City of Wayzata Housing and Redevelopment Authority
Meeting Agenda
July 25, 2013

7:30 am – 8:30 am
Wayzata City Hall **Conference Room**
600 Rice Street East
Wayzata, MN 55391

7:30 Call to Order – Chairman Shaver

7:35 Approval of Minutes of November 14, 2012 and review of minutes of April 4, 2013

7:40 New Business
a. Discussion Regarding Issuance of Housing Revenue Bonds
b. Review of Draft Redevelopment Plan
c. Consider future meetings at 7:30 am on the 4th Thursday of the month as follows: October 24, 2013; January 23, 2014; April 24, 2014; July 24, 2014; and October 23, 2014

8:30 Adjourn

HRA members present: T. Shaver, D. McGill, B. Petit, R. Wothe
HRA members absent: B. Ambrose
City Staff/HRA Executive Director present: Heidi Nelson
City Staff present: City Planner Bryan Gadow

Chairman Shaver called the meeting of the HRA to order at 7:30 am.

APPROVAL OF AGENDA
The agenda was approved as submitted.

APPROVAL OF MINUTES – MINUTES OF JANUARY 24, 2012
R. Wothe motioned to approve the January 24, 2012, minutes as presented, seconded by D. McGill. The motion passed 4/0 by voice vote.

ANNUAL MEETING 2012

a. Election of officers

H. Nelson reviewed the 2012 slate of HRA officers. Chairman Shaver called for nominations for 2013 officers.

D. McGill motioned to appoint Tom Shaver to the office of Chairman; Roger Wothe to the office of Vice Chairman; and, Dr. McGill to the office of Secretary for 2013, seconded by B. Petit. The motion passed 4/0 by voice vote.

Chairman Shaver stated he appreciates the nomination and indicated he relies on Ms. Nelson, given his schedule, to coordinate HRA efforts.

b. Appoint Executive Director

R. Wothe motioned to appoint Heidi Nelson to the office of Executive Director for 2013, seconded by B. Petit. The motion passed 4/0 by voice vote.

c. Annual Meeting and Special Meetings

D. McGill motioned to direct staff to schedule one annual meeting and special meetings, as deemed necessary, seconded by R. Wothe. The motion passed 4/0 by voice vote.

NEW BUSINESS

a. Update on Presbyterian Homes Project by John Mehrkens

John Mehrkens, Presbyterian Homes, provided an update on their project. They were pleased how quickly demolition occurred, and the good communication with City staff and the public on what to expect with that work over the summer. Mr. Mehrkens indicated one surprise was the deep excavation of 46 to 47 feet to remove a great amount of non-permeable soils and replace with permeable soils to accommodate infiltration. In addition, it turned out that the soil under the Youngstead/Goodyear Tire operation was less contaminated than anticipated. Mr. Mehrkens stated they had received three clean-up grants, which Presbyterian Homes co-sponsored, that will not be tapped but they are hoping Hennepin County may allow those grant funds to be used for other clean up activity on the site. Mr. Mehrkens indicated the asbestos abatement was substantially higher than anticipated.

Mr. Mehrkens explained the site and foundations have over 30 miles of piles in the ground and 800 piles. The average depth was expected to be 120 feet and ended up, on average, to be just less than 110 feet. Mr. Mehrkens stated there are between 2,200 and 2,300 piles on the site, noting as a comparison, the Twin's Stadium has just fewer than 2,000 piles.

Mr. Mehrkens reported the project is slightly ahead of schedule and continuing to be well received. There are 31,000 s.f. of retail in the Superior Block and the first tenant (Lunds) has taken 17,500 s.f. The second lease with Sotheby's Realty for 4,200 s.f. was just signed so it is 70% preleased. Mr. Mehrkens stated they continue to hold conversation with retailers for the Superior Block, North Block, and Plaza Block, which may move forward quicker than expected.

Mr. Mehrkens next addressed the housing component, the senior housing in the Superior Block, and the independent portion in the North Block. There are 158 units and as of last week, it is 100% preleased, which is highly unusual. He felt this was a result of an outstanding site and location, having few options of this caliber, and three-years of premarketing process.

Mr. Mehrkens answered questions of the HRA related to the leasing process. He indicated they had submitted the West Block final designs for consideration last week at a City Council/Planning Commission Workshop. In the Plaza Block, the condominium is under contract with Steve Bohl of Bohland Development for a project called "Regatta." The hotel continues to have interest and is the last block likely to be developed on the site, more likely a third phase. The Plaza Block is slightly behind in architectural design and presentation before the Council but it is hoped it can be financed on the same tract as the West Block with construction start the summer of 2013.

B. Petit asked if the Superior Block is three stories. Mr. Mehrkens explained the North Block is 5 stories, the Superior Block is 4 stories, the West Block is 3 and 4 stories, the Plaza Block is 3 stories, and the East Block is 3 stories. The street level is always retail.

R. Wothe stated he continues to be impressed with the contractor, especially with Tom Dykoff. Mr. Mehrkens agreed that Mr. Dykoff is a great communicator and organizer of his team. He explained that early on Ms. Nelson requested timely updates that could be posted to the City's website and that will continue.

B. Petit asked how many will be living in the project once completed. Mr. Mehrkens stated independent living has a higher number of couples (35-40%), and estimated 125% of the unit count, between 400 and 500 residents when including Steve Bohl's building.

Chairman Shaver congratulated Mr. Mehrkens on the successful completion of the site work.

b. Review City of Wayzata Strategic Plan

Ms. Nelson described the process used by the City Council and staff to develop Wayzata's Strategic Plan, noting there are three strategic directions: ensuring financial

stability; sustaining our community; and, enhancing City assets. There are on-going efforts, such as the Lakefront Task Force that is addressing Lake Minnetonka, Wayzata's greatest asset (i.e., Lake Effect).

Ms. Nelson stated the City Council wants to take a more proactive approach to economic development. She described the elements included in that component and activity underway on each: identifying under-utilized sites/facilitate redevelopment of those sites; identify and create consistent strategy for economic development opportunities; plan for redevelopment/reuse of the Boatworks site; continue to pursue opportunities for shared services; maintain community icons (Depot/Section Foreman's House) to preserve historical sites; build Mill Street parking ramp; promote development and diversity of housing stock; pursue public/private partnerships; improve directional signage; and, promote and market community assets. Ms. Nelson requested discussion on the role of the HRA to more forward this type of an agenda to maximize tax base, utilize underutilized sites, and promote Wayzata.

Chairman Shaver stated he would echo the fact the HRA is an arm to facilitate economic development within a community. He noted development in Wayzata can be challenging because it is a finite area with a vocal constituency. He indicated he supports efforts for economic development and vibrancy in the community.

B. Petit indicated the challenge of development and how to attract development is interesting. He stated he is not ashamed of it being difficult to develop in Wayzata as long as the end product is a great product. Chairman Shaver agreed the City promotes high standards to the development community (bricks and mortar) but the process in the community may have some disconnect.

Boatworks Property

B. Petit questioned the status of the Boatworks site. R. Wothe advised that a deal for the sale of the property fell through.

Chairman Shaver felt the Boatworks site was the cornerstone to the Lakefront effort on one end with Sunsets on the other end. He stated there is a need to create vibrancy along Lake Street and the Boatworks creates a unique opportunity.

B. Petit stated the HRA has talked about determining a realistic value of the Boatworks rental structure. Chairman Shaver stated that has not yet been determined and asked if the loan service officer was willing to provide a package that could be modeled internally by the City. Ms. Nelson stated she has reviewed that package and a meeting could be held in closed session if the HRA wanted to review that information. She stated there has been discussion if the City should take control, repurpose the Boatworks, and work with whoever comes to the "table" with a project that meets the Council's goals. Ms. Nelson stated the City needs to assure it is well maintained with a community amenity (boardwalk, restaurant) but parking and boat access is challenging. Ms. Nelson stated she would like to hear the HRA's thoughts on what it would do with the Boatworks, whether to get involved as a City or leave it to market forces.

Chairman Shaver stated to address that question, the HRA will need to know the current value of the property, long-term aspects, how it folds into the Lakefront effort, and the value to the community. Chairman Shaver stated the HRA can see what evolves and react, but he thinks the City could also run a parallel path to address those questions in an educated manner.

B. Petit stated if the building changes, what is the extent the City would find acceptable. He felt that would be the driving force in finding someone to get involved because the liability of the property is the building, an old factory/marina. B. Petit estimated the efficiency of the building is not 60% in terms of leasable area, making it not financially feasible.

D. McGill asked what was planned for the sale of the property. Ms. Nelson stated staff met with a representative of the buyer who intended to repurpose the entire space for offices. She advised that a few of the current tenants may be willing to sign a longer-term lease but the owner had purposefully not leased it up to leave open options for a new buyer. Ms. Nelson stated there is a lot of deferred maintenance in the building and marina, resulting in significant capital financial obligations. Parking is another issue. She felt the City can be a partner to find a solution to help that building be successful and fully functioning and also resolve issues such as parking and working with the Lake Minnetonka Conservation District (LMCD) on slip options.

