

**WAYZATA PLANNING COMMISSION
MEETING MINUTES
NOVEMBER 6, 2023**

AGENDA ITEM 1. Call to Order

Chair Stockton called the meeting to order at 6:30 p.m.

Chair Stockton read a prepared statement outlining multiple options for joining remotely or submitting comments and questions.

AGENDA ITEM 2. Roll Call

Chair Stockton asked Community Development Director Goellner to take roll call.

Present at roll call were Commissioners: Douglas, Merriam, Stockton, Sorensen, Schwalbe, Severson, and Elg. Community Development Director Emily Goellner, Assistant Planner Valerie Quarles, and City Attorney David Schelzel were also present.

AGENDA ITEM 3. Approval of Agenda

Chair Stockton asked for a motion to approve the agenda for the meeting.

Commissioner Schwalbe made a motion, seconded by Commissioner Merriam to approve the November 6, 2023 agenda as presented. The motion carried unanimously.

AGENDA ITEM 4. Consent Agenda

- a.) Approval of the October 2, 2023 Planning Commission Meeting Minutes
- b.) Approval of Planning Commission Report and Recommendation of Approval for Rear Yard Setback and Impervious Surface Variances at 223 Gleason Lake Road

Chair Stockton read the items on the consent agenda and asked if any Commissioner wished to pull an item for further discussion.

Chair Stockton asked for a motion to approve the Consent Agenda as presented.

Commissioner Schwalbe made a motion, seconded by Commissioner Elg to approve the Consent Agenda as presented. The motion carried unanimously.

AGENDA ITEM 5. Public Hearing Items

- a) Consider Application for PUD Amendment and Shoreland Residential PUD/CUP at 825 Mill Street E

1
2 Assistant Planner, Valerie Quarles, reviewed the application for Mill Street Flats located at 825
3 Mill Street E, the surrounding zoning and land uses, existing conditions, project area dimensions,
4 the entitlement history of this property, leasing map of the area, and current floor plan. She
5 explained that the proposal is to turn the current space into 12, loft-style residential units for people
6 over 55 years old, with an interior common/amenity space.

7
8 Commissioner Merriam asked for clarification regarding the size designations for the units.

9
10 Assistant Planner Quarles continued the review of the proposed floor plans for the units and how
11 they can be accessed. She reviewed the amenity spaces and the proposed exterior renderings. She
12 explained how they had considered the density, intensity, and overall impact of converting a
13 former grocery store space into residential space. She reviewed the notification process and noted
14 that they have not received any public comment on this proposal. She explained that the
15 Engineering Department had no comments on this proposal and noted that it would be less use of
16 the City's utilities than something like a grocery store would be. She reviewed the primary
17 questions for the Commission to consider with this proposal.

18
19 Chair Stockton asked if the Commission had any questions for staff.

20
21 Commissioner Schwalbe asked if these units would be rentals or have owners.

22
23 Planner Quarles stated that they are proposed to be rental units.

24
25 Commissioner Sorensen asked about current vacancy rates in this PUD as well as in the downtown
26 area, in general.

27
28 Planner Quarles stated that she had checked in with Becky Pierson to try to get that data, however,
29 the Chamber nor the City has it. She noted that the best way to gather that information appears to
30 start by reviewing the store fronts to see which are empty. She stated that for the most part, Lake
31 Street is doing pretty well but that is not the same story at the Promenade where she understands
32 the vacancy rate is around 40%.

33
34 Someone from the audience spoke up and stated that it is closer to 60%.

35
36 Planner Quarles suggested that they present this information later from the microphone. She stated
37 that there are much higher vacancy rates at the Promenade as compared to other areas in the city,
38 and in comparison with other malls.

39
40 Commissioner Merriam asked if the breakdown for the designation between commercial and
41 residential being 60% for commercial and 40% for residential was for the entire district or just in
42 this block. She asked how this proposed change would affect those designations.

43
44 Planner Quarles stated that staff had been thinking about that breakdown in the context of the
45 whole district because this whole development exists under one set of approvals, so it is a bit easier
46 to think of it as a unit. She stated that determining whether this proposal would tip the scale in

1 favor of one type of use or the other is tough to quantify because of how they measure each one.
2 She stated that there are a lot of units in this development and adding 12 more will not make it a
3 lot more residential than it already is, but agreed that losing about 35,000 sq. ft. of commercial
4 space would be a big difference in the commercial component of the development.

