

REUSE FEASIBILITY STUDY **FORD BUILDING**

June 2019



FORD BUILDING
REUSE FEASIBILITY STUDY

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FORD BUILDING

REUSE FEASIBILITY STUDY **PURPOSE**

The State of Minnesota owns the Ford Building (located at 117 University Avenue West, St Paul, Minnesota 55155) and adjacent surface parking lot (Lot C) on the northeast corner. The Ford Building, built as a sub-assembly plant by the Ford Motor Company in 1914, is being studied for eligibility in the National Register of Historic Places. It is one of 24 similar buildings built by the Ford Company in the early 1900's of which at least 22 are still standing and/or repurposed, due to their durable construction and flexibility. The building was designed with ornate architectural details on the facade in deference to its location near the State Capitol and provides architectural interest along University Avenue.

*This Ford building reuse study was developed to further inform the 2040 Comprehensive Plan for the Minnesota State Capitol Area, at the request of the Capitol Area Architectural & Planning Board (CAAPB), with supervision and oversight of the Board's Comprehensive Plan Committee. This study was also intended to help serve as fulfillment of Board policy D-3.3.1 Development Step: Ford Building Reuse Study.**

During its development, this study gained additional importance in light of successive 2019 and 2020 proposals to the Legislature to fund demolition of the Ford Building.

Objectives of the study, led by CAAPB Architectural Advisor Michael Bjornberg, FAIA of Leo A Daly, were to review and update previous studies, and to develop information helpful in guiding decision making for the Ford Building itself and to further inform the development of Board policy serving as basis for design and zoning guidelines for the entirety of the block bounded by University, Sherburne Rice and Park. Development of this study is based upon a site visit walk through building assessment, review of prior studies, articles, and discussions with involved parties.

This study contains the current condition assessment, prior studies, analysis of building opportunities and impediments, financial considerations for reuse, and recommendations. Appendices contain many referenced reports such as the historic inventory and National Register nomination form.



* In December 2018 (draft) and again in January 2019 (final), the Capitol Area Architectural and Planning Board unanimously approved the *Capitol Rice Development Framework* as a functioning Chapter (7a) of the *2040 Comprehensive Plan for the Minnesota State Capitol Area*, after review and comment by 20 major institutional and public agency stakeholders. The *Framework* now functions as the Board guidance on the entire western sector of the Capitol Area as it awaits formal adoption. The *Framework* establishes support for restoration of historic urban fabric and preservation of buildings, and includes the following specific direction:

D-3. Northeast corner block at University and Rice (includes State Lot C and Ford Building)...development of this block will improve the vitality of the district. The state has a role in community development at the doorstep of the Capitol.

D-3.1 Complete redevelopment of State parking lot C including reuse/redevelopment of Ford building.

D-3.2 Develop a state office building to accommodate agencies with a strong tie to the Capitol.

D-3.3 Design and Development Steps (State-led, CAAPB with the Administration Department):

1. **Ford Building Reuse Study:** Conduct a reuse study to determine scenarios of redevelopment, including site redevelopment guidelines that supply design parameters for future steps. The reuse study should verify the structural stability of the building and explore a full range of alternatives for building disposition (outlining the full range of possible reuses in each scenario) from full building to partial or complete demolition.

2. **Site Pre-Design Study:** Informed by the Ford Building Reuse Study, conduct a site pre-design study (required by law) to determine need and program for the particular use.

3. **Design Competition:** CAAPB led design competition.

D-3.4 Strongly encourage full or partial re-use of the Ford Building, recognizing the existing embodied energy and sustainability of re-using a solid structure, the benefit to the urban fabric of a historic building, and to take full advantage of existing tunnel connection.

D-3.5 Establish active ground-level uses facing University and Rice Streets.

D-3.6 Follow best practices for structured parking: Refer to Guidelines for Structured Parking."

D-7. Ford Building Reuse

D-7.1 Support re-use of the Ford Building within redevelopment of the property to the west on the northeast corner of University and Rice. Encourage an active, pedestrian-friendly first floor uses engaging University Avenue. ..."



Participants

This reuse study was compiled by:

Michael Bjornberg FAIA (CAAPB Advisor)
Kimberly Sandbulte AIA (Historic Architect)

with input from a variety of sources including:

Paul Mandell, CAAPB Executive Secretary
Peter Musty, CAAPB Principal Planner & Zoning Administrator
Jennifer Hassemer, Department of Administration
Brian McMahon, Author & Historian
Jamie Stolpestad, Developer
Denita Lemmon, (CAAPB Advisor)

EXECUTIVE SUMMARY

"The most significant potential for development in the Capitol Area in the next 10 years is within the Capitol Rice District. At the center is the Capitol Rice LRT station and Leif Erickson Park, with a growing vibrancy and unique sense of place integrated with a Mobility Hub for workers, community members and Capitol visitors."