Chairman Shaver noted the limiting factors of the Boatworks is floor plate inefficiencies and parking. R. Wothe stated another issue is that the lender is financially "upside down" and how much they are willing to lose to sell the property due to the liabilities against the property.

B. Petit asked whether condemnation is an option. Ms. Nelson advised it is not because under State law the City does not have condemnation authority for an economic development purpose.

Chairman Shaver noted this property has a cornerstone aspect and asked which body is the best to study the alternatives. Ms. Nelson stated the HRA is a good body for review of that background and knows the history of the property. She indicated she had some preliminary discussion with economic development consultants on what would work on the site, such as a hotel, condos, or office. But, the City needs to delve into a proforma to discover the best use. Ms. Nelson stated staff can do that analysis and bring it to a body like the HRA to hold discussion and get input on what the HRA's or City's role may be.

Chairman Shaver asked if there was support from the City Council and Planning Commission to allow that initial work effort by the HRA. Ms. Nelson stated she would need to hold that conversation. She pointed out that since the Bay Center is underway, the Boatworks is a cornerstone piece and what happens on that site is important. She stated the City can take a cautious approach in starting this effort.

Chairman Shaver asked whether the HRA is a good place to start that discussion. B. Petit agreed this is a great challenge and the HRA is as well equipped as any body to

address the Boatworks site; however, it would be interesting to see the evaluation of what the market and community would bear in terms of use so models can be created. He noted it will happen whether or not the City is leading the effort. R. Wothe stated he thinks the HRA should take a leading role since it is potentially the next major development for Wayzata. D. McGill concurred, adding the HRA would be the pivotal group to do it since it has been blessed in what it has accomplished with TIF districts and it might be folly to try and do something in absence of that mechanism. D. McGill stated he would support exploration at this stage. Chairman Shaver concurred.

Mr. Gadow answered questions of B. Petit relating to City-owned properties by the Boatworks property. He stated the Boatworks property is zoned for Planned Unit Development (PUD) and has a PUD agreement associated with it, providing some leverage for the City should a buyer bring forward a project.

Ms. Nelson indicated consultants can help the City walk through the development potential of the site from a financial perspective (rents, project proforma to support the land price and operate the facility), potential uses, regulatory components, and how to address parking issues. Ms. Nelson indicated staff has had conversations with the property owners on the north side of Lake Street to understand where they are at and those owners may need to be part of what happens with the Boatworks site to reach a solution to parking.

Chairman Shaver stated the next step is for staff to determine whether the HRA is the body to do the initial exploration and asked staff to include this topic on the next agenda.

Meyer Brothers Property

B. Petit asked for an update on the Meyer Brothers site. Ms. Nelson stated with the Meyer Brothers property, there is more room for consideration on the blighted property front or historic preservation front. She indicated there has been a lot of interest in the Meyer Brother's property and questions on the potential uses. Staff has met with Fred Meyer about the status of the property but no proposals have been submitted.

The HRA discussed the Meyer Brothers property, potential for development, and questioned the role of the HRA in helping motivate a sale. Ms. Nelson indicated the decision-making path is complicated with a broad family ownership but it may be simplified in the years ahead. She stated the City could play a facilitative role in identifying what works for the site and bring forward developers for that type of project. The challenge is retail and the "great divide" between the more central/east end of Lake Street and the far west end of Lake Street. She raised options for a different or diversified type of office or a mix of luxury apartments.

With regard to luxury apartments, Mr. Mehrkens stated there may be a "bubble" in the apartment market and the condominium market is soft so there are uncertainties. He indicated until there is clarity with the issue of parking, developers will be reluctant. Chairman Shaver stated his company is doing more luxury housing in dense urban settings that appeal to young professionals who want flexibility. He noted that

Minneapolis enjoys a 3% vacancy and the best research shows demand outstripping supply so it goes negative through 2015.

Following discussion, the HRA asked Ms. Nelson meet with the Meyers family, on behalf of the City, to relay the interest that has been shown in their property.

Growth of City Staff

B. Petit raised concern relating to growth and cost of City services, noting it is a classic result of what seemed to be good efforts. Chairman Shaver agreed that each of the Strategic Plan components require a significant amount of effort on behalf of City staff.

B. Petit pointed out that that staffing is a big percent of a small town's budget. Ms. Nelson stated the Council is cognizant of the budget and levy. She noted a Communication Specialist was recently hired in a budget-neutral way but she does not see the City considering additional staffing at this time, with perhaps the exception of finance personnel.

OLD BUSINESS

D. McGill noted the HRA did not receive answers to its questions on the CARD Program audit, the trigger event, and 2012 expenses. Ms. Nelson stated Jeanne Vanda prepared a memorandum and she will revisit that information. Chairman Shaver asked staff to provide that information at the next meeting.

W. Wothe asked whether or not TIF funds from CARD 2 will end in 2012. Ms. Nelson confirmed that District will decertify the end of 2012. She reported the Council made a policy decision to levy for that additional value coming back on and set it aside for future capital. She stated she will follow up on those issues and provide a report.

ADJOURNMENT

There being no further business; D. McGill motioned to adjourn at 8:46 a.m., R. Wothe seconded the motion and the motion carried 4/0.

Respectfully submitted,

Becky Malone
Deputy City Clerk
City of Wayzata

Drafted by Carla Wirth
TimeSaver Off Site Secretarial, Inc.

DRAFT

WAYZATA CITY COUNCIL
JOINT WORKSHOP MEETING MINUTES
April 4, 2013

AGENDA ITEM 1. Call to Order and Roll Call.

Mayor Willcox called the joint economic development strategy workshop to order at 7:02 a.m. Council Members present: Amdal, Anderson, Mullin, and Tanner. HRA Commissioners present: Ambrose, McGill, Petit, and Wothe. Absent and excused: Chair Shaver. Also present: City Manager Nelson, Finance Manager Kathy Ovshak, Deputy City Clerk Malone, Communication Specialist Samantha Grosz, and Stacie Kvilvang of Ehlers & Associates.

AGENDA ITEM 2. Approve Agenda.

The agenda was approved as presented.

AGENDA ITEM 3. Workshop Meeting.

a. Discuss Economic Development Strategy for the City of Wayzata

Mr. Willcox welcomed all to the meeting, noting the Council has determined to place a priority on more active economic development. He indicated one of the factors in hiring Ms. Nelson as City Manager was her experience with economic development and this workshop is intended to launch that effort.

Ms. Nelson stated she would like to know what economic development means to those present so while out talking with developers and property owners, staff will be working within an agreed upon framework. Staff would also like to know the risk level the City is willing to tolerate, noting there has been consistent feedback for the City to take a more proactive approach with economic development.

Ms. Kvilvang, Ehlers & Associates, described her involvement with local and out-state developments, noting they range from small- to large-scale projects. The opportunity today, is to get a sense of what Wayzata's policy and decision makers want for development/redevelopment in Wayzata and to provide guidance to staff.

Ms. Kvilvang described what was meant by economic development, noting it is more than buildings and jobs, it is the infrastructure, housing, and social amenities as well as quality of life. She clarified redevelopment is not a capital cost but an operational cost in the end. This means whatever is built/redeveloped results in tax base.

Ms. Kvilvang asked what is the reasonable tax burden Wayzata wants in the context of providing services and businesses for its residents. She presented data on Wayzata's housing, retail, and office profile and answered questions relating to the percentage of retail, noting the data presented is from 2009 but she did not think it had changed much.

Ms. Kvilvang noted Wayzata has higher rent structures so it will be impacted more than elsewhere during recessionary times because tenants will look for lower rents. However, people who own income-generating property control the lease rates and if additional rent is needed to cover the mortgage, they will lower rents to fill the space. Ms. Kvilvang indicated there is nothing the City can, or should, do to insert itself into that process.

Peter Herfurth, building owner, stated he disagreed with the comment that vacancy is driven by higher rent rates. Ms. Kvilvang stated the data being presented includes mass rates for the I-394 corridor and not specifically for the West End. Mr. Herfurth felt it was not appropriate for the HRA to comment without reviewing the background.

Mr. Mullin suggested footnoting this data to indicate the Bay Center is not included. Ms. Kvilvang indicated the data can be updated once those spaces come on line.

Ms. Kvilvang reported people's impression of Wayzata is that it has a downtown all would love to have, great restaurants, boutique retail, is a small lake community with the feel of a small town/resort area, and is an affluent and wealthy City. Ms. Kvilvang indicated parking

downtown was the biggest complaint as well as it being confusing to find downtown from the freeway so there was need for better wayfinding signage. In addition, it was difficult to navigate Wayzata Boulevard due to multiple access points.

Ms. Kvilvang stated Wayzata has been more reactive in pursuing development/ redevelopment, noting it comes down to staff and resources and since Wayzata has a small staff, the Council needs to prioritize their tasks.

Ms. Kvilvang presented examples of legacy decisions and investments made in public/private partnerships to change the character and nature of its declining multi-family apartment properties. Mr. Mullin noted the examples being citied do not relate well with the small-sized footprint of Wayzata and he preferred to see other more-like examples. Ms. Kvilvang pointed out that the rental housing stock in Wayzata is also aging. Ms. Kvilvang emphasized that the examples aren't intended to focus on the similarity of dissimilarity of the communities, but rather the policy decisions and/or investments in infrastructure that were made that changed the course of a neighborhood, commercial area or a community as a whole.

