



City of Saint Paul

15 West Kellogg Blvd.
Saint Paul, MN 55102

Minutes - Final

Legislative Hearings

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Tuesday, March 28, 2023

9:00 AM

Room 330 City Hall & Court House/Remote

9:00 a.m. Hearings

Remove/Repair Orders

- 1 **RLH RR 22-55** Ordering the rehabilitation or razing and removal of the structures at 1366 FREMONT AVENUE within fifteen (15) days after the October 26, 2022, City Council Public Hearing.

Sponsors: Prince

Order building removed within 15 days with no option to repair unless Wells Fargo submits a commitment letter on their decision to remove or repair the property.

Sam Coleman, Trott Law o/b/o Wells Fargo, appeared via phone

Moermond: I was just hearing from Mr. Yannarely and Mr. Zane we've had no communication about doing that Code Compliance Inspection. When we spoke mid-February you indicated your team was going in and completing the junk-out.

Coleman: Yes. The final order for default judgment was entered March 1. That was the last defendant to be adjudicated in the judicial foreclosure. We have a sale date scheduled for June 13 and approval to move forward with a 5-week redemption which would put title in Wells Fargo's name on July 18. Wells Fargo did get bids and are having Pods delivered and has approved bids to have a crew to put personal property into the pods to complete an inspection. Yesterday Wells Fargo said due to the amount of snow they couldn't get the pods in. They are scheduled for the 30th to have them delivered. I don't know if that is feasible based on weather. Progress is being made. I understand everyone wants to see this move more quickly. My optimistic assessment is if they can get the Pods there by the 4th of April the personal property could be removed and then the City can do inspections.

Moermond: Wells Fargo got the estimate cost on rehab is recommending rehab?

Coleman: they haven't said.

Moermond: I've been looking for that answer from you for months. It is tiny and compromised structurally because of its hoarded condition. If Wells Fargo could land the plane on rehab versus removal it would be helpful. We have been helping you since the beginning of October in this room. Here we are in March and we don't even

have it cleaned out. I heard when we last met a ton of garbage had already been removed. Help me out here.

Coleman: I have recommended this to Wells Fargo and informed them we need to get a contractor in to do an assessment. I think the problem is, there is ton of personal property there still and a contractor can't conduct an accurate estimate of costs.

Moermond: that's not a City problem. That is your problem. If we can't do an inspection it doesn't matter one way or another to us, it just tells us you can't do the rehab plan. My job is to abate the nuisance condition, by way of rehab or demo. I'd like to help you if you landed the plane on rehab or demo but you haven't done that. A professional should be able to look and say yes, let's save that and develop it. What is the ability to get someone to look at it and say one thing or another?

Coleman: I don't know. It seems like it should be easy. Wells Fargo has a policy and procedure they are following, obviously.

Supervisor Joe Yannarely: do you think you could commit to having it cleaned out in a period certain?

Coleman: delivery of 2 pods has been approved and bid for moving the property has been approved. Had we gotten more warm weather I think those pods would be there now. I am certain it will be cleared out in 3 weeks.

Moermond: we have a cement driveway going up to the house. The idea they couldn't deliver pods seems to be able to be solved with a bobcat. Am I wrong?

Coleman: I don't know.

Moermond: it is frustrating to continue to hear these statements when similarly situation properties have moved forward with a decision to work off of. I will look for a commitment from Wells Fargo, one way or another, in writing. This goes to Council April 12 and we can discuss which path. I know it would be nice for them to assess without the personal property being there. But this hasn't been the most practical approach throughout. Hopefully this can be a wakeup call to them to figure things out sooner versus later. Happy to work with you but this really---when we don't hear from you for six weeks and we don't know where things end up, it isn't in a reasonable space anymore. The City Council may look at this differently than I do. But I need Wells Fargo to decide.

Coleman: sure.

Referred to the City Council due back on 4/12/2023

2 [RLH RR 23-1](#)

Ordering the rehabilitation or razing and removal of the structures at 46 FRONT AVENUE within fifteen (15) days after the February 8, 2023, City Council Public Hearing. (Amend to grant to 180 days)

Sponsors: Balenger

Grant 180 days conditioned upon submission and approval of subcontractor bids & schedule and PD posted.

*Lenna Gnatyk, daughter of owner, appeared
Petr Gnatyk, owner, appeared*

Rashad Kennedy, purchaser, appeared

Moermond: I've had a chance just now to review the documents. Starting with the purchase agreement which I'm going to call the contract between you the City needs to approve. We talked a couple of weeks ago about the addendum and at that point I voiced concerns that it described concerns about a closing date that could proceed a completion of the rehab or leave you hanging, depending on how it played out. So, if the Council grants 180 days before the work, and it says June 1 is closing, it puts you in a confusing position. This replacement addendum and it does eliminate the concern I had about the closing date listed but we do have a section of the purchase agreement, the facilitator services agreement", indicating it starts November 2023. This has to do with whether the broker is facilitating the sale?

Kennedy: yes, correct. I had a realtor help draft that agreement.

Moermond: I saw in another location you're compensating her either way for her time.

Kennedy: correct.

Moermond: any comments from City staff?

Yannarely: I'll defer to you on the legalese, but the numbers match up and proof of funds.

Moermond: and this is a \$41,000 purchase with a modest amount of earnest money. I'm thinking this still doesn't make you whole but it helps.

Petr Gnatyk: yes. It is ok.