5
6 Commissioner Merriam confirmed that they were looking at the entire 5 block area and asked if
7 the hotel was considered all commercial because of its use.

8
9 Planner Quarles explained that they would consider the rooms within the hotel to be commercial
10 space.

11
12 Commissioner Douglas stated that she wanted to talk about vacancies and noted that when she was
13 at the Chamber, one time she had to call all the major property owners because that was the only
14 way she could get a true picture of that information. She stated that as she drives down Lake
15 Street, she can also see empty office spaces and noted that she thinks the City needs to look at the
16 big picture and not just focus on the retail spaces.

17
18 Planner Quarles noted that Mr. Zitzloff had moved his offices to the other building in anticipation
19 of taking the building down for redevelopment, which is why some of that is vacant at this point.

20
21 Commissioner Douglas stated that the new building also appears to be quite empty and as though
22 there are people only in there about once a week. She reiterated that she feels the City needs to
23 look at the big picture because there may be other vacancies that aren't as visual as an empty retail
24 space.

25
26 Commissioner Merriam asked if other retail stores in the area were notified of this proposal and
27 the public hearing.

28
29 Planner Quarles explained that when the City does their notification process, they notice property
30 owners as well as residents who rent but do not have a separate process to reach out to commercial
31 tenants, so those notifications would have been up to the property owners/applicant.

32
33 Commissioner Merriam explained that she felt that the other retail stores in the area may be
34 concerned about this proposed change.

35
36 Commissioner Severson stated that it appears that there were a few other tenants coming in, such
37 as for a gym. She asked if this was something that would be subdivided if someone came in and
38 only wanted half of the rental space.

39
40 Planner Quarles stated that the applicant can answer this question more thoroughly, but believes
41 that when they were marketing the space, it was shown as divisible.

42
43 Commissioner Severson asked if the applicant currently owned the property.

44
45 Planner Quarles stated that the applicant does own the property.
46

1 Commissioner Schwalbe asked if the comment shared earlier was that the vacancy rate in the
2 Promenade was about 60%.

3
4 Planner Quarles explained that the applicant, from the audience, appeared to have stated that the
5 vacancy rate was currently at around 60%.

6
7 Commissioner Schwalbe asked if that reflected vacancies for businesses or for living spaces.

8
9 Planner Quarles stated that she believes that number reflects vacancies for the commercial spaces
10 because her understanding was that the residential areas are doing pretty well.

11
12 Chair Stockton invited the applicant to address the Commission.

13
14 Lisa Albain, Senior Development Manager, Presbyterian Homes and Services, introduced Chris
15 Palkowitsch, BKV Architects. She shared some background and project information and noted
16 that portion have been vacant since Lunds/Byerly's vacated the property in 2017, despite their
17 efforts to lease this space. She explained that the vacancy rates of the retail space since 2013 has
18 fluctuated between 30-60% and noted that they are currently at 63% occupancy which is better
19 than it has been. She stated that this vacant space has impacted their ministry and explained that
20 they are looking to increase the vitality in this area and activate Mill Street to be a more lively,
21 vibrant experience. She explained that they are proposing 12 luxury apartments that will meet the
22 current independent living demand. She noted that Folkestone independent living is currently at a
23 99.1% occupancy rate with about 125 people on the waiting list. She stated that if this conversion
24 is approved, the occupancy for the retail space overall would move to 81%. She shared details of
25 the unit sizes and the amenity spaces. She stated that this plan would eliminate 30,000 square feet
26 of vacant retail space that they have been working to lease for the last 6 years. She stated that they
27 feel that the renderings show what she feels will provide a wonderful refresh of the exterior of the
28 building as well. She noted that if this is approved they would still be providing 87,000 square
29 feet of retail space.

30
31 Chris Palkowitsch, BKV Architects, shared additional details about the plans for the exterior and
32 the interior vision for their proposed project. He noted that the units are planned to be more loft
33 style and have an industrial feel. He reviewed some of their plans to bring the outdoors inside for
34 the amenity area that does not have natural lighting. He stated that they tried to keep in mind the
35 Comprehensive Plan goals of having something that is walkable and pedestrian friendly and noted
36 that they tried to create something with charm that would add multi-generational space. He
37 reviewed some of the plans for materials that they are planning to use.

38
39 Chair Stockton asked about the mezzanine level and if they would be accessible from the hallway
40 as well.