Ms. Kvilvang then described the aggressive efforts of the cities of St. Louis Park and Edina. She indicated that cities have three choices: 1.) Do nothing (resulting in lost opportunity and construction of undesired projects); 2.) Be reactive in planning (what Wayzata is currently doing); and, 3.) Be active/proactive in planning (giving direction to staff to work with developers to obtain desired projects, actively pursue development, provide incentives such as creating TIF Districts, acting as facilitator between property owner and developer, and planning key site development/redevelopment).

Ms. Kvilvang stated most everyone responded in the questionnaire that Wayzata should be proactive so that needs to be defined. She asked if they wanted staff to work on and actively pursue projects, only provide incentive, or acquire property to assure development redevelopment.

Mr. Petit asked whether economic development is the responsibility of the landowner.

Mr. Mullin noted if you look at the survey responses, it involves parcels on the north side from Barry to Ferndale Avenues, along that corridor. He felt since Wayzata already has TCF, Hoyt, Hughes, Meyer Brothers, and Boatworks, it can invite interesting conversation around those topics. Mr. Mullin stated the problem in how Wayzata has looked at development reactively, is to pick off one parcel at a time.

Mr. Petit stated he appreciates those properties, but one of those properties does not have a pulse and asked how do we go about that.

Ms. Anderson stated she liked to look at a higher approach of the entire area, noting the East end is being developed in a certain way and asked what the City would do with the West end. She felt the City could look at it as an opportunity for the Meyer Brothers and other properties, to become something else that would fit and suit the needs of the community that the East end would not touch. She asked what Wayzata is missing and suggested then identifying that use and approach it as the West end.

Mr. Petit stated when you cast that bigger net and try to do something that is similar to the examples, he would ask at what point does that end "small town." He noted it could subtly become defined or controlled by a single developer and the City could potentially wind up with a gigantic project; however, everyone wants "small town."

Ms. Kvilvang stated the City needs to figure out what should the West end look like, whether retail, housing, small two-story, or four-story and higher. Once the City has a plan or vision, it can move to implementation and ask what it can do to facilitate that plan.

Mr. Willcox noted the bigger question is the benefit and to what extent does Wayzata want to be owners and "on the hook" for some of these things. He pointed out that at the end of the day, it is the resident's money and while the projects cited were successful examples, there are also unsuccessful projects like the Burnsville entertainment center.

Mr. Mullin stated he would like to hear people's point of view and whether there is appetite for Wayzata to move from Strategy 2 into something more proactive such as Strategies 1, 3, or 4.

Mr. Petit felt it would depend on opportunity and if talking about what is critical, suggested discussion of Village Shops because it is located across from the Bay Center.

Mr. Amdal stated with Meyer Brothers, the property owners are not ready to sell and he would suggest Strategies 3 and 4 have potential.

Mr. Wothe stated a developer and landowner will have different vision from the City. He felt purchasing the land would be the easiest because there is then no need to enact new ordinances to enable the City's vision to come forward.

Ms. Anderson asked if Wayzata has a vision for that area because if someone wants to redevelop the Meyer's property without assistance, it would rely on the zoning. She felt it would be best to figure out what the City wants for that area and then tell developers the City's vision. She noted the development community that would undertake such a project in the metropolitan area is relatively small, already has projects in its pipeline, and would not know of Wayzata's opportunities unless they are called.

Mr. Amdal stated Wayzata is in Strategies 2 and 5, and moving into Strategy 4 to address capacity for four-story without parking. He stated the City needs to address parking, noting some properties are landlocked and have no parking so they cannot succeed without parking.

Mr. Mullin agreed with the importance of focusing on parking.

Mr. Wothe stated years ago there had been input from citizens that they did not support parking so he surveyed half a dozen business owners at 50th and France in Edina who said the parking ramp was the best thing that happened for their businesses.

Mr. Willcox stated the argument is whether a parking ramp equals "small town feel" and the answer was that it did not, which created tension.

Ms. Anderson suggested a different vision in what the parking ramp looks like and where it goes, possibly being integrated into the development or placed underground so it is not a massive Arbor Lakes type of ramp.

Mr. Willcox pointed out there is a difference with the City providing infrastructure and it buying property for development of a use. One is an expected role (parking, streets, signs). He asked whether the City was prepared to make the "leap" from providing infrastructure/parking ramps into development of property.

Mr. Petit noted the properties on that West end are also narrow and difficult to develop.

Mr. Mullin supported asking people to prioritize the top ten parcels and then ask which areas do these tools apply to those top ten parcels, which will create a dialog. He felt it had been a missed opportunity when the Boatworks was let go for the third time.

Mr. Willcox stated Wayzata is also developing the lakefront, which is an easy decision because there is momentum. However, with the Boatworks it involves being a landlord so the City needs to determine if it is comfortable with that role.

Ms. Kvilvang agreed with the need to talk about projects Wayzata wants, potential land acquisition needed, how many dollars to outlay, and does the City have the financial ability to do that. She stated the City needs to determine if it has a "bird in hand" with a vacant property and willing seller, and if it is reasonable to purchase to assemble parcels for development. Staff can help the Council/HRA understand the risks and how they can be mitigated.

Mr. Willcox asked how the Council/HRA can begin to think about development of other individual properties, such as Meyer Brothers Dairy and Village Shops. Ms. Kvilvang stated Meyer Brothers is different because there isn't a lot of development/redevelopment on that end of Wayzata. She explained if the City wants to be more proactive, staff can have dialog with property owners about that vision and gain developer's honest feedback. The property owners can then consider their business plan, if they are willing to sell, and if so when they would be willing to sell. Ms. Kvilvang stated with Village Shops it is a different type of consideration.

Mr. Mullin asked what land acquisition is needed to complete the lakefront and make public spaces more robust and meaningful. Ms. Kvilvang stated that involves a legacy decision, noting the City of Detroit Lakes had purchased the cabins on the west side its lake and created a 1.5-mile beach that draws people.

Mr. Petit stated the car wash may be doing well but the issue is "pulse versus no pulse." He stated he is hearing there is not much handle on a grander scheme and asked if the City is far enough ahead of development. Ms. Kvilvang answered that Wayzata is not far enough ahead of development and needs to get a plan in place.

Mr. Wothe stated Wayzata does not have a vision for the entire city. He wanted to retain "small town flavor" but noted Wayzata has no theater, hardware store, drug store, or discount grocery that you would typically find in a town of 4,000 people. Mr. Wothe stated there is a dichotomy in talking about "small town flavor" when you cannot buy a residential lot under $250,000.

Mr. Amdal stated if talking about larger planning districts, the charm of Wayzata is that it has small parcels. However, the 14-acre Bay Center was a "game changer." He asked how to get people into downtown Wayzata from State and County roads, noting there are only two access points. He expressed concern it will become like Stillwater with chaos in getting traffic in and out so the City should work with other agencies to upgrade roadways and infrastructure to assure people can get in and out of town. He felt it was the City's responsibility to provide infrastructure, determine the zoning overlay, and have a more open attitude towards redevelopment.

Ms. Kvilvang stated a traffic study by an engineer can figure out how to deal with traffic. She noted that just because Presbyterian Homes is a bigger development, that does not mean a "Presbyterian Homes II" will occur on the West end. She stated if that end develops on smaller parcels, she would ask where would they park, is infrastructure needed to get people in and out of the area, and what other services would be needed.

Mr. Tanner supported looking at development/redevelopment with a "small town feel" and creating a vision. He noted that the Bay Center met all design standards but when it became Presbyterian Homes, the project was larger to support the cost of building. Mr. Tanner stated that is what he is afraid will occur on the West end, a bigger project to support project costs. He stated most have stated support for "small town charm" but 50th and France and Centennial Lakes is not Wayzata's small town environment. Mr. Tanner supported creating a vision of what Wayzata wants to be and then taking it from there.

Mr. Petit felt the question is, given a certain condition, is this the appropriate path for the City to use.

Mr. Herfurth stated the missing element is the end user. He asked whether the HRA is taking a proactive look at getting a hardware store or a drug store, uses the citizens want to see.

Ms. Nelson stated it is about context and site specific. If someone comes forward with a wonderful vision of the site, the City's best role is to facilitate that development. Staff would not recommend acquiring the property unless there was need to repurpose the site. She asked whether there are any strategies the City Council and HRA would not support.

Mr. Ambrose questioned if they were being asked to trust staff and the City to apply the appropriate resources given it is context and site specific. Ms. Nelson answered in the affirmative. Ms. Kvilvang noted staff is seeking guidance as the City Council makes the final decision on the project, infrastructure cost, and potential risk.

Mr. Petit asked if it is the visual, what the end product will look like in terms of design, because if creating consistency that should be considered. Ms. Kvilvang indicated that was assumed under the planning aspects.