Moermond: it is better, not the best. Got it. The next thing is the estimate you provided. Mr. Yannarely said the dollar amount seems reasonable. I agree. I know you are a general, Mr. Kennedy. I'm wondering who your subs are and do we have contractor bids? You put the amount of money in the statement, but no supporting information.

Kennedy: I have in house people on the payroll.

Moermond: your employees are doing the electrical?

Kennedy: no, I have subs. I oversee it and am responsible. But yes, they pull their own permits.

Moermond: how did you arrive at these estimates?

Kennedy: I've done thousands of these.

Moermond: so spit balling based on experience?

Kennedy: I'd like to think I'm accurate.

Moermond: you probably are, but I'd like to see a contractor commit to a particular price, or price range. We have Mr. Clint Zane here, what are your thoughts?

Zane: is that number inclusive of the trades permits?

Kennedy: yes.

Zane: that seems like a reasonable ballpark, yes.

Moermond: would it suffice for you to know who the contractors were or do you want a bid to support that number?

Zane: I don't think we need a bid. The number is close enough, unless you think differently.

Moermond: my thinking is if this was a Category 2 and going through sale review. Mr. Humphrey would require them?

Yannarely: yes.

Kennedy: and I've just never provided separate ones.

Moermond: let's just do that. I trust you are probably spot on, but just so I have names and a commitment from trades contractors. I know it is higher level than a Category 2 but it is because of where it is at.

Yannarely: there is some excess in the checking account to cover any overages.

Moermond: and the affidavit commits only the \$115,000. The money looks ok. No issues with that as long as the subs come in where you think they will. I think we have what we need. I think you can turn those around quickly?

Kennedy: I hope so. A lot of them are small teams so they take a few days.

Moermond: how fast do you want to start?

Kennedy: right away.

Moermond: I'm asking because I have April 5 but I'd want to see the bids by Monday the 3rd at the latest. If you feel like you can do that, great we can get a Council vote. Otherwise, we can do the 12th.

Kennedy: let's aim for the 5th

Moermond: I will look for those by close of business Monday. 5 business days.

Kennedy: perfect.

Moermond: and if you need a little cushion I will ask them on Wednesday to push it a week to give you some additional time. We do need a schedule as well. Whatever your intention is, when is rough in. The grant of time is six months, sounds like you don't think you'll need it which is great. Write it as you see it happening.

[Moermond gives background of appeals process and need to testify at Council]

Referred to the City Council due back on 4/5/2023

LOEB STREET within fifteen (15) days after the March 22, 2023, City Council Public Hearing. (To refer back to March 28, 2023 Legislative Hearing)

Sponsors: Brendmoen

Layover to LH April 11, 2023 at 9 am for further discussion. Purchasers to submit a timeline/schedule for demolition and preconstruction of site.

*Heidi Hovis, attorney o/b/o MN Department of Housing, appeared
Ermias Mekonnen, purchaser, appeared
Eyob Gedrekistos, purchaser, appeared*

Moermond: are you two partners? Under a business or LLC?

Mekonnen: no, we're just partnering on this.

Moermond: are you generals?

Mekonnen: I am.

Moermond: we are going to walk through what the City will be looking for. You are aware you are buying a property with a pending order to remove and repair.

Hovis: we do have a purchase agreement including the addendum about the requirements of a Category 3 with the caveat MN Housing be treated as FHA. In the meantime, they got bids which came in higher than they intended, so they are now looking at demolition August 2023 to coincide with building. We are wondering when the State could transfer ownership and sell the property.

Moermond: you can sell it now because you are exempt from the provision in chapter 33 prohibiting sales by partners of HRA. You can transact it now.

Hovis: so, the State can complete the sale with the purchase agreement? Future hearings would just be with the owners?

Moermond: yes.

Hovis: anything the City would require from the State to prove the sale has been done?

Moermond: it would be helpful to have the closing document or HUD statement so we know the transfer took place. That is fine.

Mekonnen: we want to save the utilities, so we want to do it August.

Yannarely: what is your demo build?

Mekonnen: we want to save some of it

Yannarely: a partial demo?

Moermond: without knowing, what the demolition portion of the bid would be for that?

Mekonnen: yes. We just got the final bid last Friday of \$145,000. \$200,000 isn't a good fit for the neighborhood.

Hovis: that is the estimate the City provided—

Yannarely: no. it wouldn't be that much. The rehab would be \$65,000.

Hovis: right, we anticipated around \$65,000 and the costs were double that which is why a demo seems to be more reasonable financially.

Moermond: the estimate you got, which I assume is your costs plus trades you are hiring? Can you break down that \$145,000.

Mekonnen: plumbing, HVAC, carpenter. It is only a 800 square foot house so to spend that much on that small a house isn't wise.

Moermond: ah, now the pieces are coming together. Mr. Yannarely you ballparked the demo in excess of \$25,000?

Yannarely: because of where it is located on top of a hill it may be a little harder, but \$25,000 seems ballpark with a modest amount of asbestos, which is normal.

Moermond: last time I asked about asbestos it was around \$1,500?

Yannarely: \$3,000 being the average the last 3 years.

Mekonnen: I haven't seen asbestos inside.

Yannarely: you have to do a hazmat survey.

Moermond: how old is the house?

Zane: you mentioned a partial removal. Is that just to spare the utilities, or are you saving part of the building?

Mekonnen: we want to remove the foundation. I know the cost is expensive so we want to save that.

Yannarely: built in 1900.

