

**STAFF SUMMARY
CITY OF MINNETONKA
CITY COUNCIL STUDY SESSION
MONDAY, FEBRUARY 7, 2005
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Council Present: Terry Schneider (Acting Mayor), Jan Callison, Bob Ellingson, Al Thomas, Tony Wagner, and Brad Wiersum

Council Excused: Mayor Karen Anderson

Planning Commission:

Terri Bonoff, Dick Allendorf, Doug Britain, Sandal Hart

EDA: Peter St. Peter, Dave Larson, Dan Duffy, Bob Walker, Bunny Robinson

Park Board: Paul Lehman, Friende Mills

Staff: John Gunyou, GERALYN Barone, Ron Rankin, Desyl Peterson, Merrill King, Geoff Olson, Cary Teague, Jeff Dulac, Ken Bush, Craig Sinclair

Others: Tom Goodman (speaker), Scott Bader (developer), Eleanor Berscheit

Acting Mayor Schneider called the study session to order at 6:30 p.m. Gunyou provided an update of the schedule for upcoming council meetings, and dates for special events including Kids Fest and the firefighters banquet.

1. Resident participation in the public process

The presenter for this item was Tom Goodman, a Minnetonka resident since 1987, who represents neighborhood groups. He complemented city staff, and provided a list of projects on which he has worked.

Goodman noted that most public officials erroneously assume that neighbors are willing to join in a reasoned debate. In truth, neighbors often think that constructive dialogue will not work, and are not interested in balancing the public interest with their issues.

When neighbors approach him, Goodman suggests that they organize into a non-profit group to provide more structure. This helps organize the debate. He also asks neighbors to create two lists: List A includes what they are really concerned about (traffic, dust, noise, etc.), and List B includes legal strategies to challenge the project.

Goodman said that neighbors who voice concerns about one specific issue, like wetlands, may not be stating their real concern. So any offer to compromise on wetlands may or may not satisfy them. They might really be concerned about something else that is not protected by the law.

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Goodman said that it is important for the city to talk with the neighbors to understand their real concerns. He provided the following tips:

1. When multiple people say the same thing over and over during a hearing, restate the position they're making fairly and honestly to acknowledge that their point has been understood.
2. Don't let meetings get out of hand, but allow demonstrations to acknowledge the strength of their feelings.
3. Never try to change the Comprehensive Plan and Zoning Ordinance all in the same night. It gives the appearance that the city doesn't care, and the neighbors feel railroaded.
4. Apply consistent standards for decisions so that neighbors feel they have been treated fairly.
5. Join neighborhood groups to hear firsthand about concerns. Elected officials are not bound by the same ethics as judges.
6. Other than the organizers, most neighbors will only come to three meetings: the first informational meeting, the planning commission meeting, and the city council meeting.
7. Don't try to manage the opposition – you'll look hypocritical. Confrontation is the neighbors' way of saying you're not listening.
8. Separating the decision making from the public hearing delegitimizes the process.

Goodman also provided a list of things the city should not do:

- Start the meeting at a time when working residents can not attend.
- Require people to sign up and speak in that order.
- Set inflexible time limits
- Precede public input with long explanatory sessions
- Hire all the local experts so there are no experts left for neighbors.

Thomas asked for advice about dealing with residents who argue that something will change the character of their neighborhood. Goodman said to listen, and try to accommodate their real concerns.

Callison noted differences over the years in how neighbors approach issues. Goodman said that neighbors who organize tend to present their case better.

Hart said that neighbors never believe the traffic study. Goodman said that might be a List B issue - there may be other concerns.

In response to Britain's question, Goodman said that often there is no one at the city who is empowered to resolve an issue at the time of the discussion.

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Peterson asked what the council could do when the neighbors say that the council isn't listening to them. Goodman suggested responding that you hear what they're saying, but that you disagree with it.

Schneider said that in many cases there is an opportunity for true compromise. If neighbors compromise, they can get something, but often times it becomes all or nothing. Goodman said that it is sometimes difficult for neighbors to accept a good faith compromise when their real issues are not being addressed.

Allendorf said that a compromise solution may be offered, but no one in the audience feels empowered to agree to that compromise. Goodman said that is his function. He works with the president of the non-profit neighborhood group, who does have the standing to compromise.

2. Minnetonka Blvd./ Hwy 169 Gateway Project

Schneider and Gunyou provided an introduction and overview of the key discussion points.

Scott Bader, representing Steven Scott Development, has lived in Minnetonka for 25 years, and developed in Minnetonka for 20 years. He reviewed his other Minnetonka developments, including 5,400 multi-family units. He introduced his associates: Dean Devolis, Sarah Guyette, Damon Farber, Ken Brooks, and Michael Margulies.