Dr. McGill asked what has Wayzata done in the past that has worked, the positives and negatives of those projects. He stated he has no problem with the City being more of an active participant and had been amazed at how people can come forward with a vision that had not been

contemplated but works. Dr. McGill stated he would not rule out any of the strategies; however, cannot say "here is the City plan and it will happen" because there is need for flexibility with developers and end users.

Mr. Amdal stated if the City wants a movie theater or hardware store, it also needs to know what that means to be sure the City can support it.

Ms. Kvilvang asked a series of questions, with comments offered as detailed below:

What can Wayzata do to assure its downtown remains relevant?
Replace retail facilities that have been lost over the years (hardware store/theater)
Newer concepts to fit the 21st Century and attract visitors
Tax rates/rent rate/product margin so small businesses can afford to be in Wayzata
Parking that is close to retail

What can Wayzata do to brand or market itself as the "Gateway to Lake Minnetonka?"
Easy Lake access
More boat activity to make it meaningful
Wayfinding signage/ sign plates
Programs and year round marketing that tells a story
Create a new message to market small town/historical aspects to draw attention

What can Wayzata do to assure Lake quality?
Maintain urban forest that helps to filter the Lake
Work hand-in-hand with the Lake Minnetonka Conservation District
Stormwater management (every curb is a shoreline)
Education

What can Wayzata do to provide public and open access to the Lake?
Lakefront Effort
Public dock / boat access
Adequate boat launch facility
Parking including stalls for vehicles with boat trailers
Pedestrian walkways along the lakeshore
Keeping open space open
Adequate wayfinding signage

Discussion was raised in how to create an attraction that is "cool" so people will want to come even though access/parking may not be convenient or easy. Ms. Kvilvang noted people may want to get to Lake Minnetonka (the attraction) but still want the easiest way to gain that access.

What can Wayzata do about building appropriate scale?
Follow Design Standards
Timeless legacy design
Look at end user and application
Assure redevelopment is well done

How does Wayzata retain its small-town charm?
Design vs. scale
Balance between existing and new buildings with character
Charming unique design elements
Variation between neighborhoods / buildings

What can Wayzata do to retain affordable housing?
Overlays on neighborhoods to limit size and height
Market availability of affordable housing programs
Provide assistance for home rehabilitation
Advertise HRA programs at housing shows

The issue of affordability was discussed and the reality of high property values and taxes acknowledged.

Ms. Kvilvang asked those present to address the City's priorities for development/ redevelopment of properties and infrastructures and the tools it is willing to use to get to its end objectives. Once determined, staff will prepare related policies and a work plan for the Council's consideration and approval.

How do you see Mill Street?
One of the most historical streets in Wayzata
Should be walkable and marketed
An area where parking can be located

How do you see the Koch East Lake LLC property?
Comprised of two fairly low-quality buildings
Periodically for sale
Primarily office service rental spaces
Involved in the bigger context of the West end

Ms. Kvilvang asked everyone to place one dot on each of their top five priorities. Following this exercise and considerable discussion, the group agreed upon the top 7 priorities. Ms. Kvilvang noted the top seven priorities are: Meyers Dairy; Lakefront Initiative; Boatworks; Mill Street and Parking; Village Shops; City Lot at Lake and Superior Street; and, Development plan for West end of Lake Street.

Ms. Nelson asked for comment on the Boatworks and what each would like to do with that site. She noted the City can respond to whatever Rick Born asks, such as an amendment to the development agreement. Ms. Nelson indicated Mr. Born intends to put his offices and about 100 employees in the Boatworks building.

Dr. McGill supported something that leads to better access to the Lake, which is currently a limited marina. He noted this area has tremendous parking problems and the Boatworks building is not efficient for rentable space.

Ms. Kvilvang stated if the parking issues and public access can be resolved, what would the City like to see in that location: multi-story residential or office?

Mr. Petit noted the Boatworks is an industrial building but does not work financially because it is not efficient. Mr. McGill agreed, noting the cost to the owner would be amazing so maybe the City can do something to create a use with more access than office.

Ms. Anderson pointed out the Boatworks is a prime location but all restaurants have failed, possibly because you have to cross the railroad tracks. She supported a use that would be a draw for Dakota Trail traffic and people using the beach, possibly offering coffee and/or ice cream. Ms. Anderson stated people do not feel comfortable using the boardwalk in front of the Boatworks, which is public, to get across to the Depot side so that needs to be addressed.

Mr. Wothe stated a restaurant has not been successful because of the City's sign ordinance. He noted a restaurant is a destination but you first need to know it is there and if west

bound, you cannot see that signage. He stated a restaurant will need an illuminated sign on Lake Street so people can tell it is a restaurant. In addition, the berm and railroad are not positives

Mr. Petit felt you cannot make changes to the current Boatworks building so it needs to go vertical, dramatically.

Mr. Willcox stated given the right situation, he could be persuaded to consider vertical but that was not his first choice along the Lakefront and preferred small scale as much as possible.

Mr. Wothe noted Doug Peterson had planned for a single eight-story condominium building with a lot of green space; however, residents from Deephaven opposed the project, saying it would desecrate the lakefront.

Mr. Petit stated if the City is acting in a proactive mode, it would find a developer and ask for ideas of what the property could be. Ms. Nelson stated that is what staff proposed previously, a developer roundtable on the Boatworks site when it was bank owned, to ask what type of project would work on that site, what would the market bear, what scale and design would work, and what kind of density would be needed. Ms. Nelson stated it opens the conversation and lets the development community know that Wayzata is open for business. She stated she thinks there is opportunity to work with Rick Born now that he owns the property.

Mr. Petit noted with the Bay Center, it goes back to what does it actually look like but a developer only has a formula of what they need and the market supports. Ms. Kvilvang noted with a developer roundtable, the City could get a market perspective, may find someone willing to do it, and the City can decide if it is something that could be supported. Ms. Nelson stated the architecture and scale elements would be considered as part of the development process.

Mr. Ambrose felt the Boatworks was essential in the context of the Lakefront Effect and he hoped the public access to that part of the lakefront would not decrease from what currently exists.

Ms. Anderson stated it would be great if the Boatworks was a different style of building or design, but the City needs to capitalize today on something with the ability to attract people on the Dakota Trail and others into that part of town.

With regarding to going vertical, Mr. Amdal noted one of the City's biggest corporate clients has Lake views that would be destroyed. In addition, it is near a nice neighborhood that had been very vocal when the area was redeveloped, it would need parking, and it would impact front yards. Mr. Amdal stated the City would receive opposition, including from other communities. He thought the Boatworks could be repurposed and the City could be more proactive. Mr. Amdal noted boaters do not come there because there are no transient slips.

Mr. Wothe stated he had represented his neighborhood during the Boatworks redevelopment and found that no one from his neighborhood had been opposed to the redevelopment but there was objection to the hours of the restaurant. Mr. Amdal noted there was also an issue with one-way traffic.

Ms. Anderson commented with the height issue in this location and scale of the building being five to eight stories tall, she would ask if that would fall in line with a vision of "small town feel and character." She felt an eight story building would change the vibe of coming into downtown Wayzata.

Mr. Amdal noted Wayzata had eight boat builders at one time and now there is one building with clear story windows that has been divided into offices. He asked how that pavilion-type building can be used to best advantage.

Ms. Anderson suggested repurposing and revamping that building so it has a boatworks feel but is utilized for different things while still incorporating the history, perhaps with a coffee shop and restaurant and offices upstairs.

Mr. Petit cautioned against discounting market forces, having to pay $16/square foot in tax and the need to offer volume to make the financial equation work.

Ms. Anderson stated there are ways where you do not have the volume factor but can still have interesting buildings and incorporate other purposes to get money to support it.

Ms. Kvilvang indicated the Boatworks site, no matter how many ways you repurpose it, will never work financially because it is too inefficient. If it goes away, she would ask if the City would put back something of similar size, scale, and work space to be efficient, or the highest and best use for the land. She also asked what opportunities Wayzata wants to provide and if it would support going vertical to get amenities like better public boat access. Ms. Kvilvang noted that may mean the City is writing a check, the same as other cities with ice arenas and performing arts centers. She asked what level of tolerance is there for the City to write a check because it is so important to residents of the community.

Mr. Amdal stated if redeveloping the Boatworks site, it would have to meet the new water quality standards and that may cost $1 million. Ms. Kvilvang pointed out it would be good to have a better launch, access, and address water quality, and staff could research grant opportunities.

Ms. Nelson stated West Lake Street may be a master planning effort with a focus on individual parcels. She felt Village Shops will be a timing issue due to pressure on that real estate but it should be kept on the City's "radar."

Mr. Amdal noted the Village Shops are the most affordable retail spaces in Wayzata, comprising 900 linear feet and many tenants, so it may be a long time before that property owner thinks about dislocating all of those service businesses that residents need.

Mr. Petit noted if Village Shops is redeveloped, it may not be unlike Investor Savings across from Coldwell Banker in terms of massing. He asked if that is "small town," or "quaint." Mr. Petit stated with Investor Savings the City had a choice of lower height but longer building size.

Mr. Willcox stated the City's only control is over the lakefront and property at Superior and Lake Streets. He supported the City acting proactively on those areas.