- from *The Capitol Rice Development Framework*, approved January 2019
by the Capitol Area Architectural and Planning Board (CAAPB) as
Chapter 7a of the *2040 Comprehensive Plan for Minnesota's Capitol Area*

The Ford Building was constructed in 1913-1914 and is one of 24 similar buildings built in the United States constructed by the Ford Motor Company. To date many have been adapted for new uses, due to their structural integrity, large windows and floor plate flexibility. This is the style of building that is currently highly sought after for reuse (as well as a pattern for new construction.) This specific Ford building has been under State ownership since 1951 and was used in a variety of ways by the State until it was vacated approximately 15 years ago. It also shares the characteristics of other Ford buildings and would be a highly desired reuse opportunity.

The building is located along University Avenue with site frontage on Rice Street, Sherburne Avenue and Park Street. The site area is located across University Avenue from Leif Erickson Park and the Capitol / Rice Street LRT Station. The building contains 56,000 square feet (51,000 rentable area) with adjacent site area of 2.25 acres that offers development potential.

The Ford Building's proximity to the Capitol Complex is one of the strong reasons it is an asset to the State of Minnesota and worth retaining State ownership. The existing tunnel under University Avenue connecting to the Capitol Complex tunnel system is a critical asset that cannot be duplicated. The construction of the LRT system makes additional tunnel construction under University Avenue cost prohibitive and disruptive, thereby adding significance to this underground connection. And lastly it is one of few building sites owned by the State with such proximity to the Capitol Complex.



The Ford building has an elegant masonry façade that presents itself strongly on University Avenue and represents the best of the automobile era that extended miles along the Avenue. This specific Ford building was meant to be more of a showcase for the Ford automobile than a production facility. As such, it has wonderful flourishes of decorative stone and terra cotta not seen in today's construction. The façade scaling presents a very humane building that embraces the pedestrian experience along University Avenue. The building's classic aesthetic and flexible structural bay layout offers a facility that can be changed to meet many different needs for many more generations.

The Ford building contains embodied energy and represents the most sustainable and energy efficient of all construction – an existing building that can be retained and reused repeatedly. The materials used in the construction of this building are meant to last hundreds of years, unlike much of current construction today. This site and building provide a unique opportunity for the State of Minnesota to showcase energy conscious design for use and education, demonstrating to state residents a future that prioritizes building reuse, energy-efficiency and resilience.

The cementitious stucco finish on the side and rear walls added in the 1970's began failing in the late 1990's and currently is stabilized with a chain-link fencing system to anchor the side and rear exterior walls - creating the false perception of a failing building.

Despite some perceptions, the exterior issues are cosmetic, and the Ford building's inactive status is largely only due to limited reusable MEP systems. The east, north and west walls are interior to the block, are secondary walls to the University façade. As such, they offer very flexible options for connecting into an adjacent new building as part of a larger development. The building is currently in a "mothball state" and stable.

There are both opportunities and impediments to its reuse that are identified in this report:

Building reuse will require financial investment to return it to an occupiable state of use. There are Legislative statutes that limit ability to take advantage of historic tax credits, limits ability to lease to outside tenants, and limits the ability to partner with developers. Legislative accommodations to these statutes could provide additional options for financing.

An updated condition assessment was recently initiated by the Department of Administration Real Estate and Construction Services and completed by Encompass Inc. The condition assessment concluded the Ford building to be in sound structural condition and generally in fair to poor condition. The full Ford Building Condition Assessment is included in the Appendix.

The Ford building was initially surveyed for historic significance in 1982 as part of the Ramsey County and Saint Paul Historic Sites Survey. The attached survey form indicated the Ford building as having potential for local designation and listing on the National Register of Historic Places (NRHP). The Ford building was resurveyed again in 2002 as part of the required environmental review (Section 106 of the National Historic Preservation Act of 1966) for the Central Corridor Light Rail Transit planning process. The Phase II Architectural History Investigation (also attached in Appendices) recommended the Ford Building as eligible for listing on the NRHP under Criteria A, representing a broad pattern of American history in the production and distribution of automobiles. Required mitigation regarding adverse impacts of the Central Corridor included the completion of a National Register nomination for the Ford building which was submitted to the Minnesota State Historic Preservation Office (MNSHPO) from the Metropolitan Council in 2015. MNSHPO has recently confirmed its eligibility and is currently scheduled to be considered at the August 20th Historic Preservation State Review Board meeting for listing on the national Register of Historic Places.

