

City of Wayzata Housing and Redevelopment Authority
Meeting Agenda
Thursday, January 23, 2014

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

1. Call to Order – Chairman Shaver
2. Approval of Agenda
3. Approval of Minutes of December 12, 2013
4. New Business
 - a. Review Redevelopment Plan to determine areas of focus for 2014
5. Next Meeting Date: April 24, 2014
6. Adjournment

HRA members present: T. Shaver, B. Ambrose, D. McGill, B. Petit, R. Wothe

HRA members absent: None.

City Staff/HRA Executive Director present: Heidi Nelson

City Staff present: Becky Malone and Bryan Gadow

Also present: Stacie Kvilvang, Ehlers & Associates, and Patrick Seeb, St. Paul Riverfront Corporation

Chairman Shaver called the meeting of the HRA to order at 7:03 am.

APPROVAL OF AGENDA

McGill motioned to approve the December 12, 2013, meeting agenda as presented, seconded by Wothe. The motion passed 5/0 by voice vote.

APPROVAL OF MINUTES – MINUTES OF OCTOBER 31, 2013

McGill corrected the second paragraph from the bottom on page one to have the zero taken out of “and”.

Ambrose corrected the last full paragraph on page five of the minutes about his reference to “Wayzata Surlys.”

Wothe motioned to approve the corrected October 31, 2013 minutes, seconded by McGill. The motion passed 5/0 by voice vote.

OLD BUSINESS

- a. Wayzata Lake Effect – Review Draft Framework (materials provided from 10/31/13 meeting)

Gadow said discussion was started at the October 31st meeting on the concept but they ran out of time so they decided to bring it back to this meeting. He provided a recap of where they are in the process. The St. Paul Riverfront Corporation staff and members of the Advisory Committee and Steering Committee have been working on the project for a number of months. Phase II of the project is now being closed out and they are moving into Phase III. Gadow explained that part of Phase III is going to the various local boards and commissions; Planning Commission, Park and Trail Board, Heritage Preservation Board and also the local jurisdiction Board; Lake Minnetonka Conservation District, Minnehaha Creek Watershed District, etc. to get feedback before City Council consideration at the beginning of next year. Gadow said they are looking for in-depth feedback from the HRA and analysis of Scenario D.

Gadow stated they asked Patrick Seeb of the St. Paul Riverfront Corporation to provide additional commentary.

Patrick Seeb, St. Paul Riverfront Corporation, said he will pick where they left off at the last meeting. He noted the group has the materials and all have participated in work events leading up to this point. Seeb explained they are in a three-phase process. The first phase resulted in a set of community values that became the foundation of the building block. He said the framework emerged out of a process involving many community members over the course of the summer. A range of three scenarios were developed using resources from the City of Wayzata and a more ambitious approach

from the other public agencies as well as having the private sector participate over time. Seeb said the framework is a compass to provide direction and context for decision making. He explained that nine lakefront activity areas were organized starting on the west end of Wayzata at the Shaver Park area. He said they recognize the value of that park and are only suggesting modest changes as the park functions quite well and is adjacent to an existing neighborhood. The change would be to improve the Dakota County Regional Trailhead. Moving to the east, the Boatworks property is in private ownership. Seeb said they contemplate that a boat museum could be anchored in that facility, which could be part of a larger redevelopment of that site over time. He noted they are not suggesting any changes to the boat slips or private marina portion. Continuing east, they looked at the central lakefront area to create a continuous walkway along the Lake, on the lake side of the railroad tracks. Seeb said if there was a new landing at Minnetonka, it would provide an opportunity for boats to come into Wayzata with a concept for valet parking of boats in front of the private marina. They also suggest a new at-grade crossing across the railroad track. Seeb said they believe they can add more transient slips along the lake walk area. In the lakefront area, they also talked about the potential of redeveloping the parking lot owned by the City into a parking plaza that would turn into a multipurpose space for parking at times and events at times.

Shaver asked what would be changed in design to accommodate that functionality. Seeb said right now the design function is a parking lot only but brick pavers could be put in that would be more attractive to walk on. He said they would also treat the areas from the building edge to the railroad track as one surface, as if it is one plaza. Petit clarified there could be removable bollards.