41
42 Mr. Palkowitsch stated that the first floor level is accessible from the hall for all the units, but the
43 mezzanine level is not.

44
45 Commissioner Douglas asked if the units on Mill Street go up to the entrance to the garage.
46

1 Mr. Palkowitsch stated that they are very close to the garage. He explained that there is a corridor
2 that gives an accessible entry at that point, so there is a bit of relief from the garage entry.

3
4 Commissioner Douglas referenced diagram #11 which depicted a terrace and asked if that was in
5 somebody's unit.

6
7 Mr. Palkowitsch confirmed that would be in someone's unit and would be their private terrace.

8
9 Commissioner Merriam asked if there would be an elevator so people would not have to use the
10 steps on the exterior.

11
12 Mr. Palkowitsch stated that they were not currently planning for an elevator to take people up to
13 the mezzanine level of the units.

14
15 Commissioner Merriam asked if they would be handicapped accessible.

16
17 Mr. Palkowitsch explained that per the Minnesota Building Code they are allowed to have this
18 style of unit as long as they are providing certain other aspects, such as a first floor bedroom. He
19 stated that if they provide those things, they do not need to provide full accessibility to all the
20 locations.

21
22 Commissioner Severson stated that her understanding is that the units themselves would be
23 accessible but not the upstairs, loft, area of the units.

24
25 Mr. Palkowitsch explained that to enter the apartment you can either come in from the street,
26 through the garage, or via the entrance on Mill Street.

27
28 Commissioner Merriam referenced the planned amenities of the garden bar and noted that she was
29 not sure what the pictures were supposed to indicate because a few of them clearly show natural
30 lighting, which this space will not have.

31
32 Mr. Palkowitsch explained that the pictures were intended to just give an essence of the idea for
33 the space and clarified that the details had not been fully flushed out yet.

34
35 Chair Stockton noted that, in theory, they could have grow lamps in that space for the plants.

36
37 Commissioner Schwalbe asked about the units on Superior Boulevard specifically relating to their
38 privacy and setback from the sidewalk.

39
40 Mr. Palkowitsch stated that there very little and noted that they believe those could have the roll-
41 up shades. He explained that this is the existing condition and they were not proposing that any
42 landscaping be added as a buffer.

43
44 Commissioner Schwalbe asked if they would be closer to the sidewalk than Wayzata Blu.

45

1 Mr. Palkowitsch stated that he was not familiar enough with that particular building to be able to
2 answer her question.

3
4 Planner Quarles stated that she believed the Wayzata Blu building was right on the sidewalk, but
5 she was not sure if there were units right at the front.

6
7 Commissioner Schwalbe stated that for many of the units at Wayzata Blu it is a porch and screened
8 in area that is right on the sidewalk.

9
10 Mr. Palkowitsch stated that the building units will have windows that are right up to the sidewalk
11 through this area. He stated that the sidewalks are gracious in this area, so it may be possible to
12 modify them in order to provide a bit of landscape buffer.

13
14 Commissioner Douglas asked what he meant by referring to the sidewalks as 'gracious'.

15
16 Mr. Palkowitsch stated that it is wider than 5 feet and noted that at some points there are boulevard
17 trees and green space for those, so it varies between 12 feet and 8 feet wide in some areas.

18
19 Commissioner Elg asked how they had arrived at this number of units and noted their large size.
20 He stated that he was not sure that adding an additional 22 people was something that would
21 provide activation for the area, as it had been described by the applicant. He asked why they had
22 not chosen to create a larger number of smaller units. He stated that he would agree the proposed
23 design changes would be activating, but did not feel 22 additional occupants would be.

24
25 Ms. Albain explained that they are proposing 12 units and explained that they were proposing to
26 have these larger units was because of the feedback they received from both the City and their own
27 company related to where they have seen the most demand for this type of larger unit.

28
29 Chair Stockton noted that she appreciated the statistic that was shared about providing 81%
30 occupied retail space as well as the style and vibrancy that this new palette would bring, but could
31 not help but think that these spaces would be really nice boutiques. She asked if they had
32 considered looking at this space for boutique use before they moved onto the residential area.

33
34 Ms. Albain stated that the vacancy rate for the retail spaces has been 30-60% since they opened
35 Folkestone. She stated that they have been very intentional about trying to lease this space for the
36 last 6 years. She explained that they had tried very hard to get Red Cow to move into this space
37 but they did not want to be there because there wasn't visibility or foot traffic and accessibility.
38 She stated that this space was just not conducive for the restaurant that they were envisioning. She
39 stated that she thinks the same statements could be made for a boutique space and reiterated that
40 it has been very difficult for them to get any interested parties in coming to this space.