Devolis provided an overview of the Minnetonka Gateway project. It will provide a gateway to Minnehaha Creek as well as a gateway to the city along Minnetonka Blvd.

Farber noted the interface between the site and the structures. The units are not arbitrarily placed. There are two critical intersections. The first is at the gateway. The intersection at the entrance to the existing apartments would be realigned. The circular motif would be reinforced by a water wall and entry monuments.

Farber said that storm water management is critical, and would be addressed by a series of swales, water gardens, and ponds to create a visual amenity and functioning mechanism to clean the water. The site would not be manicured; its landscaping would purify the water. The trail system would invite the public into the project, which would include a public park. The hope is that this site will allow for recreational interpretation of the natural character

Devolis said that the Minnetonka Boulevard bridge over the creek would be reconstructed, and provide pedestrian access underneath. Frank Lloyd Wright style architecture is planned, with a horizontal look and natural materials and colors. Copper roofs would be used. One building would be five-stories and

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would include condominiums and retail. There would be two mid-rise condo towers that would face toward the wetlands. There would also be affordable senior rentals in a three-story building, with the majority of the parking below grade. There would be a four-story mixed-use commercial/senior cooperative building with 38 living units, and some one-story townhomes. He reviewed the location of the affordable units. In the total development, 27.5% of the units would be affordable.

Schneider invited council feedback about what they liked and did not like about the project.

Callison asked about the amount of commercial space. Devolis said there would be three to five tenants, and as an illustration, said a coffee shop would be about 1,500 square feet in size. He said commercial would be possible with a controlled intersection.

Callison noted that one of the commercial buildings that would need to be removed is fairly new. She asked if condemnation might be needed for the businesses. Baker said that they initially looked at only the north side of Minnetonka Boulevard, but at the city's suggestion, expanded the planning area.

Callison said that the old Budget Power structure might be considered for condemnation. Bader has had some discussions with the owner of that site. If something happens there, it won't be for some time. Devolis added that they believe that building will eventually be redeveloped. The idea is to set up the infrastructure for when the site develops.

Schneider noted that there were representatives of the Samaritan Tire property in the audience. He said that they would be given an opportunity to speak later.

In response to Allendorf's question, Devolis said that the mid-rise building would be 11 stories. Allendorf said that a computer pictorial from Minnetonka Blvd. and Hwy. 169 looking northwest would be helpful. Devolis said he would provide that.

St. Peter noted that the location of the affordable units had shifted. Guyette said that the graphics were just a representation and did not reflect the exact location. St. Peter asked if there had been other changes since the packet was provided. Devolis said that there had been some minor tweaking and fine tuning, but the basic layout had not changed. The number of affordable units remained constant. St. Peter asked that change information be noted at future meetings.

Hart asked if the whole area would drain to the drainage ponds. Farber said that none of the hard surfaces would drain to the wetlands, but would be cleaned up first.

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Hart asked if the soils could support the mid-rise building. Farber said yes -- based on the plant species, previous development, and trees. He said that pilings would be cost-effective and would work.

Gunyou asked the developer to clarify the road width. Farber said there would be two dedicated left turn lanes in the middle. The county would like greater width.

Gunyou asked if the county had an issue with the intersection at Gizmo Lane. Farber said that the county does not favor a full intersection. The developer asked for the city's assistance with the county.

Walker asked about the traffic analysis. Farber said that the consultant studied the area, and used guidelines developed by previous studies.

Callison asked about the affordability of the affordable units. Bader said that the rentals would have various percentages of affordability. The condos would be priced at \$193,700.

Callison noted that condemnation of the north side businesses would be expensive. Brooks reported that there was 100% attendance at the neighborhood meeting. They talked with all property owners and have worked hard to accomplish the project without condemnation. They may need some help with the gas station site, where there is potential for contamination.

Rankin said that there are traffic issues related to the businesses west of the creek. There is a need to create a four-way signalized intersection going north across the creek, and to add a bridge.

Schneider asked about the duration of the affordable units. Bader said that issue needs more work. Margulies said that, depending on the entity they use, they may be able to get affordable covenants that extend beyond 30 years.

Walker said that the EDA discussion on affordable housing focused more on seniors than other options. He asked that the issue be looked at from more than just a senior perspective.

Allendorf said there will be discussion about how much TIF will be used and what will be included in the TIF. Bader said that discussion will happen before they submit their application in the next month or two.

Wagner was interested in the walkable nature of the retail area. Bader said that there was sufficient interest in the concept to include it, and that they would continue to analyze that concept.

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St. Peter said that the developer may want the land trust to own some of the land, especially if condemnation is required.

