

**STAFF SUMMARY
CITY OF MINNETONKA
SPECIAL JOINT CITY COUNCIL STUDY SESSION
MONDAY, DECEMBER 13, 2010
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Council Present: Dick Allendorf, Bob Ellingson, Amber Greves, James Hiller, Brad Wiersum and Acting Mayor Tony Wagner. Mayor Terry Schneider was excused.

EDAC Present: Benita Bjorgo, Pete St. Peter, Bruce Smith, Ken Isaacson and Chandra Coughlin

Planning Commission

Present: Mark Magney, Paul Lehman, Sue Sjeklocha, Steve Adams and John Cheleen

Staff: John Gunyou, Geralyn Barone, Julie Wischnack, Loren Gordon, Elise Durbin, and David Maeda

1. Hwy 7 / 101 Village Center Study Workshop

City Planner Loren Gordon, Mark Koegler and Bryan Harjes from HKGi, and Barbara Raye from the Center for Policy, Planning, and Performance went through a PowerPoint presentation about the process thus far.

Wagner asked for more information about conducting a market overview. Koegler distributed a market analysis. He said it was fair to say from a market perspective there was concern about the long term viability and integrity of some of the businesses. The major issue was access. While there are a couple of successful businesses there are a lot of vacancies in the area. There may be some categories of retail uses that may have potential including home improvement. He noted that most of the development in Minnetonka was low density and this may provide an opportunity to infuse a little more density and more households in the immediate area that could take advantage of the businesses in the area. Raye added that the residents thought the market study affirmed much of what they intuitively believed. Part of the sustainability issues for the commercial and retail businesses was about access. Housing was also discussed during the meetings. The amount of housing concerned some people. She said the biggest issue was that taking a big public space and making it feel like it was private space due to housing along the creek.

Koegler said the market study showed that any housing that goes into this development would compete against similar product elsewhere. If the competing area has more of urban amenities that young people are looking for, they would choose that other area. Raye said there was a conversation at the second meeting with people saying the real opportunity was creating some identity around the one quadrant and having more things available for day to day living.

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Sjeklocha asked what the current residential population was in the area and what the potential population would be. Gordon said there were 60 housing units in the project area. Harjes said there were not numbers put on to the potential housing but assuming high density housing, there would be around 200-300 units in the area.

Allendorf said he was struck by the comments from residents about the need for restaurants since historically restaurants have failed in the area. Raye said some people indicated it would be really nice to have non-fast food restaurants in the area that families could go to. She said the question was asked if development is done well in the area, what the improvement would look like for residents in the area. Many people said they would like restaurants in the area again and indicated past failures were due to the poor access. Allendorf said he would pause if he were a restaurateur since that type of restaurant had failed in the area.

Wiersum said he was interested in the access issue but was also interested in the issue of density. He asked if it was fair to say the issues were really a combination of access and density. He indicated the only way restaurants would succeed would be to have higher density in the area. Raye said people had an emotional reaction to the term "high density." She said when a document was distributed showing what the density might look like with no building over five stories, it lessened some of the concern although the emotional vision was already lost. Wischnack said some people were also concerned about adding housing at the expense of retail space. Harjes said as part of the land use recommendation in the commercial area the thought was to find a way to allow housing in a vertical mix form. Ground level residential would be prohibited with all door fronts at the street level being for retail or office space. He said the market would determine the viability of that option.

Adams said he was surprised by the information he received. He attended the first meeting and the consensus seemed to be that people wanted residential along the creek similar to the development at Excelsior and Grand. Seeing all the residential now moved to the west didn't make sense to him because to get to the other amenities would then require people to cross a busy highway. He asked if people in the first group also were part of the second group. Raye said there was a little bit of overlap but the second group was much more concerned about keeping the public space public and keeping the Kmart site commercial.

Wagner said he didn't hear much discussion about how to weave transit into the dialogue. Adding transit could make the location a hub within the city and perhaps could be a reason for people to stop and use the retail in the area. Raye said concept one included a transit center but people saw that as losing too much of a neighborhood retail feel. Wagner said that caused him concern.

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Including a transit center would strengthen the retail because people would stop in the area.

Lehman said while the opinions of the residents were important, it was also important to get the opinions of the professional as well. He said his concern was about project failure and asked if anyone was looking at critical mass and what it takes to make a development successful. Koegler said if a wish list was drawn up everyone would want getting the access accomplished. Wischnack said the relatively low number of residential units and office space was a factor in how successful the development might be. Gordon noted the differences between the north side of Highway 7, which is more organized, and this area.

St. Peter said commercial, office, and residential areas work well in areas where there is a flow and connection within the site. He said this area has four distinct quadrants with a flow between the two northern quadrants that doesn't exist in the southern quadrants. He suggested one option would be to create a vehicle connection rather than a pedestrian connection between the quadrants. The two developments on the north side, Target and Cub Foods, are the type of retail and in a location where people are unlikely to get out of their cars to walk between the two stores. Smaller commercial and retail businesses on the south side might be the type that people would walk to. He said this was an opportunity to tie the four quadrants together.

Cheleen noted the area wasn't very large area and there wasn't room for a big park and ride. He agreed the distance between the Target and Cub Foods was too big for most pedestrians. He urged caution on how much should be put in the area and that not enough residential housing could be put in to support the businesses. There has to be parking available for people to drive to the businesses.