Moermond: so that predates too much use of asbestos unless there was work done during the period it was used. That's a good thing. What I'm wrestling with is asking the Council for 5 months for a demolition is a big lift. What is your ability to expedite and will you be seeing any other bids?

Mekonnen: we have a potential buyer who likes the area, so he wants to design the new house which takes time.

Moermond: are you thinking about sewer/water?

Mekonnen: yes, that and the gas line.

Moermond: and your experience says that's around \$20,000?

Mekonnen: yes, there are only 3 in the City and it is really difficult to negotiate with them.

Moermond: when you bid demos does it include capping the utilities?

Yannarely: turning it into a vacant lot and a hazmat survey is usually the only change order, unless there's a large amount of refuse.

Moermond: the demo contractors hire out the people who cap the utilities?

Yannarely: yes.

Moermond: is that necessary for the demolition to be done safely?

Yannarely: they're capped underground.

Zane: it is a treasure hunt to try and find them, it sounds like.

Mekonnen: the land is unique which may be another challenge.

Yannarely: it is up on a hill which is what makes me think it may be a little more expensive. It is different than just moving in an excavator.

Moermond: you are picturing demo happening the same time a new foundation is put in.

Mekonnen: yes.

Moermond: you have a potential buyer. Is it going to be completely up to them what the entire project looks like?

Mekonnen: yes, the design.

Moermond: the basement and pouring the foundation, what has to be determined at that point?

Zane: what is the question?

Moermond: what can be started without having the specific buildout a buyer is looking for and thinking about getting a foundation established to get the utilities in. I'm trying to get it down sooner than later. I am not liking waiting until the end of the summer. Five months seems like a long time to me, sitting here. What can we do to move this more quickly?

Mekonnen: we need a survey. The City takes minimum 2 months to approve the plan. We want to give ourselves time to complete the project.

Moermond: is that your experience in plan review?

Zane: yes. That is probably the average. You could expect a couple of months. Sounds like you are weighing having the City raze it versus him. If you are trying to mitigate time loss a potential way to do that and serve his purpose is have them raze the building and have the utilities capped at ground level so they can follow them down without damaging them.

Moermond: that would be something the City's contractor would have to work and would

be a different way of operating and change the bid.

Yannarely: we are getting into a whole different ballpark

Moermond: we're getting into predevelopment.

Hovis: with the 2-month waiting for plan approval. If they start building in August there is the natural constraints of winter. So, it seems it would be a priority before snow.

Yannarely: we wouldn't be demoing until June anyway.

Moermond: can you put together a plan so I can refer to that as your commitment and whether or not that suffices? Put in in writing with some parameters. If the City demos we wouldn't include any preconstruction work. It would be a standard capping at the line. The City is doing a nuisance abatement action, a commitment to the taxpayer at doing it at the best price. If the price goes up to lessen your predevelopment costs. Let's get that schedule, something concrete we are talking about. We will talk in a couple of weeks about what that looks like and potential action by Council.

Laid Over to the Legislative Hearings due back on 4/11/2023

4 [RLH RR 20-22](#)

Ordering the rehabilitation or razing and removal of the structures at 678 SNELLING AVENUE NORTH within fifteen (15) days after the May 27, 2020 City Council public hearing. (To refer to March 28, 2023 Legislative Hearing)

Sponsors: Jalali

Layover to LH May 23, 2023 at 9 am for further discussion. PO to submit development plans and schedule by COB May 17.

Lisa Kugler, consultant, appeared via phone

Voicemail for Gene Gelgelu at 10:23 am: this is Marcia Moermond from St. Paul City Council. We have Ms. Kugler on the line and we'll talk about 678 Snelling and will likely be continuing the matter. We'll send a follow-up letter and continue with Ms. Kugler.

Moermond: you anticipate you'll have funding in place with money from the HRA going through, though no vote yet. Tell me, am I understanding that right?

Kugler: yes. I don't know if it made any difference but we did write in our application there wasn't an unlimited amount of time to do this and it has been on the list for a longest time. Maybe that had an impact. But yes, that is the understanding.

Moermond: I know you've done schedules in the past on financing and pieces in play. Can we start to work with some more specific development plans with the assumption the money is allocated. Six weeks out puts us May 24 so we could start specing things out the beginning of June.

Kugler: I'm not sure that it will be the beginning of June because after the HRA meets we need to get all the funding sources to sign documents.

Moermond: let's put that in the schedule. Let's start to spell out how this process will work for you and what it looks like timeline. Because we have something a lot more certain for you now. Unless the vote goes south we can expect a development plan with

the understanding you have to connect with those other organizations.

Kugler: and I am working on getting bridge financing for this. Thank you for your patience with us.

Moermond: I am going to continue this here so we can look at that plan May 23.

Laid Over to the Legislative Hearings due back on 5/23/2023

10:00 a.m. Hearings

Making Finding on Nuisance Abatements

- 5 **RLH RR 23-11** Making finding on the appealed substantial abatement ordered for 733 FAIRVIEW AVENUE NORTH in Council File RLH RR 22-28.

Sponsors: Jalali

Layover to LH April 11, 2023 at 10 am for further discussion (PO unable to be reached). Current recommendation is to forfeit \$5,000 PD and post an additional Performance Deposit if grant of time to complete the rehabilitation is made .

