

**MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES**

**Tuesday, May 13, 2003
6:00 P.M.**

****Gray's Bay Room**
Minnetonka Community Center, Upper Level**

1. CALL TO ORDER

EDA President Peter St. Peter called the meeting to order at 6:05 p.m.

2. ROLL CALL

EDA Commissioners present: Paula Chatterjee, Dan Duffy, Dave Larson, Bunny Robinson (arrived late), Peter St. Peter, Ken Tauer, Al Thomas, and Bob Walker.

Staff present: Ron Rankin and Elise Souders.

Others present: Residents Winnie White Scherber and Neil Hering.

3. APPROVE MINUTES

St. Peter mentioned on page 5, the suggestion for establishing Housing Improvement Area policy guidelines came after the vote was taken.

Tauer moved, Duffy seconded a motion to approve the minutes of the April 8, 2003 EDA meeting with modifications. All voted "yes." Motion passed.

4. ELECTION OF OFFICERS

Rankin reviewed how the bylaws provide for the annual election of EDA officers, and St. Peter opened up the nominations.

Larson moved, Walker seconded a motion to nominate St. Peter for president and Duffy for vice president.

Thomas moved, Tauer seconded a motion to close the nominations and elect St. Peter for president and Duffy for vice president.

All voted "yes." Motion passed.

BUSINESS ITEMS**7. REQUEST FROM MINNSTAR BUILDERS, INC. TO EXTEND THE BUILD-OUT SCHEDULE IN THE CONTRACT FOR PRIVATE REDEVELOPMENT FOR THE RIDGEBURY/WILLOUGHBY REDEVELOPMENT.**

(This item was taken up out of sequence.)

Rankin reviewed the request from Minnstar Builders, and said this item had also been discussed at the November 2002 EDA meeting. He noted the questions that were raised by the EDA at the time, and the responses to them. Rankin said staff recommends the EDA approve the amendment as proposed.

Tauer said he was fine with the request.

Thomas asked how there still could be an early payoff of the TIF amounts when the developer is having a hard time selling units. Rankin answered that the TIF payoff was structured to come from the Crescent Ridge Office Building market value, and the housing component was not part of the tax relied upon for the project.

Duffy asked about the interest on the escrow account and whether it goes to the city or to the developer. Rankin replied that it goes into the account.

St. Peter suggested that in the future the obligation for future units to be built should go to a different type of unit. Tauer asked for clarification on which units were the ones that needed the extension.

Tauer moved, Duffy seconded a motion to approve the extension to the build out schedule.

Discussion followed regarding if this were to happen again, what unit types should be under obligation.

All voted "yes." Motion passed.

6. CONTINUED DISCUSSION REGARDING THE INDEXING SYSTEM USED FOR AFFORDABLE HOUSING RESALE PRICES.

(This item was taken up out of sequence).

Rankin provided the background, and noted this item was a follow up to the April EDA meeting with the numbers from the alternative indexing system the EDA requested to see. He said the EDA should select the most appropriate indexing system based upon the past history of the average annual sales increases in the metropolitan area.

St. Peter asked if there were other cities that use the indexing system. Rankin said no.

Both Tauer and Duffy said after looking at the numbers, they would prefer using the floating maximum approach for the indexing rather than the mini-max approach.

St. Peter said he originally suggested the mini-max approach; however, he said he thought that using the floating made more sense though.

Walker stated he did not like the minimum level in the mini-max approach, and that he favored using the floating maximum system. Larson also said he liked the floating maximum better as well.

St. Peter recommended if using the floating maximum that it should start at 50% of the average annual percent increase of the metropolitan area. He suggested starting with a lower percentage to test out the numbers, and then adjustments could be made later if necessary.

Tauer asked what types of objections there has been when WHAHLT has tried to sell their homes with an appreciation of only 35%. Rankin said there has been some hesitation by homeowners to buy with only a 35% appreciation; however, he said this concern could be seen anywhere.