41
42 Chair Stockton noted that it seems as though the Superior connection is a transporting street to
43 upper and lower Wayzata, but noted that there is a project across the way that will have some
44 residences which would add shoppers. She stated that with the Muni being in this location it
45 provides a natural stopping point on the south side of the building and asked if their proposal for
46 amenities would still work if the south side of the building were to focus more on retail space.

1
2 Ms. Albain reiterated that they have tried for the last 6 years since Byerly's vacated and they have
3 not been successful. She stated that in order for them to make this work financially and be able
4 to convert this space and add amenities it will take quite a bit of money and just converting a
5 portion would not work.

6
7 Commissioner Merriam asked why they hadn't made the conversions to make the space more
8 workable as retail space. She asked if they had negotiated on lease prices or considered decreasing
9 what they were charging for this space. She stated that she thinks it is a great location for retail
10 because of the walkability and the connection to other areas of retail and lots of new residential
11 units in the area. She stated that when this project was approved back in 2007, the retail aspect of
12 it was really important.

13
14 Ms. Albain explained that in good faith, Presbyterian Homes built that space and for the last 6
15 years they have really struggled with this amount of retail space. She stated that they serve seniors
16 and are a non-profit organization and to have a 30-60% vacancy rate for the life of the project is
17 substantial. She stated that they are looking for the opportunity to be able to expand their ministry
18 and reach a population of people that they are not currently serving who would support the retail
19 on Lake Street and in the rest of the Promenade. She noted that the reality is that they have been
20 trying for 10 years to get the Promenade full.

21
22 Commissioner Sorensen stated that he thinks a lot of people may be wondering how hard they
23 have tried to fill this space and asked Ms. Albain to share some of the proactive measures they had
24 taken to help people understand.

25
26 Ms. Albain stated that they had worked with the same commercial broker for the last 10 years but
27 had recently made a change and now have a new property manager who is working to create more
28 activation in the area. She stated that for one of the potential users that they had entered into an
29 agreement with, they invested a substantial amount of money for tenant improvement allowances,
30 and then they ended up walking away from that space. She stated that they offer a generous tenant
31 improvement amount for tenants coming into the space. She stated that their broker is constantly
32 networking and trying to create visibility and interest, but it has been very difficult.

33
34 Commissioner Elg stated that there are 35,000 sq. ft. and asked if they are looking to lease out that
35 amount or if the message was that they would help built to suit. He noted that if units 4, 5, 6, and
36 7 were already built as potential retail spaces, that would look more desirable to a prospect wanting
37 to open retail than figuring out how to carve out a piece of 35,000 sq. ft. He asked if they have
38 positioned this space with potential prospects and if it was being marketed for one tenant to take
39 up the complete space.

40
41 Ms. Albain stated that they have been interested in building to suit and noted that the last potential
42 tenant was only interested in 6,000 sq. ft.. She stated that despite working with them, it ultimately
43 did not work out. She clarified that the space itself had always been marketed as being divisible
44 and never as all or nothing. She shared examples of businesses who looked at the space and then
45 decided to move closer to Lake Street because of the visibility.

46

1 Commissioner Merriam asked about the spaces along Superior and if that could be converted to
2 retail space.

3
4 Ms. Albain stated that it could be converted into retail space, but she would say that nobody wants
5 to go there. She stated that there has been no interest in the Superior portion of the building because
6 there is nowhere to park along that side which makes for more difficult access.

7
8 Commissioner Douglas stated that she has been involved in this project since 2006 and has been
9 involved in about 30 of the various planning meetings. She noted that this development was
10 okayed because they thought it would replace the retail in Wayzata. She stated that when Lunds
11 opened she thought it was a huge mistake because nobody was living there yet. She stated that
12 people, 10 years later were saying things like they didn't know where to park in the development
13 and it is all indoor parking, however, people didn't know where the garages were. She stated that
14 she thinks there are a lot of factors that have affected this development, for example, when it finally
15 got going, on-line shopping became more popular. She stated that people also want to be on Lake
16 Street which she knows because she used to serve as the Director of the Chamber of Commerce.
17 She stated that visibility is very important and noted that the City had changed some of the allowed
18 uses in 2020 which has helped a little but it is mostly office and residential. She stated that this
19 creates a dilemma and agreed that it would be a big thing to change the PUD.