No one appeared

Voicemail left at 11:36 am: this is Marcia Moermond from St. Paul City Council calling you again about your property at 733 Fairview Ave North we have a Council Public Hearing scheduled for next Wednesday, April 5 as indicated in your letter from my office. I'm struggling here and would like to talk to you about it. As it stands I'm getting a report from Clint Zane who met Herb at the property which places progress under 50% which means your \$5,000 Performance Deposit is in jeopardy. You need to get those rough ins done so we know where you are. I do want to work with you, but it has been radio silence.

Referred to the City Council due back on 4/12/2023

- 6 [RLH RR 23-15](#) Third Making finding on the appealed substantial abatement ordered for 655 JESSAMINE AVENUE EAST in Council File RLH RR 22-51.

Sponsors: Yang

Layover to LH April 11, 2023 at 10 am for further discussion and status of permits. PO to submit updated work plan.

Wendy Ray, niece of owner, appeared

Moermond: we did hear from you, I believe. This is the third time we've sat down to talk about the project. Have you participated in previous conversations?

Ray: yes, by phone.

Moermond: March of 2021 I had my first Legislative Hearing talking about this property. This is the third time we've sat down to see if it is done. 18 months out from the original grant of time. We'll start with an assessment of things from Mr. Yannarely and Mr. Zane.

Staff update by Clint Zane: I was out recently and met with Wendy and Ruben her contractor. When we were out there we talked about scheduled inspections. I saw only plumbing has been finalized. But 4 other trade permits have had no inspections. No rough ins, no finals. Do you know where those are at?

Ray: we have HVAC and electric inspections today; I thought 2 today.

Zane: and we have another plumbing permit open for the water heater.

Ray: I think the water heater and electrical was miscommunication between Standard heating and our contractors who did the water heater and plumbing. They are meeting today at 2:30. I'm hoping that gets closed out. I did get photos this am for the holes in the basement that are filled. The other concern is the French drain and redoing the sidewalk to prevent moisture in the basement. We've come pretty far in the last year. We had 9 cracked radiators, mold, broken meters.

Zane: without the trades completed they are at about 50%. If they're ready to be signed off its closer to 75 to 80%. The French drain will need ground thawing to be installed.

Moermond: have you taken over the project?

Ray: I am managing and have been for the last year. We don't want to lose it; it was my grandmother's foster home for 45 years. I'm over there weekly. The reason we asked for the original extension due to Covid, they took the job not understanding the licenses needed for the City. That was a huge struggle.

Moermond: where are we at with the Performance Deposit for this one?

Yannarely: \$10,000.

Moermond: ignore the notice that went out. Whether or not that is forfeit is a City Council decision, not a Department decision. I'd like to give you a chance to get those inspections done and once we know we have those finals is put together a work plan on going from those finalized items to the project being complete. I would love that to not be another six months. I'm not sure how the French drain issue impacts that.

Zane: as soon as frost lifts in mid-May it could be done. Sometimes sooner.

Ray: we have bids for that this Friday.

Moermond: let's talk in 2 weeks and we can have a better idea based on what those trades inspectors find. The more finals we can get the better we will all be. Rough ins with corrections we can live with, but at least we have had eyes on it. We will talk again April 11.

Laid Over to the Legislative Hearings due back on 4/11/2023

7 [RLH RR 23-12](#)

Third Making finding on the appealed substantial abatement ordered for 595 PARK STREET in Council File RLH RR 22-40.

Sponsors: Balenger

Layover to LH April 11, 2023 at 10 am for further discussion. PO to submit updated

schedule, including bid from new mechanical contractor if necessary, by close of business April 7, 2023.

*Frank Viggiano, owner, appeared
Hector Flores, contractor, appeared*

Moermond: when we last spoke March 14 you said you had an inspection coming up, Mr. Zane?

Staff report by Clint Zane: we're at about the same as Nathan gave previously, about 60%. So not much change. We talked about what is left and they are moving forward. 575 is done, so they can continue and focus on this one.

Moermond: where are we at with permits? We have some expired ones and some work being done without permits. Has that changed?

Zane: expired plumbing permit. Open electrical and building. We don't have a mechanical permit which is one of the major concerns and we discussed when I was there. They did a bunch of work without pulling permits. There may be some correct.

Moermond: and will that be a double fee for doing work without permit?

Zane: yes.

Moermond: who is your mechanical contractor?

Flores: PMR Mechanical, Duwayne Meyer. He's been having health issues. He spoke to Frank and said he was going to take care of this. It is frustrating because I get him calling me every day and coming down here, it isn't good. We have to get it done, one way or another.

Moermond: it looks like he does have a current license. What I don't hear is time estimates.

Flores: it is hard to give without those inspections. I need a month and a half for my work.

Zane: we spoke about getting a mechanical contractor on board and moving forward and pulling permits. Why hasn't that been done?

Flores: I spoke with the mechanical person who did 575 and he said to try and work it out with Duwayne. I spoke to him again this morning. He said if nothing happens this week he will be helping me out. That's the person who finished 575.

Moermond: I see these types of cases twice a month for many years and I have never heard of work being delayed for six months due to a mechanical contractor. That seems crazy. Especially because Mr. Viggiano has \$10,000 on the line he could lose for not performing.

Zane: this is not usual. Seems like lack of intentionality.

Moermond: all the way around. Is there any plan in place? You mentioned when your plumbing contractor returns he will pull the permit again?

Flores: he can do it now. I am just saying what he told me.

Moermond: I really want to see a plan that says the next six months, if you get them, will look different than the last six months, or the six months preceding that, or the 6 months before that. We have 18 months from the original grant of time. This file was opened.