In considering reuse of the Ford building, it is important to take the entire site area owned by the State into consideration:

Development of the Ford building and adjacent site area would improve the vitality of the district. The state plays a role in development in this area. It has been noted that leadership and community of Christ on Capitol Hill Lutheran Church, which is also being considered for NRHP listing at the August 20th State Historic Preservation Review Board meeting, community has expressed interest in participating in site redevelopment in order to improve its parking situation, including considering the sale or trade of their surface parking lots to



Key Opportunity Sites:

1. League of Minnesota Cities Block
- ★ State Lot C and Ford Building
3. State Lot AA
4. Sears Site (includes State Lot X)

The Capitol Rice District

★ Capitol Rice LRT Station

Key Landmarks:

- | | |
|---|---------------------------------|
| A. Hmongtown Marketplace | K. State Office Building |
| B. Scheffer Park | L. Transportation Building |
| C. Rice Triangle Park | M. Capitol Mall |
| D. Como Place Apts | N. Veteran Services Building |
| E. Rivertown Commons | O. Capitol Ridge (Best Western) |
| F. Bethesda Hospital | P. Western Park |
| G. Senate Building | Q. Ravoux Hi-Rise |
| H. Christ on Capitol Hill Lutheran Church | R. Saint Paul College |
| I. Ford Building | S. Minnesota History Center |
| J. League of Minnesota Cities | |

The Ford Building and State Lot C were identified on this image from the Capitol Rice Development Framework (adopted 1/23/19, revised 4/4/19) as a key opportunity site within the Capitol Rice District.

accommodate a more comprehensive development plan for the site. This provides a greater opportunity to engage the overall block for development. Creative developments might include references to the Ford era, including historic artifacts of that era. It might include a coffee shop that displays Capitol history artifacts (currently housed by MNHS in a warehouse) integrated with public meeting rooms.

The Ford building and adjacent site area (Lot C) bounded by Rice Street, University Avenue, Sherburne Avenue and Park Street, are part of the Capitol Complex and are guided by the CAAPB Framework for development.

It is the author's professional opinion, based on a career of over 35 years of rehabilitating, restoring, adapting and preserving significant historic structures, that the Ford Building at 117 University Avenue is, at the present time, a highly desirable structure for adaptive reuse integrated into a larger redevelopment of the block's surface parking lots.

This opinion is based on the following:

- The building is currently in sound structural condition and is of a configuration that is suitable for adaptable reuse;
- The building is in an ideal location for shared uses by the Capitol Complex and local neighborhoods;
- The building is adjacent to the Capitol / Rice Street LRT Station and transit connections to both downtowns, the University of Minneapolis, MSP airport, as well as bus lines in multiple directions;
- The building tunnel has direct access to the Capitol Complex tunnel system and the rest of the Capitol Complex facilities;
- The space available on the entire site immediately adjacent to the Ford building provides development opportunity beyond the Ford building itself. The site location is the next logical site for State development to reduce the need for leasing from private developers;
- Ongoing (private) office and residential developments occurring along the LRT line, University Avenue and in the district nearby illustrate the desirability of the location;
- The building contributes to the character of the neighborhood and the specific industrial and transportation history of University Avenue;
- Conversations with developers indicate an immediate interest to purchase this site for development.

In order to capitalize on these opportunities and reuse the Ford building, modifications may be necessary to the statute funding restrictions that have stymied prior attempts for development and reuse.



PREVIOUS STUDIES

The Ford Building has been the subject of numerous studies and assessments since the State acquired the property. Prior Reuse & Condition Studies indicate there is a need for more State office space and structured parking in the Capitol Complex Area.

A recent article in the Business Journal stated: “The state leases 1.5 million square feet of office space in downtown St Paul.” Developers are looking to develop office space for use by the State of Minnesota. The prior Ford building and Site Reuse Studies have typically identified the following scenarios:

1. Renovate the Ford Building and develop the remainder of the existing usable state-owned property into various combinations of office and/or parking space.
2. Demolish the Ford Building and develop the remainder of the state-owned property.

Prior condition assessments have come to the same conclusion: – the building is structurally sound, with façade issues due to prior treatments and lack of maintenance.

The most current condition assessment study was developed by Encompass Inc., Engineering Consultants dated April 2, 2019 was commissioned by the Department of Administration, Real Estate and Construction Services. The study provided pre-design level maintenance and repair recommendations. It noted the Ford building to be in fair to poor condition. The structure is noted to be generally sound, but the building will require repairs, improvements, and/or replacement of all other systems for reuse. It concluded that if maintained in its current vacant state with prevention of trespass and implementation of roof and window repairs – the building does not pose a safety hazard to the public for the next 3-5 years.

The Encompass Study provided estimated costs for two options:

- Maintaining the building in a vacant, unoccupied condition (\$271,875),
- Ford Building Demolition, with Tunnel Access maintained operational (\$1,610,500)

PRIOR **REUSE & CONDITION STUDIES**

CHRONOLOGICAL LIST

1982 HISTORIC SITE SURVEY

Prepared by **Ramsey County Historical Society & St Paul Heritage Preservation Commission**

1989 OVERVIEW OF CAPITOL AREA PROPERTIES

Prepared by **Lindberg Pierce Architects**

1990 DEVELOPMENT FRAMEWORK STUDY FOR RICE-UNIVERSITY AREA

Prepared by **Bill Sanders**

1992 CAAPB DEVELOPMENT FRAMEWORK FOR THE FORD BUILDING BLOCK

Prepared by **Department of Administration Division of State Building Construction**

