



Title: Authorization to Amend 325 Blake Road Redevelopment Advisory Services Agreement with Shenandoah Consulting Group, LLC

Resolution number: 25-015

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Reviewed by: Name/Title: Gabe Sherman, Planner-Project Manager

Recommended action: The Board of Managers authorize the Administrator to amend the redevelopment advisory services agreement with Shenandoah Consulting, LLC to continue assisting MCWD in advancing potential redevelopment opportunities at 325 Blake Road.

Schedule: January 2021 – December 2024: Ongoing development advisory services
January 2025 – December 2026: Continued development advisory services

Budget considerations: Fund name and code: Project Planning, 2002
2025 Fund Balance: \$110,000 Minnehaha Creek Subwatershed
Requested amount of funding: \$25,000

Past Board action: Res # 20-066 Authorization to Execute a Cooperative Agreement with the City of Hopkins for Coordinated Planning, Improvements and Development for 325 Blake Road
Res # 20-099 Authorization to Enter into a Redevelopment Advisory Services Agreement with Shenandoah Consulting, LLC
Res # 22-023 Approval of the 325 Blake Road Purchase and Sale Agreement

Summary:

On August 27, 2020, the Minnehaha Creek Watershed District (MCWD) approved a cooperative agreement with the City of Hopkins (City) that established the vision and partnership process to deliver the restoration and redevelopment of the 325 Blake Road site. This vision stresses the need for a cohesive development that advances the site in a manner that is consistent with MCWD’s balanced urban ecology ethos – a regional stormwater system and greenway integrated with the built environment – and reflects years of input from the community and partner agencies, creating the grounding document for describing the goals of both the partners and the community at large.

As part of the redevelopment planning process, the cooperative agreement outlines the steps to be utilized to engage the development community as it searched for a development partner. The process included multiple phases such as solicitation of the development community through a letter of interest (LOI), introductory developer roundtables to discuss the Project vision and MCWD’s design process, a request for proposals, developer interviews and site tours, and eventually a design charrette process and preliminary development agreement with the selected development partner.

To effectively engage the development community and position the site to deliver the MCWD and City’s vision and goals, MCWD contracted with Shenandoah Consulting Group, LLC (Shenandoah) in December 2020. Shenandoah is led by Chuck Lutz, the former deputy director of Community Planning and Economic Development (CPED) for the City of Minneapolis. Mr. Lutz is a demonstrated expert in this field and had previously assisted MCWD as a short-term advisor in

land-use and development consultation. With the experience Shenandoah brings to complex, transformative, highly visible, and sometimes controversial development projects in Minneapolis – including projects such as Target Center, US Bank Stadium, and Downtown East – Mr. Lutz has established himself as a reputable and respected development advisor and manager with the proven qualifications to complete the most difficult transactions.

Since 2020, Shenandoah has provided advisory services throughout the entirety of the developer engagement, selection, and ongoing negotiation process, in close consultation with MCWD's real estate counsel. What was originally envisioned as an approximately two-year effort to bring the property to completion of a closing transaction, Shenandoah worked closely with MCWD staff to optimize its efforts and extend its involvement for a much longer period, all within its original not-to-exceed contract amount.

After approximately four years of working as its key development advisor, the original Shenandoah contract has reached its approved funding cap of \$50,000. It should be noted that Shenandoah bills at an hourly rate, rather than through a commission-based structure, thus maintaining a strong level of objectivity throughout the development effort and negotiations.

Due to Mr. Lutz's key role in continued development discussions and ongoing negotiations, staff is recommending the MCWD Board of Managers amend the agreement with Shenandoah Consulting Group, LLC, for an additional \$25,000. Although approved contingency funds are available under the original contract (10% of the original contract), staff recommends foregoing use of those funds in favor of an extended contract, knowing that a final land transaction is unlikely in the next six to 12 months.

At the February 13, 2025, Board meeting, staff will present the revised scope of work for Shenandoah Consulting Group, LLC, and answer questions regarding the ongoing restoration and redevelopment project at 325 Blake Road. It is staff's recommendation that the Board of Managers approve resolution 25-015, authorizing the Administrator to amend the redevelopment advisory services agreement with Shenandoah Consulting Group, LLC.

Attachments:

1. Revised scope of services for Shenandoah Consulting Group, LLC



RESOLUTION

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- WHEREAS in 2011 the Minnehaha Creek Watershed District (MCWD) acquired the 325 Blake Road property in the City of Hopkins (City) for water resource purposes including stream restoration, regional stormwater management, and corridor habitat and passive recreation improvements, and for the opportunity to integrate these purposes with the public purposes of other bodies;
- WHEREAS the MCWD Board of Managers has adopted a policy “In Pursuit of a Balanced Urban Ecology,” establishing MCWD’s fundamental philosophy and way of doing business, including joining with others to pursue watershed management goals integrated with land use planning; intensifying and maintaining focus in high priority areas; and being flexible and adaptive to new ways of doing business with partners, to effectively leverage assets;
- WHEREAS the MCWD has moved forward in planning and construction of regional stormwater infrastructure, Minnehaha Creek Greenway expansion planning, site facility decommissioning and demolition, environmental remediation and preliminary redevelopment;
- WHEREAS in August 2020, the Board of Managers approved a cooperative agreement with the City to advance redevelopment planning for the site, integrating water resource objectives with land use planning and articulating the steps for advancing redevelopment coordination for the site, including community engagement, communications, financial analysis via a feasibility milestone, developer selection process, preliminary development agreement, concept development and final development agreement processes;
- WHEREAS in December 2020, MCWD contracted with Shenandoah Consulting Group, LLC (Shenandoah), led by Chuck Lutz, the former deputy director of Community Planning and Economic Development (CPED) for the City of Minneapolis, who is a demonstrated expert in this field, has previously assisted MCWD as a short-term advisor in land-use and development consultation, and has experience working on complex, transformative, highly visible, and sometimes controversial development projects in Minneapolis – including projects such as Target Center, US Bank Stadium, and Downtown East – establishing Mr. Lutz as a reputable and respected development advisor and manager with the proven qualifications to complete the most difficult transactions;
- WHEREAS since contracting with Shenandoah in 2020, Mr. Lutz has continued to provide key development advisory services throughout the entirety of the developer engagement, selection and ongoing negotiation process, in close consultation with MCWD’s real estate counsel;
- WHEREAS the original contracted terms with Shenandoah have reached expiration, and due to Mr. Lutz being a key advisor to MCWD staff, legal counsel and the Board of Managers, staff is recommending the MCWD Board of Managers amend the agreement with Shenandoah Consulting, LLC, to further carry this effort to successful completion of a land transaction;

NOW, THEREFORE, BE IT RESOLVED that the Minnehaha Creek Watershed District Board of Managers hereby authorizes the District Administrator, on advice of counsel, to amend the contract with Shenandoah Consulting, LLC for redevelopment advisory services in the amount of \$25,000, and authorizes the Administrator to execute change orders in his discretion up to an additional 10% of the proposal fee, for a not-to-exceed amount of \$27,500.

Resolution Number 25-015 was moved by Manager _____, seconded by Manager _____. Motion to adopt the resolution ___ ayes, ___ nays, ___ abstentions. Date: 2/13/2025

Secretary Date: February 13, 2025

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**Shenandoah Consulting Group LLC
Revised Scope of Services for Minnehaha Creek Watershed District's
325 Blake Road Restoration and Redevelopment Project**

Project Description:

Minnehaha Creek Watershed District (MCWD) owns the 17-acre site located at 325 Blake Road (Site) in Hopkins and is currently coordinating with the City of Hopkins to redevelop the property. MCWD acquired the Site in a spirit of collaboration with the City in light of its potential to integrate a restored Minnehaha Creek and become a transit-oriented, mixed-use development near a future station of the Southwest Light Rail Transit line. In 2020, the partners executed a cooperative agreement rooted in a desire to coordinate their policies, planning, and development processes in order to maximize project success in achieving their mutual goals.

In accordance with the cooperative agreement, in December 2020, MCWD contracted with Shenandoah Consulting Group, LLC (Shenandoah) as its lead development advisor to guide the parties towards the successful selection of a development partner. Under the original contracted scope of work, Shenandoah assisted in the developer selection process, developer agreement process, and ongoing land entitlement processes. These efforts continue and have extended beyond the original anticipated timeline of 18-24 months.

With original efforts complete, including the selection of a master development partner, Alatus Development, LLC., Shenandoah has continued to closely work with MCWD staff, the Board of Managers, and MCWD's real estate legal counsel to advance ongoing negotiations on the site.

To continue to support efforts for redevelopment advisory services, Shenandoah will complete the following tasks, at the direction of the MCWD Contract Manager:

- 1) Development Agreements
 - a) Support MCWD's legal counsel in representing the MCWD's financial, legal, and reputational interests in negotiations with the City, developer, and other third parties through the development agreement process up to and including a purchase agreement
 - b) Advise MCWD on the development review process, including MCWD's partnership with the City, to optimize the redevelopment process (i.e. agreements, planned unit development)
 - c) Review and edit development agreements, purchase and sale agreement amendments, land use agreements (such as temporary easements) and other key documents, as developed in coordination with MCWD legal counsel
- 2) Other work as assigned
 - a) As applicable, work with an appraiser on the parameters of the appraisal process for the land, including impacts of City land use decisions that may impact future sale of certain parcels
 - b) Assist in identifying outside funding sources and review coordination efforts between MCWD, City and Developer in pursuit of potential funding opportunities (i.e. grant applications)
 - c) Coordinate with other potential development partners as allowed under the third amendment to the purchase and sale agreement
 - d) Participate in meetings and assist with other tasks as directed by the MCWD contract manager

Shenandoah Compensation:

Shenandoah will complete the aforementioned tasks at an hourly rate of \$175, with a not-to-exceed budget of \$25,000. Shenandoah will continue to provide services in anticipation of a transaction on the property and is not proposing work under a commission-based structure.

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