Flores: month and a half to get it done.

Moermond: how will you handle the mechanical?

Flores: he said he will take over and pull the permit right away and once he passes inspection I can focus on finishing the work.

Moermond: I need a plan and I need to know where we are at with paying bills. If hiring a new contractor is going to cost money I need to see that money. I'm looking at having a very specific grant of time to get the work done and if that is missed money leaves incrementally. Can you do a plan, get the inspectors in, and show me. I look at Mr. Viggiano's situation and it has been a Vacant Building since 2008. We have property taxes, Vacant Building fees going out the window. It isn't generating any income. That has been the case on top of the rehab over a long period of time. So much money.

Yannarely: get it done.

Moermond: give me a schedule. If you have a different mechanical contractor on the line, let's show that. I also don't know how willing someone else is willing to pull a permit on someone else's work.

Flores: which is why I've been trying to work with Duwayne.

Moermond: is that not a violation of his licensure, Mr. Zane?

Zane: it is.

Moermond: he is going to be in trouble. Plan in 2 weeks with specifics on getting yourself out. Any money to pay the new contractor. Have the rest of the contractors been paid?

Flores: they have in full.

Moermond: show me a plan, April 11 and I'll figure out the Performance Deposit plan.

Laid Over to the Legislative Hearings due back on 4/11/2023

8 [RLH RR 23-14](#)

First Making finding on the appealed substantial abatement ordered for 1006 THIRD STREET EAST in Council File RLH RR 22-30.

Sponsors: Prince

Grant an additional 180 days pending submission of an updated schedule. Continue \$5,000 PD.

Jason Stockwell, owner, appeared
Jerad Landon, JR's Doors and More, general contractor

Moermond: this is the first time we've started talking about where we are at. A letter went out from Mai Vang to Mr. Stockwell indicating we are at the six-month juncture, please reach out to Clint Zane.

Staff update by Clint Zane: there was very little done. They broke up some concrete in the basement and they explained about getting electrical hooked up and Xcel required the service be moved and their engineer had to put together a plan on relocating that on the house. They were 4 to 6 weeks out just on the engineering.

Moermond: Xcel wants the service moved and they want a plan from whose engineer? Xcel?

Zane: yes, Xcel. Xcel has been pretty behind and causing problems from a scheduling standpoint all around. I felt that on the shorter side of timeframes with them.

Moermond: what I am struggling with if the Council voted September 28, the electrical issue, had it been addressed back then would be addressed by now. Even with a backup at Xcel. You put a work plan together, it is meaningless at this juncture.

Stockwell: we got a notice that we pulled plumbing, electrical, HVAC. He is done, he re-duct the whole house, relocated the furnace. That is all done. Then we had to get the gas turned on, the electrician started working and that's when we found out all of this. We didn't initially know the meter needed to be moved. I called to see what was going on. Contractor said I had to contact the City. They kicked it back to Xcel. Xcel finally came out and said it had to be relocated, I said great. The time it takes to do the documents between them, my contractor, etcetera is a lot. They finally approved. That's the six weeks, it has to go to planning. The plumber is waiting to finish until there is electricity.

Landon: the electrician is chomping ready to go. Interior demo is 95% complete. The plumber stated both bathrooms didn't meet code and he required us to tear out the concrete, that was that concrete Clint mentioned. Walls are open for the electrical. Ceiling is open ready for plumbing in the bathroom. We're looking at realistically 2 months after the service gets moved.

Moermond: what is permit status?

Stockwell: plumbing is about to expire.

Zane: electrical they have had a rough in, rough in for mechanical. Warm air and plumbing haven't been inspected at all. The only one I've done is this progress inspection.

Landon: you requested to reinspect after the debris was removed, that has been done so I will call to schedule that follow-up.

Moermond: are you using are you original contractors?

Stockwell: everyone is the same except for the electrician. Same heating, HVAC, general and plumbing. My CPA set aside \$150,000; we are currently standing at about \$72,000 remaining. She has ledgered what has been paid out and to whom.

Moermond: how are things looking for your trades?

Stockwell: they are ready to go. HVAC is ready to do his final.

Landon: it is truly waiting on Xcel. Everything is ready to move, it is just getting that squared away.

Moermond: I noticed in this email chain it says a customer service packet should be emailed to Palm Electric will be filled out and sent to Xcel.

Stockwell: they will contact the City.

Moermond: has that been done by Palm Electric?

Landon: I would have to talk to them.

Stockwell: I would have to call James at Xcel, which I can do, to see if they've sent it out to Palm yet or what is needed. That was almost 3 weeks ago, yeah.

Landon: they've done everything required so far. I didn't ask about the specifics of the packet. I can do that.

Moermond: I'd like to know the steps in the process and order of the work and trying to get some sort of tighter statement of how you go from here to finishing. One thing that was kind of light was the schedule the first time around. That won't fly again. Given you are at less than 50% done, Mr. Zane and the building official cannot extend your Performance Deposit you are in forfeit mode because of that threshold. That puts the ball in the City Council's court whether it wants to forfeit and require new, extend it, increase it. What I hear from staff is your most recent delay is a reasonable one given how things are timing.

Zane: yes.

Moermond: given that, my inclination is to ask the Council to extend it and not require more. If there were a requirement for more I wouldn't forfeit the original \$5,000. I would ask for an additional \$5. But I want to give you the opportunity to come up with that schedule with a reasonable timeline, giving buffers. I'd default go to 180 days.