2001 PREDESIGN ASSESSMENT & RENOVATION / REUSE SCENARIOS

Prepared by **LHB Engineers & Architects**

2001 SITE SCENARIO SUMMARIES

Prepared by **Capitol Planning**

2004 PHASE II ARCHITECTURAL HISTORY INVESTIGATION FOR THE PROPOSED CENTRAL TRANSIT CORRIDOR, HENNEPIN AND RAMSEY COUNTIES, MN

Prepared by **The 106 Group, Ltd.**

2005 HISTORY AND BACKGROUND OF THE FORD BUILDING

Prepared by **Jeff Everson, Department of Administration - Commissioner's Office**

2006 REPORT TO THE LEGISLATURE: FORD BUILDING PRESERVATION AND USE

Prepared by **Ford Building Working Group**

2013 LEGISLATIVE OFFICE BUILDING UPDATE

Prepared by **BWBR**

2017 CENTENNIAL OFFICE BUILDING PREDESIGN

Prepared by **Wold Architects**

2017 RICE STREET / CAPITOL AREA PARKING STUDY

Prepared by **Walker Parking Consultants Development**

2019 FORD BUILDING CONDITION ASSESSMENT

Prepared by **Encompass, Inc.**

IMPEDIMENTS AND OPPORTUNITIES

The Ford Building located at 117 University Avenue, St Paul MN and adjacent site area (bounded by University Avenue on the south, Rice Street on the west, Sherburne Avenue on the north and the Park Street on the east) is a highly desirable developable site. That opinion is based upon the following: Condition, Location, and Access. The primary impediment to redevelopment of the Ford Building and adjacent site area appear to be funding regulations and the perception of the building's condition.

CONDITION *Sound Structure*

- The building is in sound structural condition. It will not require significant structural changes to be adapted for reuse
- The building is of a flexible floor plan layout with high floor to floor heights (which are currently highly desirable space) allowing for a variety of functions and long-term layout flexibility
- The building has extensive windows and natural light, fitting current requirements for daylighting and providing a healthy workplace environment
- Installing new Mechanical, Electrical, and Plumbing systems will provide an opportunity for high energy efficiency and the potential to be an energy showcase building
- The front façade is stable, aesthetically pleasing and has maintained historic integrity

The roof was built for automobile test driving and would be capable of additional loads (addition, solar panels, etc.)



LOCATION *University & Rice Street*

- The building and site are located adjacent to the Rice Street LRT Station, which connects across the Twin Cities,
- The building and site have University Avenue frontage allowing great visibility for tenants, views of the Capitol building and a University Avenue address
- The building and site are adjacent to the Sears site redevelopment area, which is currently in planning stages for a mixed-use development and will provide numerous amenities for any development on this site
- The building and site are adjacent to the Capitol Complex and Legislative functions providing a unique opportunity to connect above and below grade
- The Ford building and site are near hospitals, retail, offices, neighborhood restaurants, housing and support services in an area that is currently increasing amenities.



The Ford Building and Site are at a vital location surrounded by State Property.

Land Use

Apt 4+ units	Colleges-Private	Muni Svcs Other	State Acquired
Charit Inst	Commercial	Res 1 unit	State Property
Church	Hospital-Private	Res 2-3 units	T E Misc Co D 1
Church - Other	Hospital-Public	Res V Land	Trans Housing
Co Svcs Other	Industrial	Sp Tax District	

*Image Credit: Capitol Rice Development Framework
(adopted 1/23/19, revised 4/4/19)*

ACCESS *Tunnel & LRT Station*

- Perhaps the greatest Capitol Complex asset of the existing Ford building is the existing tunnel access to the Capitol Complex tunnel system. This existing tunnel is a fundamental benefit/requirement for any new State development and reuse of the Ford building. It cannot be duplicated anywhere along the Capitol Complex boundaries. The adjacency to the LRT station, parking and the Capitol Complex are development gold. It is financially and logistically unlikely that new tunnels would be constructed under University Avenue due to Light Rail Transit system and underground utilities now in place. Construction logistics and cost make such a tunnel very complicated, impractical and highly risky.
- The Rice Street LRT Station has the potential to develop a vertical connection to the tunnel system and provide direct access to the Capitol Complex, making ADA access possible without needing to maneuver University traffic and weather conditions
- The Ford building tunnel can also provide access for the employees and staff working in the Capitol Complex to potential amenities in a new Ford site mixed-use development without having to walk outside in inclement weather.

Nodes

The Capitol Rice District is an Urban Village with Leif Erickson Park at its center. This diagram shows that the Ford Building Site is located at a hub of various transit opportunities within the District, making it a natural destination for traffic in the area.

