

CITY OF NEW HOPE
4401 XYLON AVENUE NORTH
NEW HOPE, MINNESOTA 55428

City Council Minutes
Work Session Meeting

June 1, 2010
Conference Room

CALL TO ORDER The New Hope City Council met in work session pursuant to due call and notice thereof; Mayor Hemken called the meeting to order at 6:30 p.m.

ROLL CALL Council present: Kathi Hemken, Mayor
John Elder, Council Member
Andy Hoffe, Council Member
Eric Lammle, Council Member
Daniel Stauner, Council Member (arrived 6:35 p.m.)

Planning Commission present: Jeff Houle, Chair
Paul Anderson
Jim Brinkman
Pat Crough
Sandra Hunten
Kimberly Johnson (arrived 6:55 p.m.) (left 8 p.m.)
Roger Landy
Sunday Onadipe (arrived 6:50 p.m.)
Tom Schmidt
Steve Svendsen

Staff present: Kirk McDonald, City Manager
Curtis Jacobsen, Director of Community Development
Eric Weiss, Community Development Assistant
Pamela Sylvester, Recording Secretary

**Observations From
Transit Oriented
Development (TOD)
Study Block Exercise
Held May 20, 2010
Item 11.1**

Mayor Hemken introduced for discussion item 11.1, discussions regarding observations from Transit Oriented Development (TOD) Study Block Exercise held May 20, 2010.

Mayor Hemken explained that members of the planning commission and city council were meeting to discuss issues facing the city and to work together for the benefit of the community.

Mr. Eric Weiss, community development assistant, explained that the block exercise was an informal, theoretical discussion regarding the process for redeveloping properties, including acquisition, demolition, financing and density. The exercise was a great educational tool for all attendees, including planning commissioners, city council members, school board members and school administration, and city staff. Generally, most everyone at the block exercise indicated they would like to see a "downtown" area on that site. The exercise was meant to be educational and look ahead at the possibilities for the school district or Kmart sites.

Planning Commission Chair Houle stated he felt the exercise was helpful for all players and was pleased to see the energy and excitement everyone brought to the exercise. Council Member Elder indicated he felt the school district representatives felt out of place and somewhat pressured due to the fact that their property was one of the stumbling blocks to redevelopment of the southeast quadrant of the Winnetka/42nd Avenue intersection, although they appreciated being included in the exercise. Council Member Hoffe stated he appreciated that the school district had other priorities at this time.

Commissioner Hunten stressed that the city should first put together a specific plan for the property, whether or not there would be a Target in the redevelopment, and determine what kind of monetary investment it would be willing to contribute to the project.

Discussion ensued on the fact that the school district could not initiate a redevelopment project due to the fact that several cities are part of District 281. The city or a developer would have to initiate redevelopment. School board members and staff realize there are maintenance issues with the administration building and bus garage that will need to be dealt with in the near future. The district owns many buildings and properties and must manage them in their best interests.

Council Member Lammler commented that he felt the exercise was very beneficial and he appreciated learning the planning commission's vision for the community. He added that the exercise confirmed that the reality of redevelopment was costly.

Council Member Stauner concurred and added that redevelopment projects are very complex with a variety of issues to overcome.

In answer to a question, Mr. Weiss explained that a report would be furnished to the city outlining all of the small group discussions and the various development scenarios, which would be implemented into the TOD study. The study involves two pieces 1) making the area friendly to walkers, bicyclers, bus riders and 2) making development fit the area to encourage all types of transportation. Typically, development centers on vehicular traffic and TOD tries to balance that with pedestrian traffic, bikes, and so on.

Commissioner Brinkman thanked the council for meeting in this setting. He stated he felt the school district would not be the leader in any project. If the project would happen, the city would have to take control. He suggested that if the district sold some of its unused properties, there would be financing available for maintenance.

Discussion ensued on the fact that to date this was a developer-driven project. Ryan Companies is the intermediary between the city and the school district. Several years ago the City Center Task Force developed a plan for the entire area. The city, however, does not own any of the land, which makes it difficult for any city-driven redevelopment to happen. A suggestion was made to look at redevelopment in other areas of the city.

Chair Houle indicated the district's divestiture committee would be completing its study in the near future and may be recommending that the district sell Cavanaugh, the Winnetka Learning Center, Hosterman and Highview School. District 287 would be moving to Sandburg for two years in the fall.

Mr. Weiss summarized that the goal of the TOD study was to give the city some tools to help implement redevelopment in conjunction with the city code, the comprehensive plan, and city policies when the time is right.