Duffy noted that there was lots of discussion at the EDA meeting about housing above the retail. He would like to see more retail. Bader asked what type of retail he wanted to see. Duffy suggested coffee shops, delis and chiropractic. He suggested staying away from restaurants with strong smelling food.

Devolis said that there would need to be a balance for the retail and for traffic access.

Bonoff said that if the project's emphasis is on seniors, that would influence the type of retail. Devolis said that there will be more mixed commercial.

Bonoff asked if the public park was part of the proposal. Farber said that it was.

Hart asked about the square footage of convenience store. Farber said that it would be 1,500 to 3,000 square feet.

Wagner asked why senior housing was such a big portion of the affordable units. Bader said that there are many owner-occupied units. They are working with Stonebridge, who manages a lot of senior housing. They feel that the senior market is good in Minnetonka.

Todd Schactman, representing the Oakridge project, spoke. He is a 24-year resident of Minnetonka, and was excited to make his presentation. He was confident that their proposal will improve what Minnetonka has to offer.

Tony Barranco of Oakridge Group, said that he has been working on the project for a year. Their development would be the southeast corner of the Gateway development. Their focus is on conservation and enhancement of Minnehaha Creek and its amenities. They want an active trail, a picnic area, and a canoe landing. Part of their program would include buckthorn management. They would be looking for city support for these amenities.

Barranco said that they are planning a moderate density, four-story condo unit. It would be similar to the Excelsior & Grand project with more than 13,000 square feet of retail. He said there is an incredible demand for retail at this time. Twenty percent of the residential units would be affordable (1,200 to 1,400 square foot at \$190,000 to \$325,000). Their porches would overlook the wetland.

Barranco was looking for feedback on the project. They are further ahead than Bader and desire to get started as quickly as possible They need access to the site (right and left turn lanes).

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Barranco noted the zoning restriction at the northeast corner of the property. They want the city's support for reconstruction of the creek area, including trails, picnic areas, etc. Other representatives of the project present were Tony Strauss, a retail broker with Welch Companies, David Kutoff, a real estate developer, and Ron Zamansky, an attorney.

Hart asked about the zoning issues. Barranco said that one small section of the property is zoned residential. The frontage is zoned commercial. The height of the project is higher than is allowed by the zoning code.

In response to Schneider's question, Schactman described the parcels that would be included in the project.

Allendorf asked how the architecture in the Excelsior/Grand area would fit with the prairie style proposed for the Gateway development. Barranco said that there is much work needed, and they would work with Bader.

St. Peter suggested that both developers make accommodations in their design for business access, because the south right-of-way would be part of their properties.

Schactman said that the Excelsior/Grand analogy was purely conceptual. He hadn't gotten feedback on the style.

St. Peter asked for a dollar range of the city's contribution for developing the green space. Barranco said that the concept is not sufficiently developed to know.

Hart asked about the height of the structures. Olson did not recall specifics in the ordinance, and said that the city would be looking at the overall concept.

Hart said that the two-lane boulevard was a nice idea. However, the project is so close to Highway 169 that right and left access might be needed. She thought four-lanes might work better.

Devolis said that there would be two lanes. The county wants eight-foot shoulders and there would be a turn lane, so actually, there would be six lanes. Farber said that it would make sense to have a traffic engineer review the area to see what would work.

Hart questioned the 11 story height. Callison noted that the Cliffs is eight stories and didn't seem so tall, so placement would matter. She would like to see visual renderings from different perspectives.

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Addressing the height issue, Wagner said that the site is somewhat isolated and not overbearing to nearby residents. He saw a benefit in the buildings aligning with each other.

Allendorf visited the site. If the project is not visually overpowering, he may have a different view of the height issue.

Britain said that density was his biggest issue. He didn't think this project should be denser than other Minnetonka projects. He was not as concerned with the height.

Walker said that there are several larger buildings along the 169 corridor, and this project would be consistent with them. The project would also remove houses along Minnetonka Boulevard and the creek, which would be a plus.

Callison said that she was not yet convinced that a four-story structure was appropriate for the Samaritan Tire site.

Barranco thought that greater density and height would block off the highway and create a shelter.

Bonoff said that her first reaction to an 11-story structure was negative. She questioned whether the prairie feel and the Frank Lloyd Wright design was consistent with multistory buildings.

Thomas would need to see a rendering to decide on the height. He noted that the Carlson Towers are visible anywhere. He was concerned that the gateway project would include two developers who are offering "apples and oranges." He wants to see two apples, so the developers will need to come together. The road concept was good. He suggested working with the park board on the creek corridor plan.

Schneider did not have an issue with an 11-story building if it were done tastefully.

Hart did not have a problem with the height as long as it was integrated and stepped far enough away from Minnetonka Blvd. This will be a PUD project with restoration ponding, parks and trails, and that would go a long way to making it a doable project.