Image Credit: Capitol Rice Development Framework (adopted 1/23/19, revised 4/4/19)



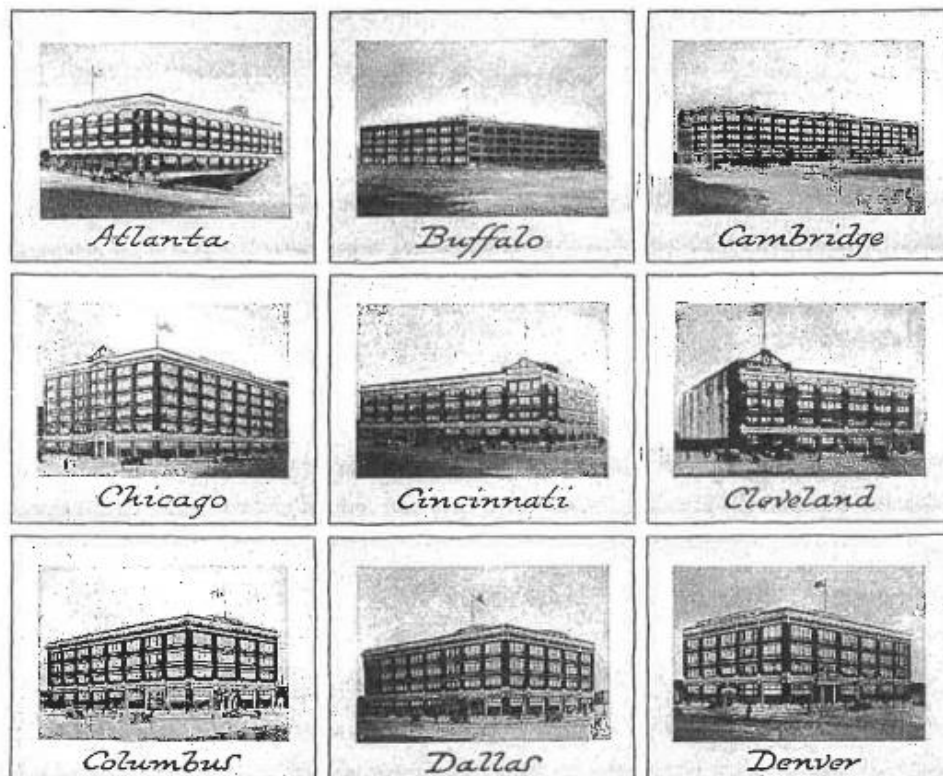
UNIQUE OPPORTUNITIES

- The University Avenue and Rice Street is a prime target for new mixed-use development. The high potential for housing, retail, and restaurant development in the area may limit the State's ability to lease space near the Capitol Complex in the future. The Ford building and site could serve as an anchor to development along University Avenue and a gateway to the Rice Street corridor.
- The Ford building and adjacent State-owned property could offer an opportunity for the State to design and construct an energy efficient facility that can become a State showcase for sustainability. Demolition of a structurally sound, aesthetically pleasing and potentially historic building all run counter to smart sustainable development.
- The newly updated CAAPB Comprehensive Plan provides clear guidelines for a development in this area.
- The Ford building and adjacent site area offer a highly desirable development opportunity for developers, if the regulatory requirements and restrictions can be accommodating to an arrangement that benefits the Capitol Complex, neighborhood and developer.
- If the State has no interest in development, then the vacant site area and potentially eligible historic building offers an opportunity to work with a developer to develop the open site in exchange for some basic infrastructure improvements to Ford building in order offset the costs of renovating the Ford building.
- Conversations with developers have indicated an interest in purchasing this site for private development. It has the characteristics that they are looking for on University Avenue, the LRT line with significant open site area and a potential eligible historic building that can leverage Historic Tax Credits. This reinforces the value seen by others in this site and building.
- The adjacency to the Opportunity Zone may be a great advantage for development.

POTENTIAL IMPEDIMENTS

- Public perception that the building is less desirable than other office spaces.
- Lack of political consensus on the use of the Ford building and the commitment to allocate enough funds.
- The potential financial implications of the development cost needing to be realized in rents costs.
- Lack of creative vision of the potential of the entire State-owned site in conjunction with the Ford building.
- Lack of readily usable MEP systems to occupy the building.
- The exterior building façade (East and West) have been previously coated with a stucco/cementitious surface treatment that has failed. These facades will require re-surfacing.
- The current State property ownership is split with the Christ Lutheran Church owning a site area within the state property making a contiguous development tricky.
- The abundance of anecdotal restrictions to development financing, leasing and tenant mix.

Images of the Ford Branch Service and Assembling Plants, from "The Ford Times" June 1915. Of these 17 have or are being redeveloped, 2 have been demolished, and 6 have been significantly altered or are in disrepair. Image courtesy The Henry Ford Collections.





Detroit



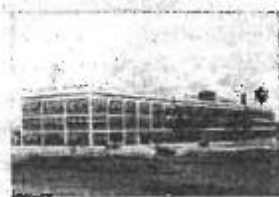
Fargo



Houston



Indianapolis



Kansas City



Long Island City



Los Angeles



Louisville



Memphis



Minneapolis



Philadelphia



Pittsburgh



Portland, Ore.