Stockwell: permit extensions? How does that work?

Zane: I can talk with the trades on this one and see what can be done and reach out to them.

Moermond: yes and copy us so we know what is going on. It does sound reasonable given the unusual circumstances but I know the trades inspectors themselves usually make that call?

Zane: yes. For my building permit I would honor that extension.

Moermond: and we'll send a follow-up letter with this information. When can you have that timeline done?

Landon: I can have it in by end of the week.

Moermond: this goes to Council April 5. If it somehow doesn't work out I will ask the Council to continue it another week to get it squared away. Then we can ask for that additional 180 days.

Referred to the City Council due back on 4/5/2023

1:30 p.m. Hearings

Orders To Vacate - Fire Certificate of Occupancy

- 9 **RLH VO 23-13** Appeal of Atnafu Yeshidagne to a Fire Certificate of Occupancy and Order to Vacate at 506-510 SNELLING AVENUE.

Sponsors: Jalali

Grant to July 3, 2023 for compliance.

*Atnafu Yeshidagne appeared
Abay Gebre appeared
Gene Gelgelu, AEDS, appeared*

Staff update by Supervisor Mitch Imbertson: our previous deadline for vacating based on the correction orders were passed but enforcement of that order was put on hold pending today's hearing. The most recent set of orders was March 10. Some of the specifics are related to notes that you've been given from trade inspectors on permits. Some are general and refer to obtaining permits and the details of what that work includes are discussed with your contractor and trade inspector under those permits. We have issues with some sheetrock and general construction and the building inspector was out recently for an inspection on the 27th and the permit was still open and the notes refer to additional issues with fire separation between first and second floors of the building. Sealing some openings. We have additional areas of the building including the second floor which were previously uncertified, even prior to these most recent orders. Those areas are to remain vacant. Exterior item needs proper exterior bollards around the mechanical system. ANSUL system is due for a service. Minor electrical issues notice, including damaged outlets. Remaining issues with the kitchen hood duct work that needs to be repaired and permits approved for that work. Heating system in the formerly vacant 506 suite needs to be inspected and approved prior to using the heating system there. I was informed that a letter we sent March 10th had been returned as undeliverable by the postal service.

Zimny: our USPS mail has been returned as well.

Yeshidagne: during the last closure I lost employees so it was impossible for me to continue so I cut down the number of open hours. The mailman comes in the morning, we don't open until 3.

Moermond: so normally it is delivered inside the business, there isn't a slot or anything.

Yeshidagne: no.

Moermond: well, we have dealt with the current situation, but how would you like to move forward? Is it adequate to receive by email?

Yeshidagne: email is good.

Moermond: in the long run I know that DSI doesn't have the ability to do email with their system. I think they can pull out yours and treat it differently, but it isn't

sustainable.

Imbertson: yes, we prefer notices to be sent by US mail as required under ordinance.

Moermond: and we are documenting that email and hand delivering is working for now.

Yeshidagne: yes.

Moermond: we left things with you just starting to work with AEDS. Do you have an application? Bids?

Yeshidagne: I haven't filled it out yet. I have the mechanical bid which is 24,700. The ANSUL system I called and they will take care of that. I called the building inspector a week ago and he wanted me to take the whole ceiling out. I'm going to do that and call him back again. The electric was like that when we bought it, I called an electrician six years ago or so, it was never touched. I don't understand that part. But I'll call someone if I have to.

Imbertson: I was referencing number 7 in the report indicating two outlets were full of sheetrock mud and 2 painted over. It wouldn't require extensive work but the outlets need to be replaced if they are damaged or have material in them.

Yeshidagne: I haven't seen that.

[photos are shown of outlets]

Moermond: it is a simple fix, maybe 30 minutes for an electrician.

Yeshidagne: we will do that.

Moermond: we have this \$24,000 bid that covers the kitchen duct work. That covers all the items in 10 in the orders. You were intending to do the building items on your own. We talked last time about the space you wanted to convert to a grocery store with a step that would need to be accessible. I'm checking in on this and I am hearing you are working insane hours,

Yeshidagne: working all day, until midnight.

Moermond: I have no idea how you are sustaining that. I worry you are working yourself too hard and doing that and then tackling these building items. I worry about the long-term viability of Fasika if you are working yourself this hard.

Yeshidagne: it is very hard. I don't get the mail in the morning because when I cut down the hours the mail comes and no one is there to accept it. We're trying to clean the space; I thought I was doing the right thing for the building. I didn't know there was the law to get the permit to repair. That is my fault. I didn't know. Then I got the permit and the inspector wants me to take the ceiling down, I'm doing that. I can leave the grocery store alone too. But I want to continue Fasika and continue my work. Then maybe the business will come back again. That is my goal.

Moermond: the priority is keeping Fasika up and running and hopefully getting a grocery store use going as well, but that's the second priority. I don't think the City has anything against the idea of a grocery space at all. I would say you would be well served to talk to a contractor or an architect about any special electrical concerns,

things like that. I guess I am wondering how the pieces will fit together. I don't think you have the \$24,000 in your pocket. You haven't quite finished the application yet. You have one bid. What are AEDS's requirements? Timelines?

Gelgelu: I was at Fasika yesterday to see exactly what is happening. When we were talking we talked about how we separate the grocery and restaurant. Let's fix the restaurant with the bid. The grocery can be done in phases. We are willing to support Fasika and the grocery, in what I assume will be a separate business. He is going to apply for the restaurant, to fix the deficiency list. The turnaround time depends. When the business owner submits all the documents that is when the time starts. Then we say 60-day turnaround. We underwrite, we send to a loan committee who advances us the notice and then we approve and process the payment. Within that window we process everything. Can be less than 60 days but has to be no more than 60 days.