Mr. Amdal stated when the City took the land down, it knew it could write the prescription of what goes into that space. The City was in control of its fate but needs to consider the impact to the Muni and other parcels.

Mr. Petit noted the plus is that the City has time on its side with that site. Mr. Amdal agreed and stated it can also create more value for that parcel of property by putting up a parking ramp.

Ms. Kvilvang stated another option is to hold a developer roundtable on that property to ask what could go there and what kind of site plan would be feasible. Then the Council can react to that option. Ms. Kvilvang questioned the level of support and timing for a parking ramp.

Mr. Amdal stated the Council has asked about the Edina model, how Edina makes it work, and if a district would have to be established. Ms. Kvilvang advised that both Edina and Hopkins issued debt to build public parking ramps and staff can provide that information.

Mr. Ambrose noted some Wayzata businesses do not have adequate parking and are paying to park at Mill Street so other businesses may also have to pay the City to provide parking, according to the ordinance.

Mr. Willcox stated a parking ramp on Mill Street can act as a lynchpin for all other development on Lake Street. He noted the Council has agreed a parking ramp needs to happen sooner, rather than later, and asked staff to provide information on how a parking ramp can be paid for and maintained.

Ms. Anderson requested additional perspectives from older communities, even if outside of Minnesota. Ms. Kvilvang stated staff will bring forward that information.

Ms. Nelson indicated staff will prepare and bring back a framework in which to work and policies using the five scenarios for additional discussion. She stated HRA Chair Shaver was not able to attend but had participated in the survey and wanted the HRA to meet on a more regular schedule. Ms. Nelson thanked all for attending and providing input.

AGENDA ITEM 3. Adjourn.

Mr. Willcox adjourned the meeting at 9:21 a.m.

Respectfully submitted,

Becky Malone
Deputy City Clerk

Drafted by Carla Wirth
TimeSaver Off Site Secretarial, Inc.

BRIGGS
BRIGGS AND MORGAN

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June 6, 2013

Trudy J. Halla
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thalla@briggs.com

VIA E-MAIL

Heidi Nelson
City Administrator
City of Wayzata
600 Rice Street East
Wayzata, MN 55391
Email: hnelson@wayzata.org

Re: City of Wayzata, Minnesota - Care Facilities Revenue Note (Hammer Residences, Inc. Project)

Dear Ms. Nelson:

This letter will provide you with information regarding the above-referenced issue.

The Hammer Residences, Inc. ("Hammer") has asked the Housing and Redevelopment Authority of Wayzata (the "HRA") to issue a tax-exempt revenue Note on behalf of Hammer to refinance existing taxable and tax-exempt debt originally issued to finance the acquisition, construction/renovation and equipping of several residential care facilities for adults with developmental disabilities as set forth on Exhibit A to this letter.

The Note, when issued and sold to Bremer Bank, would not exceed $5,500,000 and the proceeds are expected to be used approximately as follows.

Use	Amount
Refinance 2006 $2,500,000 Tax-Exempt City of Wayzata Bond	$1,010,000
Refinance 2008 $800,000 Tax-Exempt City of Golden Valley Bond	405,000

Refinance 2010 $1,302,945 Tax-Exempt City of Wayzata Bond	$930,000
Refinance $750,000 Taxable Loan	515,000
Refinance $1,500,000 Taxable Loan	1,240,000
New capital expenditures in Wayzata, Minnetonka, Plymouth and Golden Valley	1,400,000
TOTAL	$5,500,000

State and federal law allow Cities, HRAs and EDAs to issue bonds the proceeds of which can be used by nonprofit corporations to finance and refinance capital expenditures. This assistance reduces borrowing costs for nonprofit corporations and enables them to provide their services more cost effectively. It is a fairly common means of financing nonprofit entities like Hammer.

The Note will be issued by the HRA to Bremer Bank. The proceeds of the Note will be loaned by the HRA to Hammer who will agree to pay all principal and interest due on the Note. The HRA will then assign its rights under the Loan Agreement to Bremer Bank. Once the financing has closed the HRA will have no further involvement in the transaction and Hammer will make all payments directly to Bremer Bank.

In 2006 and 2010 the City of Wayzata (the "City") issued bonds to benefit Hammer. In this transaction we are asking the HRA to be the issuer of the Note because Bremer Bank will only buy a note that is "bank qualified." The City has already issued more than $10,000,000 in tax-exempt bonds for another nonprofit, 501(c)(3) organization in 2013 and has no ability to designate the Note as bank qualified. However, the HRA has the ability to issue up to $10,000,000 of its own bank qualified debt. I understand that the HRA may not have issued tax-exempt debt before. I am available to attend any meetings or provide additional information that their board may need.

Both state and federal law requires that before Hammer can spend tax-exempt bond proceeds on its project, the City or the HRA must hold a public hearing and approve the use of tax-exempt bonds. Because the board of the HRA is an appointed board (and not an elected body like the City Council), it is also necessary for the Wayzata City Council to give its approval after the public hearing.

Because Hammer has used prior bond proceeds or would use new bond proceeds at facilities located in Minnetonka, Golden Valley and Plymouth, as well as Wayzata, Hammer will be asking these Cities to hold public hearings and granting approval, as well.

The Note will recite that it will not to be payable from or charged upon any funds other than the payments received under a revenue agreement between the HRA and Hammer, and neither the City nor the HRA would be subject to any liability on the Note. No holder of the Note will ever have the right to compel any exercise by the City of its taxing powers to pay any of the principal of the Note or the interest or premium thereon, or to enforce payment of the Note against any of the City's property. The Note will not constitute a charge, lien or encumbrance, legal or equitable, upon any of the City's property. The Note is not a moral obligation on the part of the State or any of its political subdivisions, including the City and the HRA and the Note will not constitute a debt of the City or the HRA within the meaning of any constitutional or statutory limitation.

Issuance of the Note by the HRA will not affect the City's credit rating on its bonds. Hammer will reimburse the HRA and the City for any expenses, such as the cost of publication of the notice of public hearing. In addition, it will pay an administrative fee based on the amount of Note proceeds not covered by the City's prior tax-exempt bonds.

I appreciate your time and consideration of this matter. If you have any further questions please don't hesitate to contact me, otherwise I will call you to follow up.

Very truly yours,

Trudy J. Halla

TJH/ljm

EXHIBIT A

Hammer Residences, Inc. Facilities

1. Wayzata:

Main Office	1909 East Wayzata Boulevard
Ridgeview	401 Ridgeview Drive
Broadway	550 Broadway Avenue North

2. Minnetonka:

Knollway	13618 North Knollway Drive
Holdridge	15504 Holdridge Drive
Carlson	16325 County Road 15
Sheridan	2412 Sheridan Hills Curve
Sumac	11110 Sumac Lane
Cedarwood	2509 Cedarwood Ridge
Wentworth	13612 Wentworth Trail
Emery	4045 Dublin Drive
Lakeside	5209 Michaele Lane
Nelson Place	4701 Caribou Drive

3. Plymouth:

Ives	1120 Ives Lane North
Tyler	2611 Black Oaks Lane
Black Oaks	2830 Black Oaks Lane
13th Ave	17005 13th Avenue North
1st Ave	13255 1st Avenue North
Rockford	10805 38th Place North
Lancaster	3945 Orleans Lane
Kentucky	18115 30th Avenue North
Garland	1530 Garland Lane North
Queensland	2020 Queensland Lane North
Merrimac	420 Merrimac Lane
14th Ave	16205 14th Avenue North
McGlinch	18300 26th Avenue North
Zachary	11300 42nd Avenue North
Arrowood	4525 Zachary Lane North

4. Golden Valley:

Jersey	300 Jersey Avenue North
Lee	2825 Lee Avenue North
Unity	2025/2027 Unity Avenue North

City of Wayzata
600 Rice Street
Wayzata, MN 55391-1734

Mayor:
Ken Willcox

City Council:
Jack Amdal
Bridget Anderson
Andrew Mullin
Tom Tanner

City Manager:
Heidi Nelson

MEMORANDUM

DATE: July 16, 2013

TO: HRA Commissioners

FROM: Heidi Nelson

RE: Draft Redevelopment Plan

Please find attached the draft report from the April 4th Joint Workshop with the HRA and City Council. The report captures the input that was received prior to the workshop via questionnaires of HRA and City Councilmembers as well as documents the workshop discussion and consensus. The minutes from the April 4th joint workshop are attached. The City Council reviewed the report at their regular meeting of May 21 and provided comment; minutes from that portion of the City Council meeting are attached for your review. Staff will be seeking feedback from the HRA regarding the report during the meeting.

City of Wayzata

DRAFT Redevelopment Plan

May 2013

Prepared by: EHLERS & ASSOCIATES, INC.
3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105
(651) 697-8500 fax: (651) 697-8555 www.ehlers-inc.com

Introduction

The City undertook a strategic planning session in 2012 and produced a document titled "A Blueprint for the Future," which is a five-year vision for the Community. Within that document, one of the goals was to identify economic development opportunities with a consistent strategy. To develop this strategy, the City Council and HRA conducted a strategic planning/goal setting work session on April 4, 2013. The purpose was to talk about economic development/redevelopment and to set the stage for the City's future role. Participants included the City Council, HRA, City Manager, Finance Manager, Communications Specialist and Financial Consultant/Facilitator from Ehlers.