**City Center
Redevelopment
Update/Discussion
Item 11.2**

Mayor Hemken introduced for discussion item 11.2, update regarding City Center redevelopment.

Planning Commission Chair Houle stated that the City Center redevelopment was focusing on the southeast quadrant of the Winnetka/42nd Avenue intersection. The city has an agreement with Ryan Companies, as the sole developer, through August 2010. The market has changed during the last few years and retail development is down. Realistically, potential redevelopment could be two to four years in the future. There was some discussion on whether or not eminent domain could be utilized for these properties.

Discussion ensued regarding the proposal by Ryan Companies and the school board had indicated that the preliminary plan proposed to them was lacking too many details for the school board and district staff to consider it.

Potential redevelopment projects on the Kmart property or at Winnetka Center were discussed. Gator Investment owns the Kmart property and Kmart has a long-term lease with Gator, which would make redevelopment on this property seem unlikely.

Commissioner Brinkman stated he felt the school district property was key to redeveloping the area. He stated he felt a large retail store, such as Target, would generate a lot of traffic, which would also bring other retail establishments to the area. He wondered if there was another piece of property that could be exchanged for the current district property.

Commissioner Onadipe agreed that Ryan should present a specific plan to the school district by the August deadline or the agreement should be terminated.

Commissioner Svendsen explained that for the Winnetka Green project the density had to go up to cover all the costs for the redevelopment of many parcels of land. This would be especially true when relocation of the existing tenant had to be figured into the equation.

Council Member Stauner stated it was his understanding that Ryan did not want to pay the school district cash. They would prefer building the project and give them the new buildings in exchange for the existing site.

Council Member Lammler initiated discussion on the next steps for the city. A suggestion was made to have all of the property owners in the city center area, as they have a stake in the future of the area, and city council members meet to

discuss their thoughts on the future of the area.

Mr. McDonald wondered if an independent, neutral party was needed to get clear facts from Ryan and the school district and present them to all parties. The school board has received conflicting reports on what the property is worth. The city needs to decide the specifics of what it would like to see on that site. Maybe the neutral party could inform the city what type of development should be considered. Discussion ensued on what the shopping center owners might want to do with their properties. Council Member Elder stated that he had heard that New Hope was only at 25 percent of capacity for restaurants for what the city could support.

Commissioner Hunten stressed that the city had to determine the amount of dollars it would contribute to any proposed development over and above tax increment financing (TIF) funds. Mr. Jacobsen responded that the amount contributed would be determined by the current market value of a particular property. The school district property is tax exempt, therefore, the county assessor would need to determine the valuation. He briefly explained how tax increment works and the fact that developers were familiar with that process. The city created a TIF district and a hazardous substance district in anticipation of a redevelopment project in this area. When the city spends public money on a project, the project must benefit the community as a whole.

Chair Houle reiterated that there seemed to be a lot of misinformation and mistrust with Ryan Companies and the idea of a third party to gather and analyze the information was a good suggestion.

A comment was made to go to one of the other property owners rather than the school district. Mayor Hemken reminded everyone that the city was not interested in purchasing property, just finding a developer interested in talking to the property owners.

A comment was made that in the future the district may contract out for bus service, which would eliminate the need for a bus garage. The administrative offices could then be moved to one of the other district properties. It would be good to keep the administrative offices in the city as the workers are potential customers for other businesses.

Commissioner Anderson stated that Ryan is a large company and has had experience in assembling complex deals. He stated he felt there must be a reason Ryan was not pushing forward at this time. The city should stick to the deadline for working with Ryan as set by the agreement. Council Member Stauner mentioned that Ryan did not have a letter of intent from Target, although one representative did attend a Council meeting last year.

A suggestion was made to focus on another, possibly smaller, property first. Mr. Jacobsen interjected that city staff talks to potential new businesses several times a month and directs them to available sites in the city. He added that many times it is more difficult for developers to put a smaller project together. New Hope tries to be business friendly through low interest loans and ordinance amendments.

A question was raised whether or not existing businesses would be interested in participating in a consortium where instead of selling the property they would participate in the development. One problem with development is always up-front cash. Not paying for land up front, but instead paying by participation, may help developers.

Other Redevelopment Opportunities
Item 11.3

Mayor Hemken introduced for discussion item 11.3, discussion regarding other redevelopment opportunities.