St. Louis



St. Paul



San Francisco



Seattle

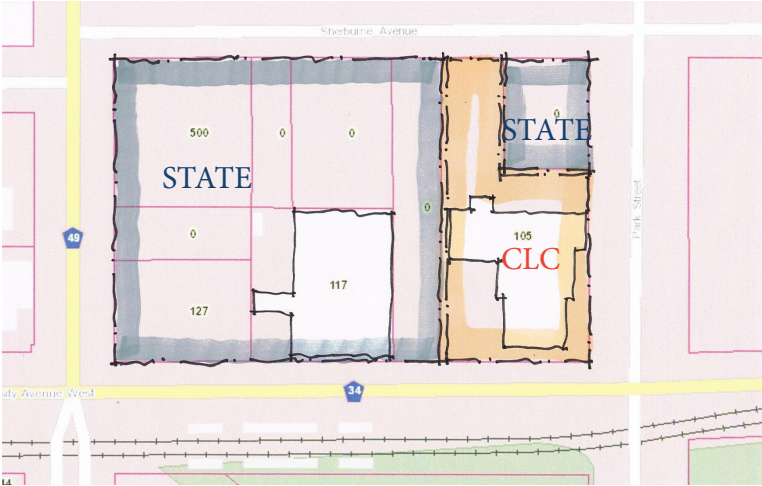


THE BLOCK AS A WHOLE

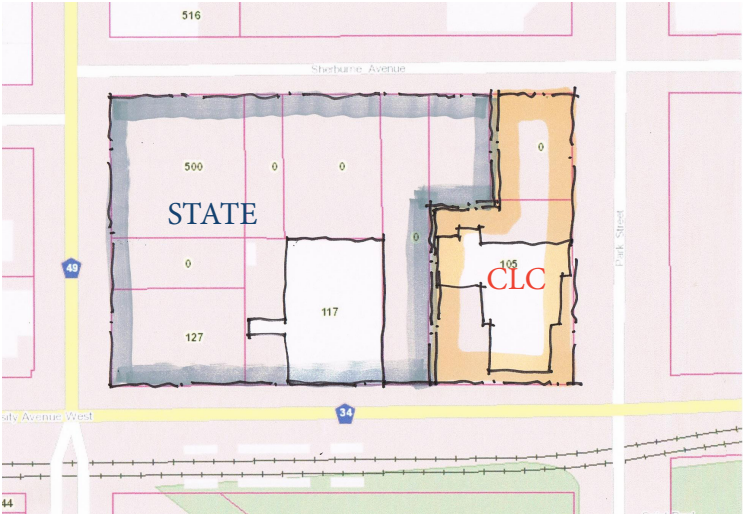
Development of this building and block would improve the vitality of the district. The state plays a role in development in this area. The Ford building and adjacent site area bounded by Rice Street, University Avenue, Sherburne Avenue and Park Street, are part of the Capitol Complex and are guided by the CAAPB Comprehensive Framework for development. The Development Framework encourages consideration of the following potential development components;

- Preserve Christ Lutheran Church.
- Reuse the Ford building.
- Demolition of the Ford building requires approval of the Capitol Area Architectural & Planning Board.
- Development of a multi-story parking structure.
- Use of first floor space should be oriented toward public service, or support services for state activities and employees, or both. Occupancy of first floor space by private lease/entity use that provides those services could also be appropriate.
- The block should be developed by a building of no more than five or six stories ("the shoulders of the Capitol Building") at the Rice University intersection. Elsewhere on the block building heights should consider stepping down to two to four stories to conform with scale of existing buildings and the adjoining neighborhood. New building development should average four stories.
- Any new construction should exhibit a high level of quality in design and material, in keeping with the dignity and beauty of the Capitol and its grounds.

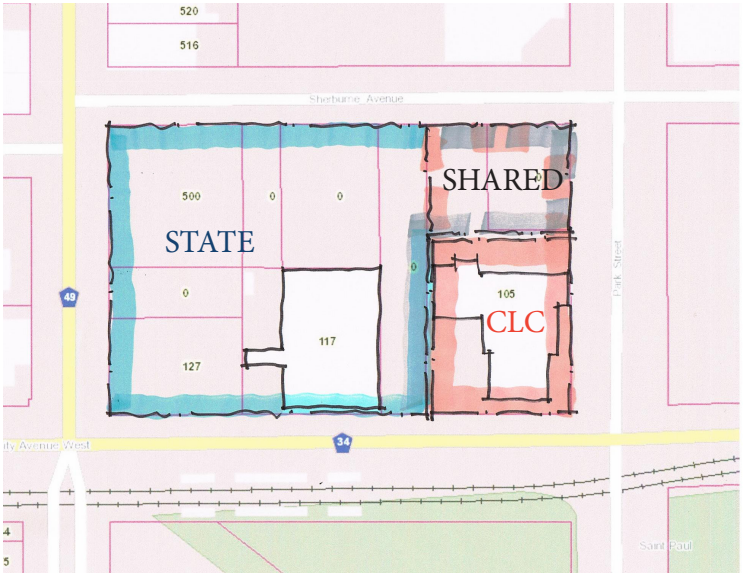
THE BLOCK AS A WHOLE



Current Ownership Diagram



Potential Land Swap



Potential Shared use agreement (parking?)