Seeb explained in the central lakefront area, they talked about the cycle track that goes from the Dakota Regional Trail to the east, ultimately to Bushaway Road. He said the concept can be as simple as a painted stripe or painted bikeway on Lake Street or something more formal and protected. Petit noted the bike lane is between parking and the sidewalk, the most confusing configuration he has seen. Seeb said if there are 20 to 30 bicyclists, they are not going to adhere to the lane. Petit said there is reference in the packet to connecting the bike trail and asked if that would happen north on Ferndale. Seeb pointed out that the trail is shown on Barry. Gadow noted a study was done a couple years ago and the neighborhood was not in favor of using Ferndale as the primary path so they looked at using Barry as an alternative to eventually get to Wayzata Boulevard.

Seeb stated they want to be clear every bit of this will ultimately have to be embedded and designed. He said the takeaway is really an emphasis in creating more balance on how people get around town. He noted there are streets in town without sidewalks and some of the streets are very narrow so bikes have to "fight" to get through. He reiterated the real message they are trying to convey is not to take away from the function of the automobile movement but to add more balance.

Wothe referred back to Shaver Park and asked if the elimination of the volleyball court was intentional, which is used almost every day in the summertime. Seeb clarified they

would not be eliminating the volleyball court. He explained that represents Shaver Park and the beach area as a family-friendly go-to place in town.

Shaver suggested moving to the next steps. Seeb explained they are now in the process of visiting all key committees in Wayzata and local public jurisdictions. Last night, they met with the Conservation District and they were supportive and complimentary of the framework. On December 19, they will be in front of the Watershed District and Three Rivers Park District at two separate meetings. They are also working with the Steering Committee in developing a recommendation for what organizational model might be necessary. Seeb stated they are also talking about ways to get projects done. He said there are three major strategies or approaches. One is to be opportunistic. He noted the Meyer's Dairy project is on the radar screen and the roundabout and landscaping designs and DNR resources for shoreline improvements are projects that relate and need to be done in consistency with the framework.

Shaver questioned if there is prioritization of improvements with the opportunistic type of behavior. Seeb said that is the second piece, which is to be proactive. He noted they will outline major initiatives and try and do rough cost estimates for eight to ten major initiatives. Seeb stated they think there is a lot of appetite in the community around the lake walk itself, which has generated a lot of energy and support. He said his guess is that might be the first big project the community wants to rally around to be proactive.

Seeb said the third technique is the "pop up" or temporary installation. An example is the bike lane on the inside of the road while it was being torn up last summer. He said there are ways of testing or installing on a temporary or seasonal basis so the community can see what it looks like. Another example are to place buoys in front of the Boatworks on a trial basis.

Seeb stated they will be back in front of the Steering Committee to further discuss these ideas and eight to ten projects for which they will develop cost estimates. The City Council will ultimately receive the entire framework and take action in February.

Shaver questioned what action the City Council will consider in February. Gadow said they would look for the City Council to formally adopt the framework.

Seeb said this summer a tour was organized and members of the Steering Committee, Advisory Committees, and City Council were invited to tour sites in Minneapolis and St. Paul. He said the framework done in St. Paul in 1997 had a lot of similarities as to what St. Paul looks like 17 years later.

Seeb commented on the idea of a continuous lake walk and said it probably will not look like what they are showing, but it will be similar in that it will be continuous, have punctuations across the railroad tracks, and have features that allow people to spend time on the lake walk with the bump outs.

Shaver stated at one point, the concept on the lake walk was more of a boardwalk where there would be other activities. He asked if there was not enough support for that. Seeb said they developed several concepts for how that lake walk could look and

function, trying to balance the idea of it being an activity center versus the desire of some of the other jurisdictions that want a lighter and less invasive footprint. He said the design will need to meet the regulatory requirements and function as an activity center. Seeb noted they are showing it smaller than some of the more ambitious versions but bigger than the DNR would naturally be inclined to support. Gadow added that in addition to the jurisdictional feedback, they also heard throughout the summer that citizens were gravitating towards a lake walk concept that is more of a naturalized pathway versus a boardwalk so this model is a hybrid that takes in both yet remains as natural as possible.

