

AGENDA
CITY OF MINNETONKA
ECONOMIC DEVELOPMENT ADVISORY COMMISSION

Thursday, October 27, 2016

6:00 p.m.

Council Chambers
Minnetonka Community Center

1. Call to Order

2. Roll Call

Kathryn Aanenson
Benita Bjorgo
Michael Happe
Ken Isaacson

Jacob Johnson
Jerry Knickerbocker
Charlie Yunker

3. Approval of July 28, 2016 minutes

BUSINESS ITEMS

4. 2017 Non-Profit Funding Requests

Recommendation: Provide a funding recommendation to the City Council

5. Staff Report

6. Other Business

•The next EDAC meeting is scheduled for **Thursday, December 8 at 6:00 p.m.**

7. Adjourn

If you have questions about any of the agenda items, please contact:

Alisha Gray, Economic Development and Housing Manager (952) 939-8285

Julie Wischnack, AICP, Community Development Director, (952) 939-8282

**Unapproved
Minnetonka Economic Development Advisory Commission
Meeting Minutes**

**July 28, 2016
6 p.m.**

1. Call to Order

Chair Aanenson called the meeting to order at 6 p.m.

2. Roll Call

EDAC commissioners present: Michael Happe, Jacob Johnson, Jerry Knickerbocker, Charlie Yunker, and Kathryn Aanenson. Benita Bjorgo and Ken Isaacson were absent.

Staff present: Community Development Director Julie Wischnack and Economic Development Housing Manager Alisha Gray.

3. Approval of May 26, 2016 Minutes

Knickerbocker moved, Johnson seconded a motion to recommend that the EDAC approve the minutes from the May 26, 2016 meeting as included in the agenda. Happe, Johnson, Knickerbocker, Yunker, and Aanenson voted yes. Bjorgo and Isaacson were absent. Motion passed.

4. 2017 Preliminary Budget

Gray presented the staff report.

Knickerbocker confirmed with Gray that funds from the Development Account could be used to purchase a building located on Shady Oak Road and Main Street.

Commissioners indicated general agreement with staff's recommendations for the Development, Livable Communities, CDBG, and HRA Levy accounts.

In response to Knickerbocker's question, Wischnack explained that if a program's parameters would change, then the program would be reviewed by the EDAC. It is difficult to anticipate the number of repayments.

Happe confirmed with Gray that there have been no defaults. She speculated that the funds would be exhausted this fall. There have been a few cases of residents wanting to purchase properties that exceed the \$300,000 limit. Happe

likes the home improvement loan program and supports increasing its amount of available funds.

Knickerbocker asked what money makes up the difference between the \$750,000 and the \$2 million. Wischnack answered that there are many sources including franchise fees from electric utilities.

Johnson confirmed with Wischnack that the funds would be reappropriated if the program would not be approved.

Johnson asked if the program would be easier to manage if the cost limit would be tied to an index rather than setting an amount each year. Wischnack explained how the amount is determined. Aanenson thought indexing is a good idea, but it would help to know the percentage of houses that meet the parameters. Wischnack said that the specifics of the issued loans could be provided to the commission.

Johnson moved, Yunker seconded a motion to recommend that the city council approve staff's recommendation of the HRA Levy as submitted. Happe, Johnson, Knickerbocker, Yunker, and Aanenson voted yes. Bjorgo and Isaacson were absent. Motion passed.

Wischnack will provide information on the non-profit applicants prior to the meeting in October.

The maximum levy is set by the city council on September 12, 2016. It can be reduced, but not increased after that.

5. Staff Report

Gray reported:

- The Federal Transit Administration signed the Record for Decision for the SWLRT project. It found that NEPA's requirements have been met. The city's receipt of federal funds hinges on the legislature taking action this session.
- Metro Transit is having a meeting September 10, 2016 and September 18, 2016 to review bus routes 9N and 675.
- Open to Business billboards are now located on Interstates 494 and 394 and Highway 7.
- There will be a new session of the economic gardening session this fall.
- There is a new sewer access charge and residential equivalency charge prepayment program available to commercial property

owners and tenants. The Metropolitan Council's fee will be estimated at the time of the issuance of the building permit.