FINANCIAL CONSIDERATIONS

a key concern

Reuse of the Ford building and associated state-owned property has a variety of current regulatory conditions that can make a “best-use” redevelopment of the building and site challenging to understand and implement.

Given the site’s location (the intersection of University Avenue and Rice Street) which is the transition between Capitol Area Complex and the State offices and the commercial/residential neighborhood along Rice Street – ideal development in location would be a mixed-use development that includes retail space fronting University Avenue and Rice Street with office space and services above. The north portion of the site is well positioned for structured parking to serve retail, office tenants and Capitol Complex visitors.

All of these can help generate ongoing revenue for the development, but current regulatory restrictions make outside revenue sources difficult. The state currently leases a significant amount of space (1.5 Million SF) of space in downtown St Paul. This site could locate some of the lease need closer to the Capitol Complex with access via the tunnel.



The following are excerpts from the
2006 Ford Building Preservation and Use Report,
developed by the Ford Building Working Group.

DISCUSSION

Leasing up to 5 percent of the building (the maximum allowable under federal tax code regarding tax-exempt bonds) for unrelated purposes, such as a coffee shop, restaurant, or similar business. Longer term, consideration should be given to the concept of a “one-stop shop” for government citizen services at the Ford Building. These uses would be located on the first floor, along University Avenue, and might serve to expand the building’s use beyond the end of the work day. Another option would be office space for lobbyists.

Re-opening the building for any use would require substantial renovation work. These costs, if bonded, would be recovered through lease rates that would be paid by occupants. The Department of Administration estimated in FY2001 that this rate would be approximately \$36 per square foot, per year (based on estimated renovation costs of \$10.8 million), which is significantly above current market rates in downtown St Paul and in state-owned facilities in the Capitol Complex. The rental rate would decrease after 20 years when the debt is retired. A possible solution would be a “historic preservation” allocation by the Legislature that would “buy down” the lease rate and make the space more competitive with what is available in the market.

LEASING VS. OWNERSHIP ANALYSIS

The facility needs of the state can be addressed in leased space or state-owned financed by the proceeds from the sale of general obligation bonds or revenue bonds. The evaluation of alternatives includes, among other things, a comparison of rent costs for alternative locations to determine the impact on the state agency’s operating budget (cash flow). However, in comparing lease vs. ownership costs, several additional factors are considered, including an evaluation of life-cycle costs on a net present value basis. In many cases, building ownership will save the state money in the long term, however, each project is considered on a case-by-case basis.

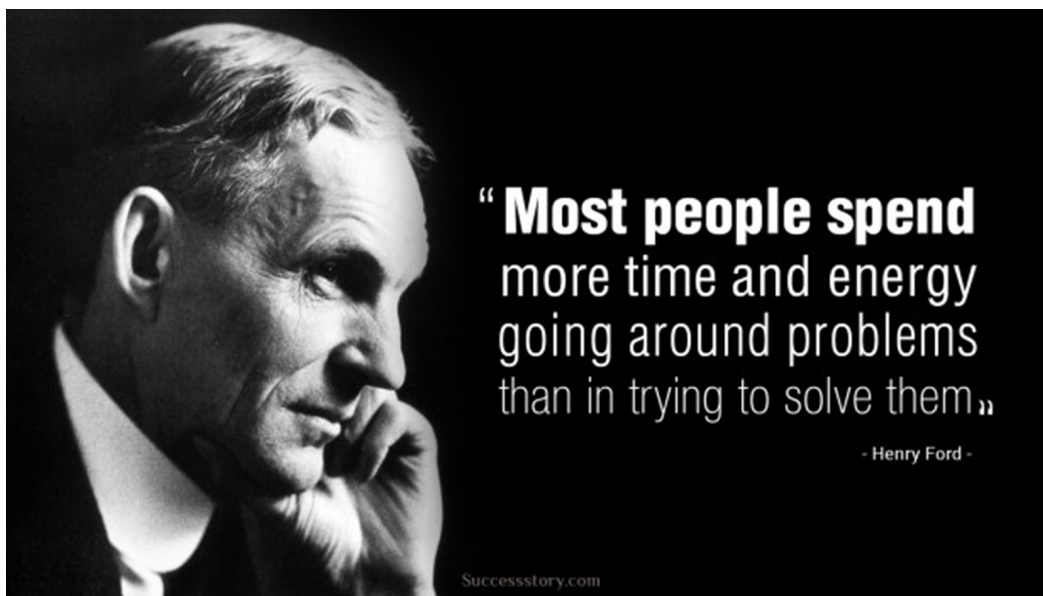
Continued excerpts from the
2006 Ford Building Preservation and Use Report,
developed by the Ford Building Working Group.

