

# Memorandum

## Public Works & CED Departments



**To:** City Manager  
**Subject:** Ridgewood Sustainable Business Park  
**Date:** June 30, 2014  
**Number:** 2014-136

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The Public Works and Community and Economic Development Department staff opened bids for the Ridgewood Sustainable Business Park project on June 10, 2014. Construction funds for the project were structured to be paid from a combination of an US Economic Development Administration (EDA) grant and City Funds.

The low bidder was Langman Construction with a bid of \$3,427,736.12. Currently, the City has \$2,365,445 budgeted in the EDA grant document for the construction phase of this project, thus leaving a budgeted shortfall of \$1,062,291.12. City staff has been working with the low bidder to determine if construction costs may be cut. Based upon these discussions, \$782,000 would be eligible to be eliminated from the original project design without reducing the scope defined by the EDA grant. However, stipulations in the EDA grant state that value engineering savings would be split 50/50 with the City and EDA. Therefore, the savings to the City would only be \$391,000. This would still leave a City budget shortage of \$671,291.12. Finding additional gap financing for this shortage does not appear financially (or economically) feasible at this time due to the lack of demand in the project from current developers.

City staff has discussed the funding shortage with our EDA contact. The agency's contact stated that if the project is not awarded and discontinued, they will still pay their portion (50%) of the engineering and property acquisition fees incurred to date. The remaining grant award would be forfeited. In addition, the EDA also stated that the City would not be penalized or barred for any future EDA grant opportunities.

City funded portion of the project was financed through infrastructure bonds. The Finance Department has confirmed that the bonds could be transferred to other Public Works infrastructure projects, such as the 11th Street and Black Hawk Road Intersection or 9th Street Resurfacing Projects.

Staff has been evaluating future uses of the land on which the business park was to be located. One potential use for this site would be wetlands mitigation, thus creating a wetland bank. This would allow the City to develop other parcels of land which are currently designated wetlands.

### **Recommendation**

The Public Works Department and the CED Department recommends that the City reject the bids for the Ridgewood Sustainable Business Park and authorize the Staff to discontinue this project and return any unused portions the EDA grant award.

**Submitted by:** Jeffery A. Eder, Assistant City Manager / CED Director  
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**Approved by:** Thomas Thomas, City Manager