- The Station Pizzeria will be located on Minnetonka Boulevard on the Bennis Feed and Fuel site. Traffic and parking issues are being worked out.
- A concept plan to add an apartment building to Minnetonka Hills is being reviewed.
- Eden Prairie Islamic Center, EPIC, is proposing to relocate a community center on Smetana Drive. It will be reviewed by the city council soon.
- The city will be adopting an ordinance to opt out of the state's Temporary Family Healthcare Dwelling statute requirements. Minnetonka already has procedures for this type of use.
- Kraemer's Hardware is being demolished. Prestige School, a daycare, will be located at the site.
- The Highland Bank construction will continue. The lumber tested retardant to fire.
- The Applewood Pointe affordable units do not count toward the city's number of units required by the Metropolitan Council, because the price of the units would be above 60 percent of median income and would exceed the maximum sale price allowed.
- The At Home Apartments on Rowland Road are looking nice.
- The music barn project is moving forward. Funding requests will be going to the city council.
- The SW Corridor Housing Strategy was accepted at the July 25, 2016 meeting. Staff will begin to look at the suggestions related to housing gaps along the SWLRT route.
- The Small Project Loan program received 17 applications. There are 8 loans that remain to be funded by that program.

6. Other Business

The next EDAC meeting is scheduled for Thursday, August 25, 2016 at 6 p.m.

There will be a SLUC presentation August 31, 2016.

There will be a study session with the EDAC and city council September 19, 2016 to review the TIF management report.

7. Adjournment

Happe moved, Yunker seconded a motion to adjourn the meeting at 7:10 p.m. Motion passed unanimously.

**EDAC Agenda Item #4
Meeting of October 27, 2016**

Brief Description 2017 Non-Profit Funding

Recommendation Provide a funding recommendation to the City Council

Background

On October 27, the non-profit groups that submitted applications to the city for funding will have the opportunity to briefly present their request to the EDAC.

2017 Non-Profit Funding Requests

This year, the city received nine non-profit funding requests. The EDAC has received, in advance, a copy of all applications for 2017, a ranking form for each application, and an instruction sheet, as well as background information such as the council policy, EIP pages, and the application packet. Commissioners have been asked to review each application and complete the ranking form as much as possible prior to the meeting.

Commissioners are asked to bring the ranking forms to the regular EDAC meeting on October 27. At that meeting, each applicant will be given 1-3 minutes to provide a brief organizational/program overview and the EDAC will be given 7-9 minutes for questions and answers. Commissioners are encouraged to send questions to staff prior to the meeting to ensure we can share the information at the meeting. This Q&A will allow Commissioners the opportunity to receive clarification on application items, providing them with the information needed to fully complete the ranking forms. The schedule for applicant presentations is as follows:

TIME	ORGANIZATION
6:10 p.m.	Homes Within Reach
6:20 p.m.	CommonBond/Crown Ridge
6:30 p.m.	HOME Line
6:40 p.m.	YMCA/Minnetonka Heights
6:50 p.m.	TreeHouse
7:00 p.m.	CAPSH
7:10 p.m.	SCS H.O.M.E.
7:20 p.m.	ResourceWest
7:30 p.m.	ICA

After each presentation, Commissioners will submit their completed ranking forms to staff, who will tally up the results and present them after all presentations have been given. The EDAC will then have the opportunity to discuss the results and make a recommendation to council.

Amount of Funding Available

This year, nine organizations submitted requests for a total of \$32,000 in CDBG public service dollars. Five of these applicants have previously applied for and received CDBG funding. In 2015, all of the public services spent the entirety of their CDBG funds with the exception of CAPSH. CAPSH spent \$1,981.91 of its \$4,400 allocation. It is important to note that the city's final 2017 CDBG allocation will not be known until February 2017, or possibly even later. Because of the need to make funding recommendations at this point in time, the city is basing its 2017 allocations on the portion of Minnetonka's 2016 CDBG funding available for public service programs, which was approximately \$24,000. The council will hold a public hearing on final CDBG funding allocations in February or March 2017. The recommendation on the public service activities should include direction to staff on how to allocate funds (pro rata or otherwise) should the total CDBG public service funds differ.