20
21 Commissioner Elg agreed that visibility is important and noted that retail is a risky business.

22
23 Commissioner Douglas clarified that she knows what Ms. Albain is talking about when she shares
24 what they have gone through because she has been close to the inside throughout the process.

25
26 Commissioner Severson asked where these residential units would park.

27
28 Ms. Albain stated that there are 72 public parking spaces that were required for the grocery space
29 and 24 stalls would be for residents.

30
31 Commissioner Severson asked if the internal space would be just for use by the residents.

32
33 Ms. Albain stated that it would just be for residents and not open to the public. She noted that
34 because it would be part of Folkestone, so residents from there will be able to come participate in
35 those amenities as well as those on the main campus.

36
37 Commissioner Douglas asked if Presbyterian Homes would be managing this property.

38
39 Ms. Albain confirmed that Presbyterian Homes would be managing it.

40
41 Commissioner Elg asked to see the slide that would show the remaining unoccupied retail spaces
42 if this proposal were approved.

43
44 Ms. Albain noted that was an old plan and did not contain current information.

45

1 Commissioner Schwalbe asked if they had had experience in the past with people's reluctance to
2 lease a spot that is right on a sidewalk like that and explained that she worries about the privacy
3 issue. She suggested that they do something to indent where the windows start for the actual unit.
4

5 Ms. Albain referenced the Marvella project in St. Paul and noted that phase 2 of that project will
6 be very similar to what is proposed here in Wayzata. She stated that it is more like a walk-up like
7 you would see on the east coast and noted that people like to have that access.
8

9 Commissioner Schwalbe asked if the units on Superior would be walk-ups.
10

11 Ms. Albain stated that they are the same as what they have on the south side on Mill Street with
12 individual entries. She stated that they could study this a bit more and see if there may be a way
13 to provide a landscape buffer where some of the existing concrete is in order to create some
14 separation. She reminded the Commission that the current drawings were concept drawings which
15 are very preliminary in nature.
16

17 Commissioner Merriam asked if this proposal had been discussed with some of the existing
18 tenants.
19

20 Ms. Albain stated that the company that is managing this development is aware of the plans but
21 was not sure if they had reached out to the tenants or not.
22

23 Commissioner Merriam expressed fear that this decision may trickle down and give other retailers
24 a reason to say that they cannot make it either.
25

26 Ms. Albain stated that she believes Presbyterian Homes would still be the largest provider of retail
27 space in the City.
28

29 There being no additional questions from the Commission for the applicant, Chair Stockton opened
30 the public hearing on the application at 7:45 pm.
31

32 Bob Ambrose, 825 Lake Street E, #414, noted that he had served on the City Council for 16 years
33 which he finished in 2004 and also served on the Planning Commission as Chair for 4 years. He
34 stated that he had just met the applicant tonight and wanted to be clear that he was not here because
35 they had asked him to come. He explained that he was here because he is a relatively new resident
36 of Folkestone in the south terrace building and lives directly above Benedict's. He stated that back
37 when he was on the Planning Commission and the City Council was when the focus on street level
38 retail began to be emphasized. He stated that he thinks this has really been an important policy
39 that has helped the City become more pedestrian oriented and has helped businesses along Lake
40 Street, however, he was here to urge the Commission to support this proposal. He noted that this
41 is one place where, despite the major efforts to find a tenant for this space, it has been unsuccessful
42 and he does not see any prospects waiting in the wings. He stated that when he comes down
43 Superior, he sees what is essentially a blank wall and if there were units who had windows or doors
44 right at this level it would show people that this is a residence which would increase the likelihood
45 of people strolling past to increase the pedestrian traffic. He stated that it is even less inviting right
46 now with construction activities, but reiterated that he thinks this is a good solution to a situation

1 that is causing stress financially but also in how this portion of the City is viewed. He stated that
2 he remembers when the Bay Center was there and he was anxious to get rid of it at almost any cost
3 because of its condition. He stated that what is there now is so much better than that, even if it
4 isn't perfect. He stated that if this is approved, he would suggest adding an additional amenity for
5 electrical vehicle charging stations in the public lot area. He stated that he thinks this is an occasion
6 when the Planning Commission can use the flexibility that is available to them with a PUD
7 amendment to try something that will be better than 6 more years of searching for a tenant.