Petit asked whether, as they talk to the agencies about regulations, there is a sense of interest in being more creative going outside the boundaries. Seeb explained those agencies are very hands on and interested. He noted the regulatory agencies do not always agree with each other so they come from their own point of view but he feels a lot of cooperation in the discussions. Petit asked if they worry about something being a little unusual and if that is problematical. Seeb said yes, that is one of the big issues. If they do something for Wayzata that is outside of the rules, their concern is that it commits them to do it somewhere else. Petit asked if they have met individually with the agency or if there is inter-agency play. Seeb said there is inter-agency discussions; DNR, Watershed District, Conservation District, and Three Rivers Park District. Gadow pointed out that Phase II of the project had a Technical Advisory Committee that included staff members from each of the jurisdictional partners and they may hold another meeting so to hear each other's feedback on the latest iteration.

Petit said he thinks a couple things would be fun to do immediately. He asked how the process works with hiring for the design work. Seeb stated they have design capacity; however, he would suggest that some of the projects are at a magnitude that would require a skill level and capacity beyond what they have in-house. Petit stated he is a fan of the parking lot idea, thinks it is a great solution, and would love to see that advanced. He said he would also like someone to figure out the west end trail connection. Seeb said this is what City staff is thinking about. He noted a sidewalk capital improvement project is scheduled for the 600 block. Nelson explained the 600 block is the last segment in Wayzata that was purposely postponed for a better plan. In addition, there is an opportunity from the building edge to the rail edge to broaden the pedestrian promenade and configure vehicle traffic, bike traffic, and parking to accomplish the goals of this plan to also function as a plaza. Nelson stated it will be important in terms of what changes in the 600 block and how those decisions are timed. Nelson noted in the next 6 to 18 months, they should see some design work.

Shaver asked if that would also include the expansion of the dock and slips directly in front of Sunsets to support this aspect of opening up to boat traffic. Nelson agreed that would be an opportunity to address that issue. Petit questioned if they can accelerate that thinking, noting there are two things going on: what it is going to be; and, when is it going to be done. Nelson said they want to time construction so it makes sense for the retail community. She said the other area of focus is the east corridor where the new roundabout has been constructed. She stated they hired LHB to help with the design of the corridor to reflect the lake front plan. Nelson said there are always opportunities to prioritize if that is the direction of the HRA.

Petit asked what are the first one or two projects Seeb would like to see. Seeb referred to the three ways to get this done, one being opportunistic. He explained the community needs to make a big statement, with the east corridor being the first project. He noted it may not be the most important, but it is ready to go. Seeb said secondly, he would choose some of the temporary projects with a modest cost that show progress. The third thing he would do, to raise money for the lake walk design/build and to obtain permits. Seeb stated he thinks there is a lot of appetite for it and in many ways, it is a public safety issue. He recommended getting community leaders involved, organizing a design competition, and bringing in talented designers.

McGill pointed out this is also very dependent on financing and asked if there has been any movement. Seeb said there has been discussion with the DNR and a non-profit called Great River Greening about funding shoreline improvements in the \$25,000 to \$50,000 range. Seeb stated in his experience, money follows vision and as the community rallies around the vision, they learn about financial opportunities. He said they met with Watershed District staff last week and found they have a lot of interest in the green infrastructure components such as planting trees that collect storm water. McGill asked if the funds would be provided. Seeb clarified that they are a grant making agency looking for projects that improve water quality. Gadow said they can use this plan to link with other agency's existing strategic capital improvement plans. For example, they can look to get an amendment to the Metropolitan Council's or Three River Park District's capital improvement plan so when there are gaps with bike lanes, they can offer the east/west connection along Lake Street as an improvement for their funding source.