Tauer said he preferred using the 60% rather than the 50%. Larson said he agreed with Tauer and that 60% may be more appropriate.

St. Peter said by starting at 50%, or the lowest percentage, it would be easier to move up the percentage if it did not seem appropriate rather than trying to lower the percentage.

Thomas said the most appropriate percentage is really unknown until actually trying it to see the numbers. He said he would use 50% of the average sales increase to attempt to keep the units more affordable. Duffy said he would also use the lower percentage, and after looking at the numbers, there is still a good appreciation.

Walker said he would use the lower percentage to begin with. Tauer said he would now also agree that using 50% would be more appropriate. Robinson also said she agreed with using 50%.

Duffy moved, Tauer seconded a motion to revise the indexing system to use a floating maximum approach set at 50% of the average annual percent increase of the metropolitan area, with an annual review by the EDA to determine how the indexing system is working.

Discussion followed on what constitutes the metropolitan area and where the number would come from to calculate the average annual percent increase.

All voted "yes." Motion carried.

5. STAFF REPORT (INCLUDING DISCUSSION OF ELECTRONIC AGENDA PACKETS FOR THE EDA).

Rankin reviewed information on the electronic agenda packets for the EDA. All EDA members stated they were interested in trying out the electronic packet for the next EDA meeting.

Souders reviewed the staff report items, including the Glen Lake Planning Study, Minnetonka Boulevard/County Road 101, WHAHLT, transit items, the Making Affordable Housing Affordable Conference, and upcoming events.

Thomas said he was very concerned about the number of people living at Minnetonka Heights that do not have cars and how they would be affected by the reduction in transit service to their neighborhood. He asked if there was a way to find out the number of people that do not have cars at Minnetonka Heights. Rankin said that staff would look into it.

Discussion followed about the Making Affordable Housing Affordable Conference. Walker said he would like to do a demonstration project involving Hearts and Hammers and the city by refurbishing the exterior of a home, possibly a WHAHLT home.

Larson mentioned there were a lot of builders at the conference in addition to those from the public and non-profit sectors. He also said the building industry has not changed much, unlike others such as the automobile industry.

St. Peter mentioned some of the new construction techniques that were discussed at the conference. He said Minneapolis had worked on a project involving prefab units. He suggested perhaps there could be a demonstration project involving a new construction technique at the Minnetonka Heights site, and involve a partner such as the Minnesota Housing Finance Agency to help.

Robinson asked why prefab homes were never successful. Discussion followed on some of the issues that initially surfaced with prefab homes.

8. REVIEW NEW CONCEPT PLANS FOR FUTURE REDEVELOPMENT IN GLEN LAKE.

Rankin and Souders gave the background information and history about what has happened with the planning process, and also explained the two concept plans that have come out of the process.

Rankin explained one of the questions was what types of businesses should be put into the commercial area when the Glen Lake area provides nearly every type of business that a neighborhood would need. Tauer asked what restaurants are in the area beside the Gold Nugget. Discussion followed on what restaurants and other businesses are located in Glen Lake.

Rankin pointed out in the concept plans it shows that Stewart Lane would be closed at the west end to avoid cut through traffic. Tauer asked if the Dairy Queen has their own circulation to allow this closure to be feasible. Discussion followed regarding Stewart Lane, cut through traffic, and circulation in general around the area.

Thomas said one of the issues that came out of the discussions was what is appropriate density for the area. Rankin also pointed out that the Woodhill Road and Excelsior Boulevard intersection was another concern that was brought up. He also said that many residents who live along Stewart Lane wanted to see two fronts to any commercial businesses that are located between Stewart Lane and Excelsior Boulevard.

Thomas pointed out that this process was an attempt to be proactive in planning for the future. He thought there needs to be more education of citizens on affordable and life-cycle housing as well as the community-wide interest and need on the subject. Thomas suggested doing a series of brief articles in the Minnetonka Memo in an attempt to educate citizens.

