consider approval of a Building Permit Agreement
PREPARED BY: Rob Mattei, Director of Community Development

BACKGROUND:

The Commercial Energy Code within the Minnesota State Building Code was amended by the State in 2023 and became effective on January 5 of this year. Those changes would significantly increase the construction cost of the redevelopment of the former Ainsworth OSB plant by HWY 35.

However, because the design of the HWY 35 project was substantially in progress before January 5th, the City Building Official, with guidance from the Department of Labor and Industry Construction Codes Division, was able to apply the previous Energy Code requirements in the review and approval of their building permit application.

Recently HWY 35 has decided to re-bid the project utilizing a different general contractor.

The attached Building Permit Agreement provides HWY 35 the opportunity to preserve the projects status under the previous Energy Code by the City issuing the permit prior to 12/31/24 while also allowing HWY 35 the ability to re-bid the work to hopefully obtain better construction pricing and thus a corresponding lower cost to the building permit fee.

The City will re-approve the permit with Hwy 35, LLC as the applicant rather than the previous general contractor. This re-approved permit will be for the same work valuation of \$91,248,404, and accordingly the fee will be identical also.

HWY 35 will pay for the permit so it will be “issued”, per 1300.016., Subp 7, prior to the end of this year. This permit issuance will sustain the applicant’s design and construction under the pre-January 5, 2024 Commercial Energy Code.

The City will hold the permit fee in “escrow” at the City, less the State Surcharge portion, for a period of up to year end of 2026 or when the entirety of the work under the issued permit is re-bid, whichever occurs first.

The City will confirm the value/amount of the re-bid work by receiving sworn construction statement(s) from the new general contractor.

When all of the work has been re-bid and the new valuation of the work is determined, the City will re-calculate the cost of the Plan Check Fee and Permit Fee portion of the Building Permit Total Fee based upon the new valuation and refund to Hwy 35 LLC any remaining funds, or in the case that the project cost increases, pay the additional cost to the City.

REQUESTED COUNCIL ACTION:

Make a motion to approve a Building Permit Agreement