8
9 Community Director Goellner stated there were no people that called in to the meeting that have
10 asked to speak at the public hearing.

11
12 There being no additional comments on the application, Chair Stockton closed the public hearing
13 at 7:52 pm.

14
15 Chair Stockton asked the Commission to share their questions and feedback on the application.

16
17 Commissioner Severson asked if Folkestone owned the whole Promenade property and if they
18 were the original developers.

19
20 Community Development Director Goellner stated that Folkestone did own the entire Promenade
21 property and were also the original developers.

22
23 Commissioner Severson asked if the original concept was for retail.

24
25 Community Development Director Goellner stated that her understanding is that there were a
26 number of community meetings over a series of years that led to the summary in the staff report
27 of the total square footage of retail that was required for the property, which was over 100,000 sq.
28 ft. She noted that at the time there was a lot of discussion about the desire to keep the retail base
29 that had existed in the old shopping center with the hope that it would create more draw to the area
30 for bars and restaurants.

31
32 Commissioner Severson asked what conversion of this space would do to the overall mix between
33 retail and residential for the project.

34
35 Community Development Director Goellner stated that she thinks it would make a fairly
36 significant impact to the amount of square footage devoted to retail, but noted that the unit count
37 would not dramatically change.

38
39 Chair Stockton stated that there was a 10 year anniversary that took place recently but asked if the
40 building had been operational for 13 years.

41
42 Ms. Albain stated that the master development was opened in phases, so the residential portion
43 was what had the 10 year anniversary.

44
45 Commissioner Douglas asked if Regatta and the hotel was owned by Presbyterian Homes.

46

1 Ms. Albain stated that they were not.

2
3 Chair Stockton asked if within the 10 years they had come back to make improvements in order to
4 have the building be more accessible from the exterior on the Superior side.

5
6 Ms. Albain stated that the only changes that were made to the space was when the Well Way was
7 going in and they were considering putting in a swimming pool in the loading dock area, so they
8 filled it with concrete.

9
10 Commissioner Sorensen stated that this proposal says that it would take away about 35,000 sq. ft.
11 of retail space but noted that he believed about 10,000 sq. ft. of that space was actually loading
12 dock space.

13
14 Ms. Albain stated that she believes the loading dock space was about 12,000 sq. ft.

15
16 Commissioner Sorensen noted to him that meant that it would really only be taking away around
17 25,000 sq. ft.

18
19 Chair Stockton stated that this would make a strategic decision for the City that would change the
20 idea around this area that would essentially be permanent.

21
22 Commissioner Elg stated that just because retail is desired does not mean it is necessarily the right
23 thing in a particular space. He stated that he feels it is evident by the number of apartment buildings
24 that are being built that there is a demand for living spaces. He stated that it is not uncommon for
25 retail space to remain empty because retail is a risky business and they rely heavily on visibility.
26 He stated that thinks this is the wrong space for retail use and feels this proposal is a good one for
27 the property. He stated that creating retail space along Superior would almost require access from
28 the interior because the exterior entrances would be so high up and people would have to climb
29 stairs to gain access. He stated that there would also be challenges with visibility for retail.

30
31 Commissioner Schwalbe stated that she agreed also feels that this is a good project for this location.
32 She stated that she was happy this came forward because it has been sitting there for a long time
33 and believes something should be done with it. She stated that she loved the renderings with the
34 addition of cream and white materials and feels it will be a nice, bright, boost for the building. She
35 stated that she does worry a bit about the closeness to the sidewalk for some of the units on Superior
36 and encouraged them to take a look at ways that they can alleviate some of those issues but
37 explained that she was in favor of their proposal.

38
39 Chair Stockton noted that Commissioner Elg had made a comment earlier in the discussion that
40 22 people would not 'activate' the area. She stated that aesthetically, her reaction to this proposal,
41 was very positive. She stated that she wanted to play a bit of the devil's advocate in this situation
42 and ask how this impacts the City in the long term. She stated that she was feeling sort of the same
43 thing that Commissioner Elg had touched on earlier that Superior is sort of a pass through, transient
44 area, but right now there isn't anything to look at. She stated that with this proposal, there would
45 be some thing to look at and can picture it looking shoppable.