Work Session Goals and Expectations

- Define what economic development means for the City of Wayzata
- Determine role the City and HRA in economic development and redevelopment
- Define level of risk the City and HRA are willing to assume
- Review existing programs and policies
- Identify top development, infrastructure and redevelopment priorities and reuse and timing of projects
- Provide direction to staff on where to spend their time and efforts
- Determine level of risk the City is willing to undertake
- Create a futuristic mindset
- Provide staff direction to prepare appropriate polices, new and/or refine existing financing programs that are available; and develop work plan as appropriate

Cornerstone of Effective Communities

A vision without a plan is just a dream….
A plan without a vision is a nightmare

Strategic Plan

A strategic plan outlines goals (and strategies required to achieve goals) necessary to progress toward achieving the shared community vision. To be effective, the Plan must include a manageable and measurable set of goals with clearly defined strategies. The strategies should include timetables and the resource requirements (time and money) required to achieve goals. The commitment of elected officials to monitor, adjust, and guide the Strategic Planning process is critical to achieving goals.

Operating System

The operating system refers to the structure that accomplishes governance (including advisory boards and commissions), provides day-to-day service delivery, and implements the Strategic Plan. It encompasses personnel and budget systems, departmental operating procedures, personnel policies, public policy development, financial plan, public participation and communication, customer service systems, and service evaluations. It is the methods and tools used to get things done (and done right) within the community.

Discipline of Effective Communities

1. **Strategic discipline** – maintaining clear vision, values and strategy to achieve vision

2. **Financial discipline** – developing and maintaining a long-term financial plan that serves as a framework for financial decisions (including annual budget decisions)

3. **Decision-making discipline** – adhering to a structured decision-making process that provides clear and differentiated roles for elected officials and staff

4. **Communications and marketing** – developing a communications plan that provides timely information to enhance public participation in critical community decisions and markets the value of city services and amenities

Defining Economic Development

Economic development may mean different things to people. Simply stated, economic development is a series of policies, programs and processes that individual agencies adopt to promote certain ends such as:

1. Increase tax base
2. Provide new or enhanced businesses or services
3. Job creation/retention
4. Investment in infrastructure
5. Encourage community reinvestment
6. Enhance quality of life

Participants were asked to define what economic development means to them to set a baseline for the discussions. Following are some of the comments:

- Being able to create positive development and redevelopment in a community
- Proactive involvement in development/redevelopment
- Help enhance and market Wayzata as a destination point and help facilitate desired developments that mesh with city priorities
- The ability to be involved early in a project so we can help guide/encourage the outcome in order to create a consistent result
- The development of steps for a long-term, strategic, positive, paced, proactive plan for the economic revitalization, historic preservation, environmental conservation and recreational creation for Wayzata with economic sustainability as the guiding principle
- Providing a platform and tools to allow for a city to respond to its dynamic needs of its community
- Proactive approach which involves some "skin in the game"
- Consciously shaping public policies to encourage desired outcomes and providing specific assistance when needed to reach desired outcomes

Overall, comments reflected a view that economic development is a proactive endeavor that entails policies, financing and marketing to meet changing community needs. Since Wayzata is a fully built community, its opportunities for future growth in tax base, services and housing options lie in redeveloping existing sites. End land uses have an impact on the City's overall tax base, thus taxes paid by residents and businesses. Having knowledge that end land use/development is an operational cost assists cities in determining what may **NEED** to be developed versus what they **WANT** to be developed.

Current housing, retail and office market conditions

Housing:

Currently the City has a total of 2,058 housing units (does not include the Promenade). Of these, 1,354 are owner-occupied and the remaining 704 are rental units (84% in multi-family). The tenure of the housing is split with 66% being owner occupied and 34% being rental. When The Promenade opens and those 413 units are taken into consideration (350 senior rental and 63 condos), this split changes to 57% owner and 43% rental

According to 2009 data (which is likely significantly unchanged), approximately 582 units or 28% of the housing stock is affordable to persons at or below 60% of the Area Median Income (AMI), which for 2012 is $73,900 (2013 data not yet available). To put it in perspective, the AMI for a family of 4 is approximately $50,000.

Of the 1,354 owner occupied housing, units, 87 or 15% is considered to be affordable and the remainder of affordable housing units is located within various apartment communities. There was an acknowledgement by the group that there was not too much that they could do to change lack of affordability in owner-occupied housing since land prices were market driven. Any future affordable housing units would likely be apartments.

Office:

Currently the City has approximately 285,500 sq/ft of office space as follows:

WAYZATA OFFICE BUILDINGS

Building Name	Class	NRA	SF Vacant	Vacancy Rate
109 Bushway Rd	C	7,114	1,996	28.06%
15600 Wayzata Blvd	A	19,962	3,902	19.55%
201 Building	A	33,220	0	0.00%
217 Minnetonka Ave	C	2,800	1,000	35.71%
301 Broadway Ave S.	C	3,426	3,426	100.00%
305 Minnetonka Ave	B	7,520	3,760	50.00%
315 Lake St E.	A	28,000	1,300	4.64%
328 Barry Ave S.	A	11,000	4,426	40.24%
407 Lake St E.	B	4,000	1,333	33.33%
Anchor Bank Building	B	33,000	0	0.00%
Boatworks Building	A	70,975	35,795	50.43%
Executive Suites Wayzata	A	13,333	5,716	42.87%
Steiner Office Building	A	10,278	0	0.00%
641-681 Lake Street	B	40,865	2,043	5.00%
		285,493	**64,697**	
			Vacancy Rate	22.66%

The 4th quarter vacancy rate within the I-394 corridor according to CBRE MarketView, is approximately 14.5%. Although the City's vacancy rate is higher than this, if you look at the properties highlighted in the chart above with more than a 40% vacancy factor, several of them are small unique office space that would typically accommodate a single user. If you took these into consideration, the City's vacancy rate would be less skewed. In addition, Boatworks is a building in transition of ownership and will likely see a significant decrease in the vacancy in 2013.

Retail:

Currently the City has approximately 364,000 sq/ft of retail space as follows:

Market Total	Total SF	Vacant SF	Vacant %	Total Count	Vacant Count
Anchored Shopping Centers	91,323	2,138	2.34%	17	1
Unanchored Shopping Centers	173,786	5,099	2.93%	79	4
Single-Tenant Shopping Centers	98,690	5,238	5.31%	20	1
TOTAL	**363,799**	**12,475**	**3.43%**	**117**	**7**

Source: Cushman Wakefield, June 2012

As noted, there is a very low vacancy within the retail market and that the City's retail base remains strong. This shows there is likely a very strong demand for additional retail space within the City.

With continued development of The Promenade, there is approximately 130,000 sq/ft of retail proposed to be constructed over the next couple of years. By 2013, it is anticipated that approximately 31,500 sq/ft of this retail will come on line and that by 2014 an additional 40,000 sq/ft will come on line. Currently 70 percent of the first phase is leased and they anticipate fully leasing that phase within the next 12 to 18 months. They are currently marketing the second phase and have a few letters of intent signed. They anticipate it will also take approximately 18 months to fully lease this phase. They will begin construction on the third phase this summer (approximately 59,000 sq/ft) and anticipate an 18-month lease up period after construction is completed.

Role of the City in Economic Development and Redevelopment

Participants were asked to respond the role the City should take in economic development and redevelopment – Do Nothing, Reactive or Proactive.

Overwhelmingly the participants determined that the City should be proactive and that any of the following roles would be appropriate for the City:

Role	Activity
Master Developer	Actively go out and seek developers to develop City's vision for area
Financing	Assist and/or actively pursue grants
	Provide public assistance and determine risk level willing to undertake, if any (pay-as-you-go and/or up front funding)
Land Acquisition	Assemble parcels as they become available
	Actively pursue key or difficult acquisitions
Facilitation	Act as a facilitator between developers and land owners
Planning	Set goals/vision for City redevelopment sites

Currently the City has "played" some of the roles listed above in recent redevelopment projects, in limited fashion. If the City were to take a more active role in land acquisition or becoming a master developer, it is understood that either one or both of the governing bodies of the City would have final approval of any land

acquisitions and or financial assistance provided to developers. Staff would be charged with bringing forth the project and outlining the risks and benefits of undertaking the particular issue at hand.

The Future of Wayzata – Legacy

Cities across the metro and out state are challenged with making difficult decisions that can have long-term impacts on their respective communities. These vary from need and quality of public facilities, construction and financing of roads and utility systems to draw desired development, development of publicly owned facilities to change markets, providing public subsidies to obtain certain end users or to create a market that doesn't currently exist. The group reviewed several communities that took significant risks and made difficult public policy decisions to change their communities. These types of goals and decisions will vary from community to community due to their individual circumstances. Although the City may not be faced with the same circumstances, these sample projects illustrated the need for policy makers to balance short term, tangible results with long-term visions/gains.