Moermond: the things you would expect for a complete application would be what? A form. A bid? Multiple bids?

Gelgelu: when we use City money like a start grant they require \$25,000 above needs 2 bids and a livable wage. In this case we just need two bids. Then they choose who they want to work with. Two bids are good enough for us. Two years of finances. We did work with them in the past on the façade improvement. I tell my staff turn around has to be under 60 days.

Moermond: so no longer than 60 days. And you need a second bid?

Gelgelu: the City requires that.

Moermond: and is that your intention?

Gelgelu: I don't know what my lending team's plans are.

Moermond: I know you have had a hard time finding a contractor. You're trying to find someone who will sign off, tweak, someone else's work. It is always difficult to find contractors willing to take this on. I know the last one kind of fell through. Have you talked to other people?

Yeshidagne: I haven't. We have a bid from Olson when we worked with NDC last time.

Imbertson: that was \$0.00 to try and give a receipt to show that the work was done.

Moermond: how much did that work cost last time?

Yeshidagne: it was about \$50,000.

Moermond: do you have a receipt?

Yeshidagne: it was 21 years ago.

Moermond: we can share that bid from Olson.

Gelgelu: I think what he has is sufficient for our purposes.

Moermond: great. You have the tax information they need handy?

Yeshidagne: yes, I will have to call my accountant who will send it over.

Moermond: has the mechanical contractor given you any timeline?

Yeshidagne: no, he did not. I haven't asked yet.

Moermond: I'm just trying to sort out a deadline that may make sense within the loan timeframe and also there are some other things in the orders besides the ventilation. That is clearly the biggest ticket item. If we go with a longer timeline on the ventilation issues, you are working with AEDS. We have these other corrections that need to be done. I'd like to create staggered deadlines. What can we get done more quickly, a sign of good faith as much as anything that we are working towards the end goal. Is it a loan?

Gelgelu: this is a loan. We do have grants sometimes. For this purpose, it is a loan.

Moermond: What kind of terms make it attractive for a business that is struggling?

Gelgelu: it is typically 5-year amortization. Most of our clients are unbankable. That is why they come to us. We don't compare ourselves to a bank, we are a nonprofit. We provide other support. 7.25%.

Moermond: what is your capacity to get this done?

Yeshidagne: the biggest problem is the venting system. If I do the grocery I will make sure the front door is accessible. The basement stair is really tight. I don't know if we can do that or not.

Moermond: item 2 is the vacant space currently, to eventually become grocery store. You are looking for an extension until that is occupied for this to be in play, reading between the lines.

Imbertson: some of the concerns about the vacant space came up with the concerns of the unpermitted work. We have the ability to do a partial Certificate of Occupancy while leaving that side uncertified. What has complicated that here is the limited use of that space. If you are going in and out and have storage in there and some exiting areas shared. Those add together to make a situation about things on the orders about the vacant space. I wanted to clarify if it was sitting completely empty, completely separated with no ongoing construction you would be on your own as far as a timeline for repairs. We wouldn't generally have a deadline beyond seeing it certified prior to occupancy.

Yeshidagne: that makes sense.

Imbertson: now that you have a permit, that portion of things are covered anyway you just need to complete the work in an approved manner with the building inspector.

Moermond: in terms of the Fire Certificate of Occupancy you would be willing to set aside this part of the orders if it isn't used and the repairs are done under permit

Imbertson: generally, yes. However, I wouldn't want to commit to that without speaking to the inspector because I did see previous notes saying there was storage and some of the restaurant was going through a shared back entry.

Gelgelu: I was there yesterday and I was confused how the two are connected. Fasika

is separate from the other building. It is empty, there is nothing there. It isn't ready to be occupied by any means.

Imbertson: if we were going down that road, in our normal process, we would be asking for a written update on the intentions for the space. Confirmation it would be vacant until approved.

Moermond: I am struggling. We have an uncertified space and saying it cannot be used for storage or other purposes or altered without required permits. The idea there is an update at some point in time, I haven't heard that before. Do you do that internally?

Imbertson: picture a strip mall with separate entries. When we have multiple businesses on the same parcel they frequently have the same Certificate of Occupancy in our Department. A common process would be to issue an approval with corrections if one of the suites was vacant and we wouldn't hold up certifying the rest of the building. Our criteria would be that that store is truly empty, not used for storage, nothing going on that creates hazards for the occupied areas and we want to make sure there is no work ongoing without permits that can create hazards to the occupied areas. The arrangement of the building makes it slightly more complicated.

Moermond: what timeline are you thinking about for the grocery? Have you brainstormed that?

Yeshidagne: I have to focus on the restaurant and make sure my customers are coming back. I don't have time to do anything else at this point. I thought it was easy, it isn't. It will have to wait.

Moermond: does it make sense to revisit this in a year? You would be pulling a permit anyway. Can you get your application in within a couple of weeks at the most?

Yeshidagne: yes.

Moermond: so maximum 80 days.

Gelgelu: this is pretty straightforward. As long as we get those documents we can do it in under 60 days

Moermond: the other thing is the bollards. What would you look for to have compliance with that order?

Imbertson: it would be reviewed by the building inspector under the building permit work.