Wiersum said three of the quadrants are big box quadrants. The fourth quadrant has a mishmash of businesses that haven't been very successful. He agreed ideally there would be a connection between all four quadrants but given Minnesota winters, a pedestrian connection would likely not work. It would be a challenge to figure out the right combination of businesses for the fourth quadrant that work synergistically with the other three quadrants.

Allendorf said because there are a number of different property owners in the southwest quadrant, it would be difficult to coordinate the planning. He asked if any apartment developers had looked at the area. Wischnack indicated that no apartment developers had recently looked at the location but staff regularly meets with developers looking for locations within the city. Allendorf said it was more likely that a higher density residential development would work in the area than an office development. Wischnack agreed that the number of landowners in

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the area have been a concern for developers who have looked at potential developments for the area.

Wagner said he was concerned that if the residential development was too far away from the businesses, people would be unlikely to walk from their homes to the businesses.

Koegler said the intent was to have a higher and different aspect of housing within the commercial area than has traditionally been done. He said if the end result is an island of housing that is not connected with the businesses, nothing will have been accomplished.

St. Peter asked Koegler if the demographic information for the Excelsior and Grand development were available. Koegler said he would have to check to see if that information was available. St. Peter said that when he has visited the Excelsior and Grand development he has seen a variety of people of all ages living in the housing. Adams noted there was a parallel between that development and the Glen Lake development, and the Glen Lake development has residents across the entire economic spectrum. Empty nesters and young professionals are looking for housing in the city.

Cheleen said even if there was a way to put in 300-400 residential units into the area, there would not be enough people to support the retail businesses. Access, visibility, and drivability were critical.

Greves asked for further information on why people opposed the proposed residential development along the creek. Raye said there were two factors that influenced the discussion. One was new information about the current usage and vacancy rate for retail in the city. The Kmart site is a unique site and the city doesn't have vacancies for retail. Using the space for residential rather than retail would create a lost opportunity. This was a persuasive factor for many people. The second factor was environmental concern with housing along the creek along with concerns with loss of public access if housing was put in that location. Harjes indicated the graphics that were used to show potential high density housing along the creek might have influenced people's thinking as well. Raye said the term "high density" also concerned people. Koegler said there was no discussion from people who thought that nothing should be done with the site. Even the residents on the east side of the creek indicated something needed to be done in the area.

Wagner asked if there was anything completely different that came out of the meetings than had come out during the comp plan process. Wischnack said more people were engaged with this process than the comp plan process. Putting designs on the table got more reaction. Overall the discussion was following what was included in the comp plan, with discussion about transit

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centers and mixed uses. She said all of the concept plans were in concert with the comp plan.

Isaacson said the north side should not be ignored and noted the two businesses on that side are destination sites. Recognizing those businesses are drawing in the type of customers that sustains them was an important consideration. He said density may not be as important as finding the right type of businesses for the area. Raye added that the businesses in the southern quadrant shouldn't compete with the businesses in the northern quadrant but rather should compliment them.

St. Peter said that integrating the west portion with the south portion would cost money. The southeast quadrant was the last big box location within the city. That made that quadrant a valuable asset for the city to market to potential retailers.

Gunyou indicated the process felt a little like the planning for the area was being done in isolation and the neighborhood feedback also felt a little small for what was being discussed. He said he was concerned about getting input from a third meeting that might come up with another set of designs similar to what happened after the second meeting. He suggested taking a broader look at the whole area outside the four quadrants that included the high school with its traffic and parking issues.

Magney asked if there was a big box developer interested in the southeast quadrant. Gordon indicated there was a developer interested.

Cheleen agreed school parking issues had to be a part of the conversation.

Ellingson said in order to make retail work in the area there had to be an anchor store that would be a destination for people. If there was a big box retailer interested, this was a location it could go. He said mixed use developments rarely work so lenders are not lending for that type of project. Wischnack said a staged redevelopment plan was likely needed for the area.

Greves said even with the state of the economy with many small businesses struggling, there was a need for innovative small businesses like the General Store. She would like to see discussion about space for those types of businesses included in the conversation.

Wiersum said it was inevitable that there would be a mix of uses in the southwest quadrant. Walkability was critical to make the mix of uses viable.

Hiller agreed with the discussion about keeping the Kmart location available for a big box retailer. He also agreed that there had to be further discussion about what was needed to make whatever went into the southwest quadrant viable as

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well as addressing the transit issue. Pragmatic decisions had to be made before proceeding too far into the process.

Bjorgo said she agreed with the comments about the importance of the access for the area. She also agreed with the importance of walkability in the southwest quadrant that would help make the development in that quadrant viable.

St. Peter said aggressive market prices would likely require the city to participate financially in order to obtain the land in the entire southwest quadrant. Including a park and ride might interest MNDOT in agreeing to a right in, right out access off Highway 7.

Smith said his neighborhood is somewhat similar to the discussion about the southwest quadrant with single family residences next to retail and restaurants. The retail and restaurants are visible to higher traffic areas and that was the challenge for the southwest quadrant. He said it would be helpful to find comparable areas and how issues were dealt with successfully.

Coughlin agreed that the city needed more family type restaurants. She said her family often has to go to other cities to find restaurants located around other retail establishments. She noted a lot of people drive past the area because they aren't clear about the access.

Koegler said the end product would be a strategy for implementation particularly for the southwest quadrant. The challenge would be to work from a design, market and financial perspective and bring back something that was more than a picture. He noted the northern quadrants and the high school had not been ignored in the process.

Wagner said any suggestions about improving the process were welcome.

2. Adjournment

The special joint study session adjourned at 8:24 p.m.

Respectfully submitted,

David E. Maeda
City Clerk