Shaver referred to having a boat museum and asked how the owners of Boatworks are embracing this plan. Nelson said this plan speaks about collaboration or cooperation between the private sector and the City. She indicated staff has been intentional in saying they are putting things in this plan that speak to their property and recognize that things might change in terms of use or ownership. She explained they would like to do something with the Boatworks that reflects what they want to accomplish at the lake front. Nelson noted Mr. Born has been active with the restaurant concept. With regard to the restaurant, there is interest in terms of additional transient docking space for increased capacity to help get people from the lake into downtown. She said they will talk again in the first quarter of 2014 about the opportunity to do something temporary to increase transient space on the lake whether it is at Broadway or the depot. She noted this is part of the discussions with the LMCD whose main goal is to improve public access to the Lake.

Petit stated it appears that they have tolerated the current crossing at the depot and his reaction would be to try and resolve the issue of where boats are brought into the Lake in order to address confusion of adding another crossing at Minnetonka. Seeb clarified Petit was referring to the crossing of the railroad track at Barry. Petit stated he is also referring to the way people cross over to the boat launch. Seeb said it is not apparent, but they think fixing all of the existing crossings to make them safer, more attractive, and pedestrian friendly, should happen before adding more crossings. He stated the intent is to improve Ferndale and Broadway. Petit said the trick is the boat launch and

that is the “hiccup” on the lake walk if they cannot negotiate with business owners. Shaver said he appreciates Petit’s comments and asked if the boat ramp portion is fee simple to the Boatworks property. Seeb said he believes it is deeded to the Boatworks.

Seeb stated one suggestion is to conduct a survey from building face to the Lake front and from Section Foreman’s House to Shaver Park because there is no clarity about who owns what and what the agreements are. Petit stated the railroad still owns property to the Lake. He referred to the Section Foreman’s House and asked about commerce opportunity. Seeb said he thinks there are opportunities and explained it was a new discovery for people in town that the City actually owns a cabin on the Lake. He said they have seen success in Minneapolis with vendors operating out of park pavilions on a seasonal basis. He noted an historic asset analysis is going on right now to collect data and value on the property.

Shaver asked when the Section Foreman’s House was built. Gadow responded 1908. Shaver clarified the purpose was for the Foreman’s portion of the track. He questioned how the City of Wayzata came to own it. Gadow said it was sold to the City by the Dietrich family in the 1980’s. Petit asked where people are finding the historic value. Gadow said it is the last remaining structure of its kind along this section of the Burlington Railroad, formerly Great Northern Railroad. Nelson added the Historical Society commissioned a preliminary historical structure report and the next step would be to do a full report that allows moving forward if they want it on the National Register. Nelson noted grant applications have been submitted by the Historical Society for that \$40,000 project. She said over the years there have been building projects, such as adding a front porch and resided, which has to be documented. Nelson stated it is a work in progress and it should be an easy grant application.

Seeb said he hopes this feels aspirational as it builds off the great work that has been done. He commented on the loop to the Big Woods as part of an asset to connect the town to the lakefront. Seeb stated this sets up a tool for decision making and provides guidance to future developers. It was noted they continue to welcome comments and questions throughout the process.

Shaver thanked Patrick Seeb, noting it has been a lengthy process to get to this point. Ambrose said he hopes to move ahead with projects that are possible to show movement to the community. Seeb said this process has had a lot of energy, more than they could have anticipated. He said they have been fortunate to have participation at every stage and the level of community ownership will ensure its success over time.

Ambrose referred to the memo from Nelson and suggested it be accepted.

McGill motioned to accept the memo provided by Nelson, seconded by Wothe. The motion passed 5/0 by voice vote.

b. Discuss Meyer Dairy Site (materials provided from 10/31/13 meeting)

Shaver said they spent a considerable amount of time at the last meeting discussing the Meyer Dairy Site and asked if there were any updates.

Nelson said it is good to circle back on this item to have discussion amongst the HRA about reactions to the developer's proposal. She stated it would be good to have broader policy level discussion about key components and the philosophical importance of continuing retail on the west end of Lake Street with some component of housing. Nelson said she has stayed in touch with the broker, Peter Tanis, to understand where they are at with the property.