9. OTHER BUSINESS

Rankin reviewed what the upcoming EDA meetings through the summer months were like. He pointed out to keep EDA Commissioners more informed on what items would be discussed at what meetings, and what other items needed to be planned, there would be a new schedule of upcoming EDA meetings. Discussion followed on what other items EDA commissioners would like to have planned for upcoming meetings, and there was a suggestion that the Richfield and Hopkins residential over retail sites discussed at the April EDA meeting be visited on a tour. The Clover Ridge development in Chaska was also suggested as a site to be visited.

10. ADJOURN

Duffy moved, Larson seconded a motion to adjourn the meeting. All voted “yes.”
Motion carried. The meeting adjourned at 8:06 p.m.



TO: EDA Commissioners

FROM: Ron Rankin, Community Development Director
Elise Souders, Community Development Coordinator

DATE: June 2, 2003

SUBJECT: Staff Report for June 10 EDA meeting

1. Minnetonka Boulevard/County Road 101

A second meeting with the southeast quadrant business owners was held on May 16th to follow up on issues and concerns expressed at the first meeting regarding the right of way. Most of the concerns dealt with access into and out of the area, because the preliminary layout of the County Road 101 plans showed that there would only be one access into the southeast quadrant from County Road 101. Lee Gustafson, City Engineer, was invited to the meeting and talked with the business and property owners to see if a solution to this concern could be found. A second access into the area from County Road 101 was proposed and it would be brought back to Hennepin County to see if it was possible to include it.

2. Southwest Rail Study

The Southwest Rail Study will be completed by the end of this month. The Policy Advisory Committee (PAC) will make a decision then to determine if Rail Transit is feasible in the southwest metro, and which of the alignments should be studied further. Initial recommendations from the Technical Advisory Committee (TAC) were made about which alignments should be retained, and it was recommended the Lyndale, 169/212, and Diesel Multiple Unit alignments not be studied further. However, several PAC and TAC members felt that a 169/212 alignment should be retained for further study because of its proximity to Opus in Minnetonka and the Golden Triangle area in Eden Prairie. Currently, Minnetonka, Hopkins, Eden Prairie, and Hennepin County are looking for a new alternative alignment for the 169/212 area that could service Opus and the Golden Triangle.

3. Dial-a-Ride

In mid-July, Dial-a-Ride will have been in service for one year. Education of residents that this service is available as well as encouraging groups to use Dial-a-Ride remains a focus. There continues to be requests to go outside the city limits, and occasionally, depending on how many rides are scheduled, trips to the Wayzata Medical Clinic are made.

<u>Month</u>	<u>Total Rides</u>	<u>Average Daily Ridership</u>
July, 2002	76	5.85
August, 2002	287	13.1
September, 2002	431	21.5
October, 2002	721	31.3
November, 2002	625	33.0
December, 2002	554	27.7
January, 2003	579	26.3
February, 2003	659	32.1
March, 2003	652	31.0
April, 2003	666	30.0

4. Crown Ridge

Over the past year, Crown Ridge has had three different managers, with the most recent beginning in mid-May. The new manager will work part time and live on site, and a second experienced manager will assist in working the remaining hours so there is a manager available all of the time. A caretaker has also moved in and will work part time, as well as a part time maintenance person. The Advantage Center Coordinator will be there four days per week. Many issues have arisen, including maintenance and cleanliness issues, which have begun to be addressed after top CommonBond personnel visited the site recently. In addition to addressing residents' concerns, management is also working on filling the twenty vacant units. The Advantage Center has been planning summer activities including: Park and Rec programming, summer school registration, Just Kid-ing Around, and sending youth to camp via a grant they received. Recent updates are included in the attachments.

