HRA members present: T. Shaver, D. McGill, R. Wothe
HRA members absent: B. Ambrose, B. Petit
City Staff/HRA Executive Director present: Heidi Nelson
City Staff present: Becky Malone
Also present: Sarah Barthel, Bremer Bank; Jim Lendt, Hammer Residences, Inc.; Trudy Halla, Briggs and Morgan; and, Stacie Kvilvang, Ehlers & Associates.

Chairman Shaver called the meeting of the HRA to order at 7:34 a.m.

APPROVAL OF MINUTES – MINUTES OF NOVEMBER 14, 2012 AND REVIEW OF MINUTES OF APRIL 4, 2013

McGill asked if there had been follow-up between staff and the Meyer family. Nelson reported on meetings with the Fred Meyer family to discuss the status of their property and that they are open to a potential sale.

McGill requested an update on the CARD program and asked whether Vanda had prepared a memorandum on bonding. Nelson stated that district had expired at the end of 2012 and the spending plan is in place for various capital projects. She stated a memorandum was prepared for the Council and it decided to levy back for capital projects.

McGill motioned to approve the November 14, 2012, as presented and requesting a correction to the April 4, 2013, minutes, Page 2, to add 800 piles "to date", seconded by Wothe. The motion passed 3/0 by voice vote.

NEW BUSINESS

a. Discussion Regarding Issuance of Housing Revenue Bonds

Nelson stated she was contacted by Hammer Residence about their interest in reissuance of bonds for new capital projects on various housing properties. She explained the City has used its allotment of bank qualified bonds for the Wayzata Bay Center so it is subject to pay for costs for the City to issue non-bank qualified debt. Nelson explained that the option was raised whether to issue housing revenue bonds under the HRA's bank qualified authority. The Council held a public hearing on this issue last Tuesday but would have to adopt an ordinance to allow the HRA, in this one circumstance, to issue bonds.

Trudy Halla, Briggs & Morgan, stated the Wayzata Bay Center's bonds were publicly offered and sold in the market place and banks are only interested in purchasing bank qualified debt. She stated they explored Plymouth, Minnetonka, St. Louis Park, and Golden Valley but all had used up their allotment of bank qualified debt so there was no other route for Hammer Residence.

Nelson stated the HRA is being asked to consider holding a special meeting on August 20, 2013, to consider this request.

Jim Lendt, Hammer Residences, Inc., stated they appreciate how Wayzata has sponsored Hammer Residence in the past by issuing tax exempt bonds, which saves them 2% on $5.5 million.

Sarah Barthel, Bremer Bank, stated they are building a new relationship with Hammer Residence. Halla explained that once sold, all payments would be made to the bank.

Nelson indicated the City Council will be considering a draft conduit policy that would institute a 1% fee associated with issuance of new money, but not reissuance of bonds. If approved by the City Council, there would be a 1% fee or it could be negotiated in cases where there is a development agreement or large issuance.

McGill asked if the HRA had received a copy of the resolution. Halla noted it was provided at the meeting for the HRA's review.

The HRA asked staff to place this item on the next (September 5) HRA meeting agenda.

b. Review of Draft Redevelopment Plan

Nelson explained that in early April, the HRA and City Council met in joint session to discuss strategy for economic development. Out of that workshop came a report prepared collectively with Ehlers to capture that discussion and direction. The report addresses economic development goals, a snapshot of current vacancies, office inventory and level of vacancies, what the market should bare on its own, and to set a threshold to determine at what point the City would become involved.

Wothe asked about the name of the 445 East Lake Street building (where Flagship Bank is located). Nelson stated staff will check on that property to determine whether it is included in this data.

McGill asked if the data was from 2009. Stacie Kvilvang, Ehlers & Associates, stated some of the data was from the fourth quarter of 2012 and the retail data was from June of 2012.

Nelson continued presentation of the draft Redevelopment Plan, noting it addresses potential roles of the City in being a master developer depending on the site, potential use, goals of the City, all of which would come back to the HRA and City Council for approval. The intent was to identify available tools to promote economic development. Kvilvang noted there was support to take a proactive stance versus a reactive stance.

McGill stated most felt being proactive was in order but there were reservations relating to cost, staffing, ability to predict future markets, but there was support to explore those numbers.

Shaver stated when thinking about being proactive, the Meyer property is a perfect example of redevelopment opportunity in the City. He asked what it means for the City to promote redevelopment of that site.

McGill stated philosophically, if the City has a view/goal/plan that is one thing but it really does not. The other end of the spectrum is to wait for a developer to come up with a plan and hope it ties in. He asked if the HRA is to formulate that general plan, especially for the west end.

Nelson stated that had been discussed at length, whether master planning should be done for the west end of Lake Street. Or, if things should be allowed to happen more organically. The concern is if the City prescribes, would it ever happen that way. But, concern was expressed that in having a plan there needs to also be an understanding that flexibility is needed to address market forces.

McGill asked about the remodel of the Koch property on the west side of the car wash. Shaver stated it is being extensively renovated for their own use as an office.

Nelson stated it has been acknowledged that whatever is done, it needs to accommodate what is happening with the Lake Effect to assure it is complementary and augments local business. The plans will include master planning ideas of the west end of Lake Street to revitalize that area. The August 13 Lake Effect open house will also address those issues.

Nelson noted the information relating to Legacy decisions, values and framework established through the Lake Effect, noting it all ties together. Kvilvang stated it is good to have everything tied together.