Commissioner Crough stated he was concerned that the city has lost population over the last two decades and most retailers were looking to locate in areas with higher population counts. A suggestion was made for a mixed use commercial and residential development. One of the results of the block exercise was to have a good balance of residential and retail establishments. The consensus was that new office space was not needed at this time due to the fact that the current office space at Village on Quebec was still vacant.

Issues/Items For Potential Study By Planning Commission
Item 11.4

Mayor Hemken introduced for discussion item 11.4, discuss other issues/items for potential study by Planning Commission.

Council Member Lammle stated that the city needed a plan that would work today and would be flexible for tomorrow. Cities like Golden Valley, St. Louis Park and Richfield have taken a corridor and identified the highest and best use for each area. New Hope should identify a plan for each of its retail areas, identify the stakeholders for each area and hurdles to redevelop the properties, or matching the properties with a developer. Council Member Elder suggested also studying the impact to traffic, neighborhoods, etc. Staff would have to gather information for the Planning Commission to review. There may be grants available to cover costs of the study. It would be helpful to have a financial consultant lead the discussion regarding financial matters. Commissioner Svendsen stated the Bass Lake Road apartment site, which has soil and water issues, has been land banked for several years while waiting for a development project. He added that redevelopment on that site would require a high density project to break even. He agreed with earlier conversations that the city needs to have a plan in place for specific sites. It was mentioned that the city council does not favor high density. All developments have to review the impacts of traffic on the neighborhood.

Commissioner Johnson wondered why office space in New Hope is not being leased and if it was due to lower income levels in New Hope. She added that some cities have incentives for homeowners to reinvest in their properties and increase the value of the home. Many of Hennepin County's programs help low income people reinvest in their homes, but there are not many, if any, programs for middle income homeowners to reinvest in their properties.

Mr. McDonald stated that everyone should help market the city to restaurants or grocery stores or other retail establishments. The city should be celebrating its successes rather than only focusing on negative issues. Mr. Jacobsen added that the city needed to help existing businesses whenever it can. For example, Ambassador Nursing Home would like to construct an assisted living facility by purchasing

several fourplexes on Virginia Avenue and demolishing the existing structures. If a new senior building was constructed, it may open up some single family homes to younger families with children who would shop in New Hope.

Commissioner Hunten stressed that the city should identify the types of businesses it has now, what types of businesses it would like to see, look at traffic counts and population, and focus on the types of businesses that are interested in a community of this size. Mayor Hemken stated that when she or other council members talk to potential businesses that is the type of information that is exchanged.

Discussion ensued on the infill that could potentially happen if a strong anchor store, such as a Target, was located in the Winnetka/42nd Avenue area. Franchise establishments generally have distance requirement between stores. A question was raised as to whether or not infill was possible in the parking lot at Winnetka Center or redevelopment at the vacant Wells Fargo drive-in facility.

Mayor Hemken suggested that the Planning Commission revisit plans from previous studies, such as the Livable Communities, City Center, and Transportation studies, and consider updating them in conjunction with today's codes and design guidelines. Redevelopment projects may have to wait for the economy, the banking industry and the housing market to turn around. Mr. Weiss stated that he had worked with Hopkins' and St. Louis Park's planning departments, both of whom do a good job at setting and accomplishing their goals. A suggestion was made to have an outside consultant help with putting together a quality project. There may be grant opportunities to offset expenses related to this study.

Mayor Hemken reiterated that staff should pull out the existing plans to review, determine costs to update the plans, present to the planning commission or city council, and conduct another joint meeting to review them.

Council Member Stauner commended commission members and fellow council members for the good ideas shared. The consensus was to meet again and continue to work together. Among the planning commission and city council members, there is a lot of expertise from a variety of fields that could be utilized for the benefit of the community.

A suggestion was made that planning commission members help staff the city table at the Farmers' Market to help further residents' understanding of what the commission does for the city. The city's open house on July 31 would be another good venue to pass along city commission information. Other city commissions could also staff the city booth at the market. Commission information could be inserted in the "Pipeline" as well.

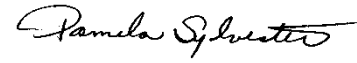
Commissioner Stauner suggested that the Citizen Advisory and Planning Commission meet together to brainstorm ideas about city issues.

ADJOURNMENT

The meeting was adjourned at 8:37 p.m. as there was no further business to come

before the Council at its work session.

Respectfully submitted,

A handwritten signature in black ink that reads "Pamela Sylvester". The signature is written in a cursive style with a prominent initial "P" and a long, sweeping underline.

Pamela Sylvester
Recording Secretary