Upcoming Events/Meetings

Wednesday, June 25—Sensible Land Use Coalition Program
“Stormwater—Are We All Wet?”
11:15 AM—2:00 PM
DoubleTree Park Place (St. Louis Park)

Wednesday, July 30—Sensible Land Use Coalition Program
“Boat Tour of the St. Paul Riverfront”
4:00—6:00 PM

Attachments

- “A Delicate Balance” by Dale Yonkin from *Planning Magazine*, April 2003.
- “Hartford’s Senior Housing Offers Three Options in One” by Jessica Griffith from *Minnesota Real Estate Journal*, May 26, 2003.
- *Livable Places Update*, April 2003
- Sensible Land Use Coalition June 25th program information
- “Transportation & Regional Growth Study” by University of Minnesota’s Center for Transportation Studies. To see the complete study go to www.cts.umn.edu/trg.
- Recent Crown Ridge Updates

Upcoming EDA Meetings

Updated June 2, 2003

Meeting Date All meetings at 6:00 PM unless otherwise noted	Item Description	Room/Special Notes
Tuesday, June 10	Regular EDA Meeting	Gray's Bay Room <ul style="list-style-type: none">• Marketplace Loft Tour (Hopkins)• Proactive Redevelopment
Tuesday, July 8	Regular EDA Meeting <i>Meeting Cancelled</i>	Gray's Bay Room
Tuesday, August 12	Regular EDA Meeting	Gray's Bay Room
Tuesday, September 16 <i>(Please note the date)</i>	Regular EDA Meeting	Gray's Bay Room
Tuesday, October 14	Regular EDA Meeting	Gray's Bay Room

Items to be Scheduled

- Clover Ridge (Chaska) Tour
- Housing Improvement Area Policy



TO: EDA Commissioners

THROUGH: Ron Rankin, Community Development Director

FROM: Elise Souders, Community Development Coordinator

DATE: June 4, 2003

SUBJECT: Residential over office/retail follow-up: Tour Marketplace Lofts in Hopkins

In follow-up to the EDA's discussion with Colleen Carey of The Cornerstone Group about residential over office/retail in April, a tour has been arranged to visit Marketplace Lofts located in Hopkins.

The tour will begin at 6:30 p.m.; however, we will meet at 6 p.m. in the Gray's Bay Room and take one of the Dial-a-Ride buses to the site. The tour will last for approximately one hour.

Marketplace Lofts is located along Mainstreet between 7th and 8th Avenues in Downtown Hopkins. The site contains 48 condominiums and 17,000 square feet of retail. The residential units range in size from 700 square feet to 1,700 square feet and are priced from \$140,000 to \$300,000. A restaurant, coffee shop, and other service businesses will be included in the retail spaces.

More information on the Marketplace Lofts can be found at www.thecornerstonegroup.com/marketplace.



TO: EDA Commissioners

FROM: Ron Rankin, Community Development Director

DATE: June 6, 2003

SUBJECT: Discussion regarding proactive approaches to redevelopment

Background

Minnetonka has historically reacted to proposals for redevelopment or new development, rather than proactively initiating such projects. At least in part, this has been done in order for the city to have as much leverage as possible when negotiating the project plans, building design, the inclusion of affordable housing, and other aspects of the project.

The city has generally not used the “traditional” approach to redevelopment of buying property, demolishing buildings, and then marketing the vacant land for redevelopment.

Over the past several months, questions have come up at EDA meetings, at the EDA/Planning Commission study session last fall, and recently at the City Council’s goal-setting session, about whether the city should consider using some form of a more proactive approach to redevelopment.

On June 10, if there is enough time after our tour of the Marketplace Lofts in Hopkins, staff would like to begin a discussion about more positive approaches to redevelopment. More information on this is presented below.

Approaches to Redevelopment

As briefly noted above, the two ends of this spectrum are:

Traditional redevelopment. This is a very proactive approach, with the city forming at least general plans for a project and then proceeding to acquire land, demolish buildings, and then marketing the project and negotiating a redevelopment plan and financing with a developer. This approach is typically used by Minneapolis and St. Paul and the first-ring suburban cities, where redevelopment needs have been the greatest and have gone on for

a long period of time. It is also often used by out-state cities for redevelopment projects and for economic development projects (i.e., industrial parks).