Wiersum said that the development would give the city a lot of benefits. He wanted to see more information on the 11 stories. He was not as concerned about the perspective from Highway 169. The architecture will need to mitigate the height concerns. He was very open-minded.

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Duffy said that he was not bothered initially by the 11-story concept. The high rise structure relates to the lower buildings. There is a need for continuity with any development on the south side of Minnetonka Blvd.

Allendorf said that elevations would make a difference on the heights of the buildings on the north and south side. He did not know how much the city could dictate that the developers work together. If they are asking for something from the city, they should work together. He suggested that the TIF request go to the EDA in about a month.

In response to St. Peter's question, Bader said that his site is about 10 acres in size. Schneider noted that the overall density would be about 25 units per acre, and that Minnetonka already has developments with 35 units per acre.

Ellingson thought that the county would not want retail too close to 169, and he didn't think that would work. He also thought the two signals so close together would not work. Gunyou noted that the county felt that a full intersection at Gizmo lane would be problematic.

Schneider would not support approaching the county to ask for a full right/left intersection, because it is too close to the interchange. A right in/right out might work if there is a connection to the cul de sac. To get his support, there would need to be a study of the road issue. He likes the idea of a boulevard, but saw problems with only two through lanes. Future growth will ultimately warrant four lanes, and that should be planned for now.

Ellingson agreed about the need for four lanes. He noted that CSAH 101 and Shady Oak Road will have four lanes.

With respect to the affordable component, Wagner had a concern about the current layout. It would remove 14 affordable units and replace them with 13. There will be senior housing, but he would like to see more of a mix. He said that it was important to tie the north and south developments together. He also liked the project's walkability.

Callison said that the number of affordable units did not concern her as much, but that she wants a broader range of affordability. The condominiums require fees, which push the envelope for affordability. She would want to ensure that the proposed service and commercial is developed. The natural location for retail is the Budget Power site.

St. Peter suggested that the concerns about the mix of affordability might be addressed if the Land Trust had ownership of Building A.

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Wiersum noted that 71 out of the total 284 units would be affordable, for a ratio of 25%. Since there are already 14 existing affordable units, that reduces the percentage to 20%.

Ellingson supported affordable housing, and said that there is no legal requirement on the number or percentage of units that must be provided.

Wiersum said that it would be important to look at the net gain. This project is distinctive from others because of the request for financial support from the city.

Schneider suggested that staff determine the level of financial support needed to redevelop, and what is needed for affordable housing.

Wagner asked if the city is willing to wait five years, or if eminent domain should be considered.

Callison responded that it would be hard to discuss eminent domain without knowing the dollar amount of the subsidy. She also noted that she expects the development to support public transit. She asked staff to advise the city of Hopkins of this proposal.

Schneider said that if there is only one full intersection (at Oakridge Road), signalization would be critical. This project may not meet the warrants.

Gunyou noted that there are three issues to consider when evaluating the desirability of providing TIF: (1) affordable housing beyond the normal 10% to 20% typically required, (2) public improvements, like bridges, parkland, trails, open space and creek access, and (3) achieving comprehensive redevelopment in a major project, rather than piecemeal over time. He asked for direction on the park and open space aspects of the proposal.

Wagner said that this is the only area of Minnetonka that does not have a park.

Bonoff loved the creek treatment, especially making it accessible to people.

Ellingson agreed. He likes opening up the creek. He noted that the whole area south of Minnetonka Blvd. is designated for open space preservation, so he believes there should be a natural area.

Gunyou said that the site is challenging. The city has traditionally viewed it as a potential location to provide access to the creek. That would be difficult due to the nature of the site, the topography, and the distance to the creek. One of the reasons staff views the gateway plan favorably, is that it provides an alternative for creek access, so that might not be needed south of Minnetonka Boulevard. However, the area near the creek should still be maintained as open space.

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Thomas walked the area south of Minnetonka Blvd. He saw lots of elevation problems. It would be crucial to preserve the areas by the creek. This plan provides a better option to have some preservation.

Wagner noted that there would be passive use, and asked about active uses in the gateway development.

Gunyou said that these plans are conceptual. The city would control and maintain the park, and would work with the developer to develop specific plans.

Schneider said that a unified plan for the overall area is important. He would redesign where the retail area is located, and provide public access to attract people. He had not heard a fatal flaw mentioned by anyone on the council or boards. He recommended that a traffic study be done.

Allendorf noted that if the developers' efforts could not be coordinated and city assistance is needed, that might be a fatal flaw.

Schneider could support the development in two sections. One could proceed without the other.

3. Adjournment

The meeting adjourned at 9:50 p.m.

Respectfully submitted,

Kathleen Magrew
City Clerk