46

1 Commissioner Merriam stated that Presbyterian Homes was not in the retail business and were in
2 the business of senior housing, which they do really well. She stated that she keeps going back to
3 when this project was approved, it was because people were coming in pleading for more retail.
4 She stated that she agreed with the comments that along that stretch there would be ways to make
5 it more appealing for retail, but Presbyterian Homes is not in the retail business and suggested that
6 perhaps they could use some assistance in order to help them. She stated that once this space is
7 converted to residential housing, it will not ever be retail again and noted that the retail market,
8 like every market, comes and goes. She stated that they do not know if the retail market will ever
9 come back or not. She explained that she feels that this could be retail or restaurant and noted that
10 she has a difficult time with a PUD amendment that would allow for residential. She stated that
11 three years ago the City revisited converting spaces to different uses, except along Superior and
12 Lake Street. She reiterated that she was very hesitant to recommend approval of this request.
13

14 Commissioner Severson stated that she feels the same hesitancy as Commissioner Merriam
15 because once this is changed to residential it will not come back. She stated that Folkestone wanted
16 this to be retail in their original plans, so she was struggling giving it up.
17

18 Commissioner Elg stated that he did not believe Folkestone had an opinion on whether it should
19 be retail space or not and believes that direction came from the City.
20

21 Commissioner Severson stated that if it came from the City, she feels as though it is part of her job
22 to uphold that expectation. She stated that she was not convinced right now that this needs to be
23 residential.
24

25 Commissioner Douglas referenced a statement made on page 18 of the packet that discussed land
26 use context. She stated that after 17 years, she thinks they are at the 'redevelopment challenges'
27 stage. She reiterated that she was involved with the Chamber for many years and has lived in the
28 area for 50 years so she has seen a lot of change. She stated that they brought in a retail consultant
29 to look at the community when this all came forward and he talked about critical mass and how
30 when there is a shopping area, people travel continuously and when there is a break, they stop,
31 which she has seen be a true statement. She stated that she thinks it is clear that times have
32 changed, but agreed that this is a hard change to think about making in the City. She stated that
33 Chair Stockton had made a statement that the renderings look like they could be little boutiques
34 and suggested that if the housing market crashes in 10 years, they could be made into boutique
35 spaces. She stated that the trouble filling these retail spaces started long before Covid. She noted
36 that even though Presbyterian Homes is in the housing business, they had hired a retail consultant
37 to handle this, so an amateur is not running this show.
38

39 Chair Stockton noted that they had the same consultant for 10 years which is a long time to have
40 someone in a position when they were not being successful.
41

42 Commissioner Douglas stated that she just spoke with the City Manager of Maple Grove who used
43 to be the City's manager and found out that they are having the same issues with their shopping
44 centers, which shows her that it is a changing economy. She stated that she feels they need to take
45 a look at the big picture and noted that things are changing for office use as well because people
46 are working from home more frequently.

1
2 Commissioner Elg referenced Calhoun Square which is essentially empty. He reiterated that just
3 because you 'want' retail does not mean it will come.
4

5 Commissioner Sorensen referenced the example of the West End.
6

7 Commissioner Douglas stated that she feels she is a very realistic person and noted that, for a time,
8 there were a lot of little boutiques along Lake Street, that were all owned by women whose
9 husbands had good jobs. She stated that the property values in the City are high, so the rents are
10 high, because the landlords have to pay the taxes. She explained that her view is that she feels it
11 is time to make this change. She stated that the City wants this to be a successful development
12 and believes that people are sick of looking at the empty buildings, which is also a negative thing
13 for the community. She stated that she strongly supports this proposal and noted that the former
14 mayor had made this suggestion a few years ago that the perfect thing for this building would be
15 loft apartments.
16

17 Commissioner Elg noted that if the condos were for sale, he would be in line to get one.
18

19 Chair Stockton agreed that they definitely look desirable, but her point is that she wishes that it
20 had a shot to look like what is being proposed, but for retail boutiques. She stated that she would
21 have liked to have the opportunity to feel this possibility out before entertaining the idea of
22 changing it to retail use, but noted that she felt the dialogue that the Commission has been having
23 was a good thing.
24

25 Commissioner Merriam stated that this development has been a success and has brought in a lot
26 of money for the City, but in this stretch, she does not think it is going to look any different whether
27 there are residents or vacancies. She stated that she does feel it would look different if there were
28 some vitality with retail shops or cafes.
29

30 Chair Stockton expressed concern that if this is lost where the other opportunities for this may be
31 in the area. She stated that this is a decision for the City's future, which includes a lot of unknowns
32 and feels, to a certain extent, the past is the past, and they need to really take a look at what they
33 feel is the intended best use for this property.
34