Minnetonka used some aspects of this approach for parts of the Glen Lake redevelopment that occurred in 1978-80, but has usually avoided the traditional approach for specific reasons: first, the cost in time and money for buying and clearing land before a project is set can be substantial, and there can be significant financial and political risk to the city if a project is not built or is significantly delayed.

Passive/reactive approach. A reactive approach relies on a city's comprehensive plan and zoning ordinance, plus the private market, to fulfill expectations for development and redevelopment. In some instances, many years may go by before areas designated for redevelopment are actually re-built. When redevelopments do occur, they are private initiatives rather than public initiatives. An example of this in Minnetonka is the West Ridge Market redevelopment. While the area was first designed for redevelopment in the 1980 Comprehensive Plan, a firm plan for a redevelopment project did not move forward until 1995. The city became more directly involved in the project at that time primarily due to its interest in including affordable housing, not simply to promote redevelopment of the area. Even then, Minnetonka used a conservative approach in its involvement, with special attention to limiting financial exposure.

Other Minnetonka Examples

While Minnetonka has tended toward a passive/reactive approach to redevelopment, there have been some exceptions. For example, in 1993 the EDA was very interested in making more senior housing available. With Council approval, this interest ultimately led to a formal request for proposals (RFP) from developers to build senior housing on a site in the Glen Lake area. As part of the arrangement, the city purchased the nine homes necessary to provide the land for what became Presbyterian Homes' Beacon Hill project (110 apartments and 42 assisted living units).

In more recent efforts, the city has initiated neighborhood planning for potential redevelopment of the northwest quadrant of Minnetonka Boulevard/Highway 169, and at the southeast quadrant of Excelsior Boulevard/Eden Prairie Road in the Glen Lake area. In each case, there were significant objections to all or part of the plans by the immediate neighbors. At Minnetonka Boulevard/Highway 169, the redevelopment plans were put on hold (the new apartments there were built on vacant land), and in Glen Lake, plans were modified to substantially scale-back the amount of condominium housing originally suggested by the planning consultant.

These recent efforts are especially relevant to the EDA's discussion about approaches to redevelopment because the locations are among those identified by the EDA and Planning Commission as possibilities for additional life-cycle and affordable housing.

Redevelopment in Other Cities

As noted earlier, many other cities have used a traditional, more proactive approach to redevelopment. Recently, this has become more evident where some cities are working to strengthen their downtown (in Hopkins, for example) or to create a new center or focal point for the city (as in St. Louis Park and Burnsville). Other cities have revised their comprehensive plans to boost long-standing plans to create a “town center” where none has existed before (Plymouth and Eden Prairie are examples).

In these cases, the direction and approach for redevelopment or new development has come from longstanding comprehensive plans to re-vitalize or create these areas, or the projects have come from a community-wide planning or “visioning” effort (see attached examples). In either case, projects benefit greatly from the strength and momentum of broad community support for the initiative, and this may be much more relevant to the success of the redevelopment than the procedural approach used to carry out the project.

Comments and Observations

In Minnetonka, there has been broad community support for affordable housing. However, there has not been a direct effort to gain broad support for planning the new mixed-income townhome, condominium, and apartment buildings where affordable housing can be included. The EDA did some work on this last year in follow-up to the Housing Needs Study, by identifying the most promising locations for new housing, and brought this work to the joint study session with the Planning Commission last fall. However, the process did not include steps to present this information to the community or to solicit public input.

Staff believes that creating that trying to create some momentum for additional housing by gaining community support will be particularly important for our future efforts to add housing, and would like to discuss this in more detail with the EDA. If desired, staff can arrange for resource speakers to present more information on this topic at upcoming EDA meetings.