Participants were asked to think about what Wayzata would look like in 25 years and to articulate their vision in one to two sentences. Following is a listing their vision for Wayzata:

- Maintain the City's small charm and character through positive development and redevelopment. This will make Wayzata a destination from not just those in the seven county metro area but from all over the country as being a progressive city.
- Robust public space on lake edge.
- Thriving downtown and healthy single family neighborhoods. Superior walking accommodations and attractions with ample, convenient parking to access lakefront activities and vibrant commercial sector.
- A small community that has discovered a new identity that the key to its future is in its past, where remembering what made it great is its historical elements, small town atmosphere and established small town main street(s), with neighborhoods and not developments and everything is within walking distance so there are not massive seas of parking lots. Where the lake is viewable, clean and can be accessed by putting your hand in the water for all and its urban forest has been respected, maintained and allowed to flourish. A community that embraces the balance of all ages of its community by restoring itself as a lake community while seeing that modern amenities for families and visitors is a must for its vitality YEAR ROUND. Where quality of its buildings and materials used along with design matters. Where visitors who come see that the town has taken the time to remember itself and is proud based on what it has maintained. The community needs to set the expectation. It should be the poster child for a 21st century HAMLET.
- More sail boat and motorized boat access to downtown. The Yacht Club could drive more visitors in the summer and create more of a nautical culture for the town.
- A strong small town lakefront community with a balance of residences and commercial areas.
- A well-balanced residential community supported by a vibrant retail/service base of healthy commerce.
- Vibrant "small town" with a broad socio-economic range of residents. Beautiful parks and quiet, wooded spaces. Easy access to the Lake (passive and active). Active downtown businesses.

Common elements that arose from the long-term visions for the City were:

- **Retain "small town" lake community character/feel**
  - Walkability
  - Quality buildings, scale, design and architecture
  - Parks, sidewalks, trail accommodations
- **Strong, vibrant downtown**
  - Active businesses
  - Allow boat access to attain more visitors
  - Convenient parking
  - Destination oriented year round
- **Accessibility to lake and lake quality**
  - Public space
  - Viewable and clean
  - Easy to get to
- **Well balanced residential**
  - Healthy single-family neighborhoods
  - Modern amenities for all ages
  - Broad range of residents (age, race, income)

How the City undertakes planning, decision making, and providing staff and financial resources will determine if the City can achieve the common elements listed above. The participants did a quick brainstorming on what the City could do to achieve them:

- **Small Town Charm**
  - Building scale and design
  - Balance existing buildings with new and provide a variety
- **Assure Downtown remains relevant**
  - Provide retail options lost over the years
  - Rework retail concepts into the 21st Century
  - Provide adequate parking
- **Branding/Marketing**
  - Easy access and signage from freeway to downtown
  - More boat activity
  - Implement Lakefront vision
  - Create economic development/housing programs and market them
  - Scenic byway
  - Come up with twist/angle on remarketing a small historic town
- **Lake quality**
  - Maintain urban forest
  - Work with conservation/watershed districts
  - Storm water management
- **Public/Open Space and Lake Access**
  - Docks/boat access and launch facility
  - Parking
  - Signage
  - Walking access/view/ public space

Key Decisions

We asked participants to state what legacy decision they could make today that a resident or City Council member would complement them on. Key decision or projects revolved around:

1. Redeveloping of various vacant and/or obsolete buildings
2. Assuring the Lake Front vision is implemented and provides for a desirable waterfront
3. Providing adequate public parking
4. Creating a new City identity and positive branding image
5. Establishing sustainability policies (financial, environmental, planning, etc.)
6. Engaging community involvement
7. Assuring variety of commercial shops that will bring people to town
8. Improving roads, access and public transportation

Economic Development/Redevelopment Priorities

Limits on time and resources constrain the amount and types of economic development and redevelopment activity in which the City can engage. To accomplish redevelopment objectives, the City must make a commitment to follow through with identified projects and identify and establish policies and programs to assure their end. Central to this commitment must be the development of a strong financial partnership between the City and the Housing and Redevelopment Authority.

Faced with these resource limitations, the City is forced to make choices with respect to redevelopment projects. Prioritizing redevelopment projects in the City began with the group submitting their top three (3) priorities for redevelopment. This generated many ideas as noted below:

1. Meyer Brothers Dairy
2. Legion Site
3. City lot at superior and lake
4. West End of Lake Street
5. Properties on north side of lake west of Barry Avenue
6. Boatworks – both sides of street stated
7. Sunsets lot
8. Village Shops
9. Water tower/cellular tower w/ ground equipment
10. The Nature Center & areas that back up to it
11. Lakefront
12. Mill Street and parking
13. Koch East Lake LLC
14. Wayzata Bay Carwash (by Meyers)

Many of these ideas were combined or condensed and then each member was given 5 dots to place by their top five (5) priorities. Based upon that process and significant discussion, following are the top seven (7) redevelopment priorities

Redevelopment Priorities

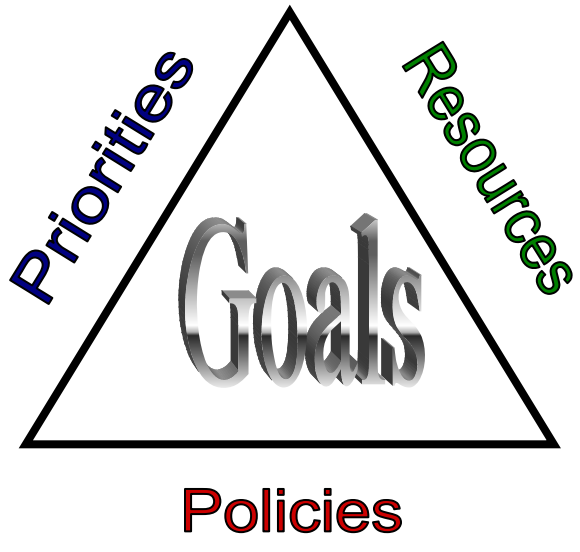
1. Meyers Dairy (9)
2. Lakefront Initiative (8)
3. Boatworks (6)
4. Mill Street and Parking(6)
5. Village Shops (5)
6. City Lot at Lake and Superior Street (4)
7. Development plan for west end of Lake Street**

***** Note: Item # 7 was discussed by the group after the prioratization as to the need for a comprehensive redevelopment plan/vision for this area. Although it initally received only 3 votes, staff has added it as a redevelopment priority for consideration.***

Economic Development/Redevelopment Strategic Plan

Through prioritization of these many projects, staff has attempted to balance the need for economic development and redevelopment with the need for other related policies and resources to assure their success. The interdependency of these economic development and redevelopment elements necessitates the need for a balanced allocation of resources.

Elected and appointed officials and the residents of the community must understand that the goals can change, but that the City has to consider, balance and change the same factors – priorities, resources, and policies – to understand the effect of making those change(s) and how to mitigate and negative or offsetting issues.



Based upon the information obtained from the group through written questionnaire and participation and the retreat, staff has identified four (4) areas of priority and corresponding goals to prepare the City for economic development and redevelopment to meet their future vision for the City as follows:

Redevelopment/Development

1. Prepare redevelopment plan for top redevelopment priorities and corresponding financing plan
2. Identify key aspects of Lakefront initiative and develop plan to finance and implement
3. Develop plan for construction and financing of a City-owned parking ramp on Mill Street
4. Define needed road, access, and multi-modal improvements

Policies

1. Prepare redevelopment policy and framework
2. Update Business Subsidy policy
3. Prepare conduit financing policy
4. Update Tax Increment Financing policy
5. Define sustainability and prepare policies as appropriate

Public Relations/Marketing

1. Consider City brand and develop branding/marketing campaign
2. Update the City's website
3. Prepare communications plan for various City projects/initiatives
4. Develop plan for way finding signage for downtown

A strategic plan is central to the commitment to undertake economic development and redevelopment. The strategic plan will help guide the decision-making process and allocation of time and resources as the City engages in ongoing development and redevelopment activity.

On the following page is a listing of the goals, actions, responsible party and timing to begin undertaking the necessary steps to implement these goals and assist the City in being successful in its economic development/redevelopment efforts.