35 Commissioner Sorensen stated that he felt the comments shared by Mr. Ambrose were eloquent
36 especially when he talked about sometimes having to agonize over various decisions that the City
37 needs to make. He noted that originally he was not very enthused about taking away retail space,
38 however, he feels it is very hard to ignore the history in this situation. He explained that they have
39 gone 10 years with multiple attempts to fill this space and there have always been high vacancy
40 rates in the area which are not improving. He stated that if they only take about 25,000 sq. ft. that
41 would be built out, because the rest is the loading dock space, that is less than 20% of the original
42 retail space. He stated that he also felt the decrease in density and intensity that comes with this
43 proposal would be a good thing. He stated that he considers this a tweak to the plan because it is
44 still a multi-use facility, but they are making changes based on the market conditions. He stated
45 that he had made a comment earlier today that was also mentioned by Commissioner Elg that you
46 can wish something were active retail but that is just a wish. He asked how long the City should

1 wait and noted that it had already been 10 years. He stated that he feels what is being proposed is
2 an appropriate change to make for this space and he would support it. He explained that his support
3 would be a bit reluctant, but noted that he believed it was the right thing to do. He stated that it is
4 not just this space that has a vacancy issue and encouraged the Commission to take a look at the
5 bigger picture of where they are.

6
7 Commissioner Elg stated that the Commission had discussed two projects on the opposite end of
8 Lake Street that they wanted retail on the first floor with hope for a coffee shop. He stated he fears
9 that they will get their way on that point and then there will be empty retail space down there. He
10 stated that retail is tough and is expensive in the City and noted that it is possible to over build
11 retail spaces and reiterated his earlier statement that just because you build it does not mean they
12 will come.

13
14 Commissioner Douglas noted that when they were looking at redeveloping the Bay Center they
15 had a study done of the customer area from the surrounding suburbs, but noted that since that time
16 there has been a lot of retail that has been built in the area. She stated that she feels the retail
17 nature has changed as well.

18
19 Commissioner Severson stated that she was concerned that converting this will turn the entire
20 Promenade into residential space. She stated that the Promenade is a pretty prominent space and
21 noted that she thinks she may be more open to converting some of the interior spaces to residential
22 uses because this proposal takes away a big corner that could be used for retail use, such as a
23 restaurant.

24
25 Chair Stockton stated that she would echo that concern, especially for the corner unit. She noted
26 that she feels as though people will be walking past Hunter Douglas blinds the entire way up to
27 upper Wayzata and the goal was to connect this with lower Wayzata. She stated that she hears
28 what is being said about the history of this property, but she is also thinking about the future and
29 does have concerns with this proposal.

30
31 There being no further discussion, Chair Stockton asked for a motion on the application.

32
33 Commissioner Douglas made a motion, seconded by Commissioner Elg, to direct staff to prepare
34 a draft Planning Commission Report and Recommendation with appropriate findings reflecting a
35 recommendation of approval for the PUD Amendment and Shoreland Residential PUD/CUP at
36 825 Mill Street E for review and adoption at the next Planning Commission meeting.

37
38 Chair Stockton noted that she hoped the applicant has appreciated the thought the Commission has
39 put into their request and hopes that they understand why this is a complex decision.

40
41 Community Development Director Goellner conducted a roll call vote. Upon the vote, the motion
42 carried 4 ayes, 3 nays (Stockton, Merriam, Severson).

43
44 **AGENDA ITEM 6. Other Items:**

45
46 **a) Review of Development Activities**

1
2 **b) Planning Commission Meeting Schedule**
3

4 Community Development Director Goellner stated that the next meeting will be November 20,
5 2023 and noted that they will have the item just discussed as part of the Consent Agenda, as well
6 as a public hearing for a variance request for a fence at 728 Wayzata Boulevard. She noted that
7 she was unsure if there will be any December meetings because of the lack of applications.
8

9 **AGENDA ITEM 7. Adjournment.**
10

11 There being no further business on the agenda, Chair Stockton asked for a motion to adjourn.
12

13 Commissioner Douglas made a motion, seconded by Commissioner Merriam to adjourn the
14 Planning Commission meeting. The motion carried unanimously.
15

16 The Planning Commission meeting was adjourned at 8:32 p.m.
17

18 Respectfully submitted,
19 Kayla Atkins Rokosz
20 *TimeSaver Off Site Secretarial, Inc.*
21