Kvilvang said they met with the Meyer family and their broker and they are currently in discussions with a developer regarding redevelopment of the site and appreciative of the time and effort the City to reach out to other developers to determine what is and is not feasible. As they move forward they want to understand what the HRA and City Council would eventually like to see. They are hoping to come back in early January with some preliminary ideas or concepts for that area.

Kvilvang questioned the preference for rental or ownership and how important it is to have retail at that area. She referred to Shaver's question with regard to the Beard proposal. Kvilvang explained over the past five or six years, there has been a wider discrepancy in total development costs or construction costs for a project versus what the taxable market value is. She thinks they will start to see that tighten up a little more. Kvilvang referenced handouts that included sample developments that happened in the last few years. Four of them are in St. Louis Park and one is in St. Anthony. She pointed out the total development costs are highlighted. She reviewed the locations of The Ellipse in St. Louis Park, Hoigaard's Village, Greco, and The Landings at Silver Lake Village. The total development costs ranged from \$160,000 to over \$200,000 per unit. She pointed out the taxable market values are coming in at \$110,000 to \$125,000 per unit based on when they were completed. Kvilvang noted that some of the values in St. Louis Park will increase in taxes payable in 2014. She explained the assessor's will look at comparable sales to determine the value so that is why there is such a difference in the total development costs versus values.

Petit said it does not economically make sense so the government has to be involved in financing the project, resulting in an artificial result. Kvilvang said it comes down to where the market is for comparable sales. She stated they will start to see the gap narrow in years prior to the recession but those are the statutory requirements for the assessor setting values. Kvilvang said some of the challenges are going to be where the values are set for Presbyterian Homes since that will set the table for future development projects.

Shaver commented on the gap that exists and if the model works. He said it works today but as the comparable sales increase, whether it is a rental it impacts the developer's overall income that can be achieved because of the valuation. Shaver said rents were adjusted to close to \$2.00 per square foot, where the market is believed to be and the Beard group was in the \$1.60 range. Kvilvang said that is correct but they thought it could be at \$1.90 to \$2.00 per square foot as in the downtown area.

Shaver provided commentary relative to the plan and said from his standpoint, the challenge of the model presented is the incorporation of an operating business, such as the car wash and what it would cost to acquire to incorporate in a project of this size.

He questioned if they were planning to stay within the Dairy or if there would be some form of acquisition of the car wash. Kvilvang said they are doing a dual track and will look at both perspectives and options. Shaver clarified the taxable market value financials were roughly \$1.1 million in the model, which was the tax value of the ongoing business of the car wash and there was still a funding gap. He stated he is concerned that the \$1.1 million taxable market value is not necessarily what the property owner would sell for so it will be amplified when those discussions start. Shaver said to make the functionality of that property work, it requires the additional property. In addition, parking will be the biggest challenge and will shrink the site.

McGill asked if the Meyer family is aware of the car wash approach. Kvilvang said they have not approached them on actual acquisitions but had discussions with the owner about options.

Petit stated that higher-end rental sounds like a market they should pursue as they could easily compete with Minneapolis, if not surpass them. Shaver said there is also flexibility and terrific alternatives.

Petit asked if they acquire both pieces, does that mean less retail. Shaver said they could not support the parking. Shaver felt it would be great to have retail bookend tenants. He questioned if the west end can support itself for the period of time it would take to fill in the gap, noting there may be uses such as biking in the summer. Shaver said it would be nice to have retail but the start could be more of a professional component that shifts over time, such as offices that transition to a retail use. Shaver stated they need flexible planning.

Petit commented on diluting anything from the east.

Ambrose said his general sympathies are with the chair on this.

Kvilvang asked if there were any comments with regard to types of housing. Wothe said he thinks the retail component is significantly different from retail on the east end of Lake Street. He said he cannot look at it as a continuation of the retail down Lake Street because of what happens in between. Wothe stated he thinks the suggested uses work just fine, noting a restaurant and medical clinic are destinations and not seasonal.

Petit said if he is going to subtract housing to put in more retail, which is not as appealing. He stated if the dollars work for housing, the more the better.