Moermond: glancing at the permit for 506 it doesn't look like it would be connected.

Imbertson: the other situation is it is done at the time of the mechanical work, between contractor and mechanical inspector.

Moermond: we will copy Laurent Wickland and let them know compliance is up to them. And it has to be done simultaneously with the mechanical work. I'm going to recommend the Council grant an extension to July 3, 2023 to get the work done under permit. The way we will determine the work is done is if the permit is finalized. That is the hallmark of completion. Not just the contractor showing up. Finalized permit. I will

not ask the Council for another extension on this. This has gone on for many months. We've been doing this since last fall. The restaurant was closed, we got it reopened for you on condition of doing these things, they weren't done. We're stepping in at the 11th hour saying let's give them one more chance. There won't be a third chance. I need to be fair with others who are similarly situated. I think it is doable.

Referred to the City Council due back on 4/12/2023

10 RLH VO 23-12 Appeal of Brian Norelius to a Revocation of Fire Certificate of Occupancy and Order to Vacate at 842 VANDALIA STREET.

Sponsors: Jalali

Refer back to LH April 25, 2023 at 1:30 pm for discussion of updated work plan.

Brian Norelius, owner, appeared

Norelius: my architect put together a plan on the proposed timing of the project, talking to our contractor and those discussions and estimates. As I said last time we already started the project and that day we submitted the plans back to John Skradski. That permitting is showing in the pink, 50% in, just waiting to get that back. HVAC is basically done; we're just waiting for electrical hookups and equipment commissioned and put in. Additional interior items including one exit that needs to be installed and some sidewalk portions. Install a guardrail in the mezzanine. Fire rated exterior doors. We had an ok on the permitting before so that should go quick. Some exit signs to be installed. Industrial Utilities is digging in from the street for the sprinklers and Brian with Dynamic fire protection said with permitting he's about a month and a half to start. At the same time, this is all tightly put together, spray foam to put in and interior walls and ignition barrier. Then we're going to start the exterior. We painted and tuck pointed the exterior so it doesn't look nice right now, but with Covid shortages the paint I wanted to use wasn't available. I did check and that is now available, as soon as we have favorable weather it will be painted.

Moermond: the first item on the February deficiency list includes not occupying the office area.

Imbertson: I believe the permits are pulled for the rear areas of the first floor, the shop. You would have to talk to the tenants and see if that is going to remain vacant or they intend to use it. My recollection of the issues was that it was lacking in a permanent heat source.

Norelius: yes. There was a rooftop unit we discussed. They aren't going to use that. It will be open; they don't need the space.

Imbertson: it isn't an issue so much as something to be on the same page with your tenant about. Make sure you clarify with the tenant and architect what areas are designed for what. I know there was some back and forth at the last hearing about areas you proposed to sprinkle based on them limiting the repair garage to the furthest back bays of the building versus trucks parked everywhere.

Norelius: the way it is proposed now, it is for all areas.

Imbertson: there is no right or wrong answer. I just want to make sure when we come out for final inspections everyone is on the same page about what operations are happening where.

Norelius: the architect is taking the lead on those plans.

Imbertson: keep in mind the scope of work is based on plans that have not yet been approved to issue the permit. I have no reason to believe it wouldn't be and it has been discussed with plan review previously but keep that in mind the scope of work is subject to change if there are modifications needed before the permit can be issued.

Norelius: we'll get it done, absolutely.

Moermond: under exiting you say you are halfway there.

Norelius: we've gone through plan review and it is submitted.

Moermond: your architect thinks another six weeks?

Norelius: for exiting?

Moermond: yes.

Norelius: I think it will move quicker than six weeks. I have a lot of them lined up.

Moermond: I can see where you would want to pour the stoops before cutting gin the doors.

Norelius: were just trying to get it all laid out.

Moermond: I see a one-month difference and getting exiting squared away is really the key fire code piece. What is the reasoning there?

Norelius: I'm not really sure. We can get the door openings cut; I think the lag is actually getting the door. Hopefully we get those in May and we can jump on it. It should be able to be done in sequence.

Moermond: I was looking for some compression there is because when I look at the orders issued they're really focused on the exiting issues and July 15 is a while out and if we can pull that in.

I: even if the sidewalks aren't done we're not opposed to a temporary solution. There's not a large grade change outside.

Norelius: one door is installed, so it is just the one door in the back. I can get that cut in pretty immediately. It is a steel opening so we need a fabricator to square that up for us.

Moermond: I am trying to structure the deadlines. We're going to get a revised plan, and the other piece is having to do with the speed of plan review and that is an unknown right now. I'm wondering if we need to say hey City Council this is what we are recommending, kick it back to hearing to fine tune deadlines.

Imbertson: it would make sense to review at a stage after the plan has been issued. From my conversation with plan review I think they are on the same page as the architect and it is still an unknown until they are reviewed. They were reviewed under a recent Code revision so that is something to confirm too.

Moermond: we'll send this to Council April 12 and ask them to refer it back to hearing April 25, at which point I would expect we'd have the permitting situation straightened up. Then we can lock in specific deadlines and a more specific plan.

Norelius: I'll have more information too, maybe the doors cut in by then. I'll plow ahead with what I can get done and update you on that. Electrical should be done by then for the HVAC. Updates on the timing of excavation and sprinkler stuff.

Moermond: we'll touch base in four weeks, I don't foresee a problem with Council, especially with this plan attached.

Referred to the City Council due back on 4/12/2023