Nelson read Page 8 of the draft Redevelopment Plan and stated the list was then prioritized to identify the top seven. She stated with the Meyer's site, she wanted to prepare a redevelopment proforma so when people call with questions, staff can help facilitate by providing current information and direct those with interest/dreams to a developer who can identify capital costs for a renovation. Nelson stated if something starts to gain traction, the City can step in, in a different way. Or, as the City defines what it wants to do through a development perspective through the Lake Effect, the City may determine it to be a key property and want to take action first. With regard to a prior interest from a radiological practice, Nelson stated it would be nice to take a more active role for the property at that corner. Kvilvang agreed there needs to be more of a draw (cornerstone) for the west end of Lake Street.

Wothe stated several years ago there was a proposal for a long-term health facility but the surrounding residential neighborhood was very opposed and hired an attorney. He asked if the surrounding property owners will have some objection to development of that property. McGill noted there may be objection regardless.

Nelson suggested addressing concerns through early and frequent meetings with the neighborhood and, working with the developer to address issues of concern.

McGill noted the west end is an empty slate and this is early on to consider its potential. Shaver stated additional ways to be an influence in what occurs is to consider tools such as TIF or whether the Meyer's property meets the blight test. Kvilvang advised that the HRA has the ability to establish a TIF District and under HRA statute, it would have to meet the blight test. Nelson noted the Wayzata Bay Center required special legislation, which is an option in addition to tax abatement that can be considered without establishing a TIF District and meeting those tests.

Nelson stated she and Kvilvang are creating a “toolbox,” subject to City Council approval, including site acquisition costs, potential redevelopment costs, and the City’s vision for the site.

Shaver stated at one time there had been interest in office with condominium housing above. But you first need to identify a use before running a proforma. Kvilvang stated they have not yet run a proforma but plan to talk with developers to get their sense on what the site can be used for.

Nelson stated her notion at this point is how the site would function as retail if the corner is restored for retail and the outbuildings are eliminated. Shaver stated since traffic is wanted, retail would be the highest priority use. Nelson stated if the existing building is used for a brewery or restaurant, it would have to be gutted and restored. She stated if it is used for condos, she would ask if the City wants to get involved with supporting that use and whether there is a market given what else is occurring in Wayzata.

Shaver stated he finds Items 4 and 6 to be tied together sequentially since the City lot cannot be redeveloped without the Mill Street parking being done. He noted the Muni parking lot is always packed.

Wothe stated after the City Council considered whether to develop one-half of it, they decided to develop all of it and it is now full all of the time. Nelson agreed there is no backstop for parking for that end of downtown. She stated there are 300 to 350 people working on the Presbyterian Homes project every day.

Shaver asked if Presbyterian Homes is working on Phase III. Nelson stated the hotel site is not available for construction until 2014/early 2015 since it is needed for staging the West and Plaza Blocks. She stated they are on track for Superior Block occupancy by late October and Lunds plans to open the first week of December.

Nelson noted the action items that dovetail with the Strategic Plan that shores up policies, mentions the conduit policy, capitalizing on the City’s brand, and communication efforts. Kvilvang noted some of the timing will get pushed out so it will be revised, as appropriate.

Nelson explained what was considered during the update of the Downtown Parking Study, and stated that in the September timeframe, it will be brought before the City Council as well as discussion of options for a ramp and how it could be funded. She stated the demand in the Mill Street area is significant and a parking ramp will be driven by what the City will tolerate. Nelson noted height will be an issue so it may be more about the site than meeting the demand. With regard to west end parking, Nelson stated it would require a collective effort between the Flagship parcel, Brad Hoyt parcel, and Pat Hughes parcel to create public parking to offset the marina, beach, Dakota Trail, and Boatworks uses. She stated staff is talking with the new owner of the Boatworks about resurfacing the lot, adding a few more stalls, and is also engaging Three Rivers Park District about their plans to accommodate bike trail parking since a lot of that parking occurs in the Boatworks lot. McGill stated additional considerations are parking for users of the tour boats.

Nelson referred to the last page of the Redevelopment Plan and asked for comments.

McGill asked if a potential developer with experience in financing has reviewed this Plan to provide comments on its viability. Kvilvang stated that has not occurred; however, this Plan has given staff the ability and confidence when talking to developers to say the community is taking a proactive stance on economic development and willing to consider offering assistance, when warranted.

Shaver commented on the ability for a developer to come in and do redevelopment in a constructive way, which is a difficult entitlement area. He noted Presbyterian Homes was four years in the making and while others had failed before them, they persevered. Shaver applauded staff's effort to bring forward this Plan that can be discussed with developers that there is a City vision and a partnership exists to get it done.

Nelson stated she does not want to be out ahead of the Council or HRA, but wants to be in step when talking with a landowner about what can happen with their property. She stated those conversations are happening and will come back for HRA and City Council consideration.

Shaver stated he likes the document, how it ties to the Lake Effect, and that it is broad enough but gives guidance and direction to the public about the City's vision for redevelopment within the community.

Wothe stated the City cannot leave that vision to the developer because when an RFP was issued on West Lake, they asked "who would live that close to the railroad tracks?" He noted that John Laurent had that vision, put something together, and it has become a popular place.

Nelson indicated action is not needed on this item, it was presented for review and comment.

c. Consider future meetings at 7:30 a.m. 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

The HRA discussed the proposed meeting schedule and reached consensus to hold quarterly meetings and that a special meeting can be called, when needed. The HRA agreed the next meeting will be September 5, 2013 at 7:30 a.m.

ADJOURNMENT

There being no further business; Wothe motioned to adjourn at 8:32 a.m., McGill seconded the motion and the motion carried 5/0.

Respectfully submitted,

Becky Malone
Deputy City Clerk
City of Wayzata