Number	Goal	A/P/I A=Assess P= Plan I=Implement	Action	Responsible Party	Timing
Redevelopment					
1	Prepare redevelopment plan for top redevelopment priorities and corresponding financing plan	P/I	Prepare Strategic Plan	Heidi/Bryan/Ehlers	3rd Q 2013
2	Identify key aspects of Lakefront initiative and develop plan to finance and implement	A	Review of final plan from task force and bring back to Council for discussion on priorties and direction	Heidi/Brian/SPRC	4th Q 2013
3	Develop plan for construction and financing of a City-owned parking ramp on Mill Street	P/I	Develop financing and annual maintenance costs and identify bennefitting property owners and bring back to Council for further discussion and direction	Heidi/Bryan/Ehlers	3rd Q 2013
4	Define needed road, access, and multi-modal improvements	A	Review of all City plans and determine level of improvements required and bring back to Council for discussion and further direction	Bryan, Mike, Dave	1st Q 2014
Policies					
5	Prepare redevelopment policy and framework	A/I	Prepare policy for Council approval	Heidi/Ehlers	3rd Q 2013
6	Update Business Subsidy policy	A/I	Prepare policy for Council approval	Heidi/Ehlers	3rd Q 2013
7	Prepare conduit financing policy	A/I	Prepare policy for Council approval	Heidi/Ehlers	3rd Q 2013
8	Update Tax Increment Financing policy	A/I	Prepare policy for Council approval	Heidi/Ehlers	3rd Q 2013
9	Define sustainability and prepare policies as appropriate	A	Have further discussions with Council and HRA to better define sustainability	Heidi/Bryan	4th Q 2013
Policies					
10	Consider a new City brand and develop branding/marketing campaign	A/P	Preparelevel branding optionsavailable and cost analysis to undertake them with 3rd party assistance and bring back to Council for discussion	Heidi/Communications Specialist	1st Q 2014
11	Update the City's website	A/I	Determine what needs to be updated and prepare plan to implement updates	Communications Specialist	On-going
12	Prepare communications plan for various City projects/initiatives	P	Determine what types of projects need to be communciated and to whom and prepare plan for implementation as projects commence	Heidi/Communications Specialist	1st Q 2014
13	Develop plan for way finding signage for downtown	A/P	Determine signage needs and prepare cost analysis for Council review	Bryan, Mike, Dave	4th Q 2013

Goals No. 2, 3, 10 and 13 have been identified as part of the City's Blueprint for the Future. These goals have already been actively undertaken and specific action steps, responsible party and timing has been identified. Goals No. 11 and 12 are very important to any projects the City undertakes and will be on-going as projects commence over time within the community and appropriate levels of communication are identified.

Staff will prepare more detailed information on process and timing for Goals No. 1 and 4. Goals listed under policies (No. 5-8) will be reviewed and developed by staff as appropriate and brought back the HRA and City Council for discussion and formal approval within the next six (6) months. In addition, staff will work with Council on goal No. 9 to better define what sustainability means so appropriate policies can be developed.

Overall, these goals will set the framework for redevelopment within the community for the next several years and should be reviewed annually and changes made as appropriate. Many of the goals will be implemented within the next twelve (12) to eighteen (18) months. However, it should be noted, that implementation of the redevelopment of the seven (7) areas identified (Goal No. 1), and implementation of Goal No. 2 will take many years due to their complexity of issues and timing of available resources and financing for the projects.

resources on researching punitive action against the previous property owner such as a misdemeanor, PUD violation, and/or civil penalties. Ms. Anderson spoke in support of making a statement that the City's Codes are on the books for a reason and that the City will stand behind its Codes. Messrs. Tanner, Amdal, Mullin and Willcox noted this action occurred 17 years ago and would consume more City resources than gained through litigation. In addition, when this case was first considered, a 4/5ths vote was required but shortly after, it became a simple vote requirement so it is likely this request would have received simple majority support. The Council took exception, however, to the fact that it was advertised and sold as a three-story building.

Ms. Anderson asked if the previous owner had opportunity to make reapplication. Mr. Gadow stated conceivably the previous property owner could have made reapplication; however, may not have known State statute changed between 1996 and 1997. It was noted that should this PUD amendment be considered today, it would probably be approved and the Council needed to tread carefully on legal matters because even a minor case can become enormous magnitude to the City.

Mr. Mullin made a motion, seconded by Mr. Tanner, to Adopt Resolution No. 16-2013, Approving General Plan PUD Amendment at 100 Lake Street West. The motion carried 5/0.

d. Consider Resolution No. 15-2013, 426 Ferndale Road South CUP

City Planner Gadow presented the application of Michael and Brittany Reger for a CUP to allow a carriage house and structural height element at 426 Ferndale Road South. He indicated the Planning Commission recommended approval on a 5/0 vote. City Planner Gadow stated requirements for lot coverage and impervious surfaces will be met, but narrowly so the Planning Commission made the applicant aware that an as built would be required to assure the requirements are not exceeded.

Michael Hayes, 2421 Loren Avenue, Minnetonka, contractor representing the applicant, stated they did not measure the height of the existing chimneys. He stated they will honor the request of the resident whose grandfather had constructed this home as well as requests from the Fire Department and Heritage Preservation Board.

The Council discussed the requested CUPs. Mr. Gadow stated the fill and grading would be minimal and the new structure will be set back from Ferndale Road and have an appearance of a smaller structure. With regard to sight lines being obstructed by the proposed chimney, Mr. Gadow explained that without a 3-D model of surrounding properties he cannot say but noted the new home will be located farther down the hill so it should lessen the impact that exists today.

Mr. Hayes stated they are trying to make the house fit the lot and what drives the height is the size of the house. He stated he understands the City's height restriction; however, it is hard to do with larger sized houses. It was noted the first floor height is ten feet and the second floor height is eight feet. Mr. Gadow explained how grade points were determined and computed to determine the average.

Mr. Tanner made a motion, seconded by Mr. Mullin, to Adopt Resolution No. 15-2013, Approving a Conditional Use Permit for a Carriage/Guest House and a Conditional Use Permit for Structural Height Element Above Forty Feet at 426 Ferndale Road South.

The Council acknowledged that the current home is one of the oldest in Wayzata and rich in history, having been constructed by Deanne Straka's great grandfather in 1985. The Council thanked the property owner for opening the house to Ms. Straka, the HPB, and City's Departments.

The motion carried 5/0.

e. Economic Development Report

Ms. Nelson presented an overview of the economic development report, noting it quantifies housing, retail, and office trends. She reviewed the topics of discussion during the joint City Council/HRA strategic planning goal-setting workshop including financing roles, land acquisition

to assemble parcels, facilitation of development, and to set goals for redevelopment sites. Ms. Nelson then presented key questions, legacy decisions, seven priorities, and key areas of economic development. She asked the Council for feedback on this report.

The Council discussed the report, acknowledging it is long over due and a positive undertaking, and a fairly accurate reflection of the discussion that had occurred. Ms. Nelson explained that Ehlers is paid on an hourly basis from 2013 Economic Development Funds budgeted for this purpose. She stated if the Council decides to undertake some of these projects, staff will prepare policy under the guidance of Ehlers so the consultant's work can be focused towards active economic development activities. Ms. Nelson stated an Economic Development Policy would indicate how the City may engage with development assistance.

Mr. Mullin stated the City has an established practice in how it supports tax-exempt entities via conduit financing so he does not know that such a policy is needed. With regard to public relations and marketing, he noted Wayzata started that process two years ago with the Chamber of Commerce and Lions that included a rebranding of "Experience Wayzata, The Gateway to Lake Minnetonka." Related to signage, Mr. Mullin stated the City has spent close to $330,000 on signage in the last three years yet still not accomplished the strategic objective to work backwards from the freeway into downtown. He suggested a Workshop topic to discuss signage and reassess the pace and priority of that initiative. Mr. Mullin supported looking at macro level planning on the west end as it may prove some fruit. He also supported investing in macro level planning around the Lakefront before additional areas. Mr. Mullin noted the City is spending significant planning resources and needs to be focused on the effort and get a "win under its belt" before planning for potential economic development that may not happen. Mr. Mullin stated he would like to revisit the redevelopment priorities at some point.

Ms. Anderson stated the workshop with the HRA was a great start but she thought there would be follow up meetings prior to getting to a strategic plan. She challenged Mr. Mullin on his comment as she would like to see a vision with the west end even with the Lakefront Effect because there is a lot more going on than just those two blocks. She supported a future Workshop discussion on priorities as well as community engagement. Ms. Anderson stated if the City is developing a strategic plan and new direction/identity, she would like that within an action plan.

Mr. Amdal stated this is the first time a strategic plan has been documented so it can be looked at and he views it as the "first cut" and a good launching point.

Mr. Willcox agreed this is a good start as part of the problem has been a mental set in talking about economic development. He noted it is in the details and context of how new proposals will mesh with the City's vision. Mr. Willcox stated it is important to provide better context under which to evaluate proposals. He agreed with Mr. Mullin that the rebranding effort was done closely with the Chamber of Commerce and some items are already underway, such as the Lakefront Effect. He also agreed that signage has been under process and the City is ramping up communications. Mr. Mullin felt it was clear that the consultant was not aware of the data the City put into place on the affordable housing aspect and policy recommendations.

Ms. Nelson stated she appreciates Council's comments, the HRA will discuss this topic in July, and the Council will hold future discussions to weave this into the strategic planning process. She stated staff will address the signage issue raised by Mr. Mullin.

The Council indicated the City is prepared to deploy a number of tools to accomplish things beyond conduit bonding, such as assemble parcels and facilitating between developer and landowner, but needs to know what it will cost and to assure there are no more missed opportunities.

AGENDA ITEM 6. City Manager's Report and Discussion Items.

Ms. Nelson provided an update on upcoming Phase 2 Lakefront Effect work sessions that will engage the public, cover all of the values at every session, with a facilitator, illustrator, and a champion. It was noted the longer work sessions will include a walking tour and the shorter work