CONSTRAINTS ON LEASING

Past improvements to the Ford Building have been financed with proceeds from the sale of state general obligation bonds. Therefore, the Ford Building is considered bond-financed property and is subject to federal and state requirements (constitutional and statutory) related to the use, management and/or sale of the property. Bond-financed property must be used for the express purpose of carrying out a government program established or authorized by law. Under federal and state laws, the state can lease up to 5 percent of a state-owned building for “unrelated purposes.”

Private leases over the 5 percent limit would have to be for a government program established or authorized by law. In these instances, the state is required to retain control of the program and would act similar to a board of directors.

The useful life of the Ford Building upon completion of a renovation would likely be extended 30 years or more. The benefits of ownership include creating equity or residual value in buildings. This benefit is realized to the greatest extent during the period after debt retirement and before the building is fully depreciated.



CONCLUSIONS & RECOMMENDATIONS

The Ford Building located at 117 University Avenue, St Paul MN is structurally sound and adaptable for reuse. The adjacent State-Owned site area, in conjunction with the Church property, are a highly desirable development property. The Capitol Complex has a need for adjacent office and parking space that is for permanent tenants and temporary (swing space while other buildings are being maintained).

Although the site is currently highly desirable for private development, selling the property to a private developer may not align with the State's goals of maintaining land ownership adjacent the Capitol Complex. (The development of the Sear's site will impact land currently used for parking by State employees and result in the loss of adjacent land for State use.)

The location of the Ford building site would certainly be able to attract many private uses, although current restrictions limit the ability of the State to lease to private entities and uses that may benefit the Capitol Complex staff and visitors. It seems most aligned with the State's goals to renovate the Ford building for reuse and to develop the remainder of the site into either some combination of office use and structured parking (staff and public) potentially connected to the Ford building and tunnel access.

The impediments preventing this are merely structurally financial perception of the building, and a lack of a vision of it's potential.

RECOMMENDATIONS

- The Ford Building should not be demolished but should be adaptively reused for State uses.
- Site development should incorporate the existing Ford building, respect the existing Christ Lutheran Church and reinforce the University Avenue/Rice Street intersection and District.
- Site development should consider a cooperative arrangement with Christ Lutheran Church to either exchange property areas or explore common use (parking.)
- Site development should provide public outdoor space for common use by tenants, neighborhood and Capitol Complex visitors.
- The CAAPB and the State of Minnesota should initiate a pre-design Study to determine programmatic needs, creative solutions and potential State tenants for the Ford building and adjacent site area.
- Further development of a facility program in conjunction with discussions of statute modifications would provide the State with an opportunity to develop a unique property that can serve staff, visitors, and the neighborhood for years to come.
- Reuse of the Ford building will provide the State an opportunity to plan and construct a unique showcase sustainable facility that demonstrates energy efficiency, healthy office environments and the history of the area.
- If the State does not wish to reuse the Ford building then, in lieu of demolition, it is my recommendation to sell the building and property to allow maximizing the advantages of historic tax credits, energy rebates, community needs, sustainability and housing/retail demand (this would require the State to declare the property as "surplus".)

**"You can do anything
if you have enthusiasm."**

- Henry Ford



APPENDIX

1982 HISTORIC SITE SURVEY

Prepared by **Ramsey County Historical Society & St Paul Heritage Preservation Commission**

1992 CAAPB DEVELOPMENT FRAMEWORK FOR THE FORD BUILDING BLOCK

Prepared by **Department of Administration Division of State Building Construction**

2001 PREDESIGN ASSESSMENT & RENOVATION / REUSE SCENARIOS

Prepared by **LHB Engineers & Architects**

2001 SITE SCENARIO SUMMARIES

Prepared by **Capitol Planning**

2004 PHASE II ARCHITECTURAL HISTORY INVESTIGATION FOR THE PROPOSED CENTRAL TRANSIT CORRIDOR, HENNEPIN AND RAMSEY COUNTIES, MN

Prepared by **The 106 Group, Ltd.**

2005 HISTORY AND BACKGROUND OF THE FORD BUILDING

Prepared by **Jeff Everson, Department of Administration - Commissioner's Office**

2006 REPORT TO THE LEGISLATURE: FORD BUILDING PRESERVATION AND USE

Prepared by **Ford Building Working Group**

2013 LEGISLATIVE OFFICE BUILDING UPDATE

Prepared by **BWBR**

2017 CENTENNIAL OFFICE BUILDING PREDESIGN

Prepared by **Wold Architects**

2017 RICE STREET / CAPITOL AREA PARKING STUDY

Prepared by **Walker Parking Consultants Development**

2019 FORD BUILDING CONDITION ASSESSMENT

Prepared by **Encompass, Inc.**

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2004 LEASABLE AREA FLOOR PLAN DRAWINGS