Kvilvang asked if there was a preference to high-end rental versus condominiums. Wothe said no matter how they look at it, there is going to be some local opposition about exceeding the allowed building height. He said condominium ownership is different from rental and could be convertible at a later date but it should start out as rental.

McGill said he does not reject retail because of the better tax base given. He stated he does not accept the idea that "pocket" retail does not work so the retail does not have to

be linear. McGill stated his prejudice for housing is single-family ownership as opposed to rental.

Wothe commented on affordable housing and said the rental occupation is higher than owned in Wayzata.

Kvilvang thanked the HRA for its guidance and direction back to the Meyer Family as they continue discussion with the developer.

McGill asked about other developers. Kvilvang said the other developers have not submitted any proposals but they have kept them informed of the process.

Petit asked about the Meyer family coming back. Kvilvang said that will be the preliminary option and she is not sure if it will be one option or two options.

Wothe asked if the Meyer family is concerned about what is there or economic values. Kvilvang said she thinks they understand how to move a community forward and are looking at the options with the developer as to what to retain or not to retain but they are open to options.

McGill asked if they want to remain participants. Kvilvang said they are looking at those options.

NEXT MEETING DATE: Thursday, January 23, 2014 at 7:30 a.m.

Shaver confirmed that the January 23, 2014 meeting date worked for everyone.

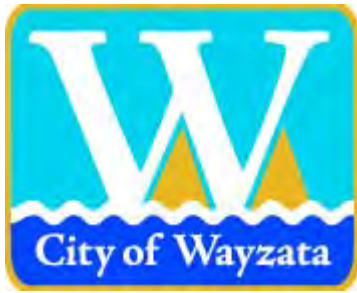
ADJOURNMENT

There being no further business; McGill motioned to adjourn at 8:30 a.m., Ambrose seconded the motion and the motion carried 5/0.

Respectfully submitted,

Becky Malone
Deputy City Clerk
City of Wayzata

Drafted by Carla Wirth
TimeSaver Off Site Secretarial, Inc.



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

TO: Members of the HRA
FROM: Heidi Nelson, City Manager
DATE: January 14, 2014
RE: Review Redevelopment Plan and Discuss 2014 Area of Focus

As we embark upon 2014, I wanted to take a moment to review the Redevelopment Plan for the City of Wayzata that was developed in 2013 by the HRA and City Council. I would like to update the HRA on progress and discuss the areas of focus within the plan for 2014 (specifically addressed on pages 8-11 of the report). The Redevelopment Plan is attached for your review.



City of Wayzata

Redevelopment Plan

May 2013



Prepared by: EHLERS & ASSOCIATES, INC.
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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 policies, 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**
 - o Walkability
 - o Quality buildings, scale, design and architecture
 - o Parks, sidewalks, trail accommodations
- **Strong, vibrant downtown**
 - o Active businesses
 - o Allow boat access to attain more visitors
 - o Convenient parking
 - o Destination oriented year round
- **Accessibility to lake and lake quality**
 - o Public space
 - o Viewable and clean
 - o Easy to get to
- **Well balanced residential**
 - o Healthy single-family neighborhoods
 - o Modern amenities for all ages
 - o 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**
 - o Building scale and design
 - o Balance existing buildings with new and provide a variety
- **Assure Downtown remains relevant**
 - o Provide retail options lost over the years
 - o Rework retail concepts into the 21st Century
 - o Provide adequate parking
- **Branding/Marketing**
 - o Easy access and signage from freeway to downtown
 - o More boat activity
 - o Implement Lakefront vision
 - o Create economic development/housing programs and market them
 - o Scenic byway
 - o Come up with twist/angle on remarketing a small historic town
- **Lake quality**
 - o Maintain urban forest
 - o Work with conservation/watershed districts
 - o Storm water management
- **Public/Open Space and Lake Access**
 - o Docks/boat access and launch facility
 - o Parking
 - o Signage
 - o 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 prioritization as to the need for a comprehensive redevelopment plan/vision for this area. Although it initially 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 priorities 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 benefitting 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	Prepare level branding options available 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 communicated 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.