Additional Considerations

- HOME Line, originally part of the CDBG public services, is not eligible to receive CDBG funding due to the nature of services provided. In the 2015 and 2016 program years, HOME Line was allocated funding through the Development Account.
- The city has also received three applications from organizations that historically have been funded through the city's Livable Communities Account (LCA). The 2017 EIP indicates that funding allocations to Common Bond (Crown Ridge) and Ridgedale YMCA (Minnetonka Heights), through this account are no longer available. Both organizations were notified that the LCA funding is no longer available. The EIP does indicate an allocation in the amount of \$100,000 to Homes Within Reach in 2017, with the note that the LCA funding will not be available in 2018 and thereafter. The EIP does indicate a sustaining amount of \$25,000 for the organization.
- If recommended for funding, Common Bond and Ridgedale YMCA would need to be funded through CDBG or the development fund. The EDAC did not recommend additional HRA levy expenditures for non-profit funding during the budget discussion.

The chart below illustrates the 2017 requests for funding and past awards through the CDBG program, Development Account, and the Livable Communities Account.

	2015 Funded*	2016 Requested	2016 Funded*	2017 Requested	2017 EIP
<i>Housing and Support (CDBG)</i>					
Community Action Partnership of Suburban Hennepin (CAPSH)	\$4,400	\$6,000	\$2,425	\$4,500	Staff expects the final amount will be about \$24,000
TreeHouse	\$0	\$5,000	\$3,770	\$5,000	
ResourceWest	\$4,400	\$5,000	\$4,525	\$5,000	
Senior Community Services (SCS) H.O.M.E.	\$5,500	\$6,500	\$5,270	\$7,500	
Intercongregation Communities Association (ICA)	\$9,000	\$10,000	\$7,970	\$10,000	
Total Housing and Support	\$23,300	\$34,640	\$23,960	\$32,000	
<i>Livable Communities Account</i>					
CommonBond (Crown Ridge)*	\$16,000	\$16,000	\$4,000	\$11,395	\$0
Homes Within Reach (WHAHLT)	\$217,000	\$225,000	\$225,000	\$100,000	\$100,000
Ridgedale YMCA (Minnetonka Heights)*	\$10,000	\$7,500	\$5,000	\$10,000	\$0
Total Livable Communities Account	\$243,000	\$248,500	\$234,000	\$100,000	\$100,000
<i>Development Account</i>					
HOME Line**	\$2,000	\$5,726	\$2,000	\$6,183	\$0

*Previously funded by the Livable Communities Account. However, no funding sources have been allocated in the 2017 EIP.

**Originally part of the CDBG public services; however, this funding source can no longer be used. Only the development account is eligible.

Recommendation

Using Council Policy 2.8 as guidance, staff recommends the EDAC receive the presentations given by the non-profit organizations and make a funding recommendation to the City Council.

Submitted through:

Julie Wischnack, AICP, Community Development Director

Originated by:

Alisha Gray, Economic Development and Housing Manager

Celeste McDermott, Community Development Specialist

EDAC Agenda Item #5
Meeting of October 27, 2016

Brief Description

Staff Report

Transit

Metro Transit Quarterly Update

In September, Metro Transit hosted public meetings on proposed changes to routes serving North Minneapolis, St. Louis Park, Golden Valley and Minnetonka. In Minnetonka, changes were proposed on Route 9N serving Cedar Lake Road and the Greenbrier area and on Route 675 serving the Ridgedale area and I-394 corridor.

- The outreach efforts generated several responses with over 40 attendees at the two public meetings. In total, Metro transit received over 137 comments from 113 individuals. A recommended plan will be presented to the Transportation Committee in January and implementation of the new routes is anticipated to start in June 2017.
- More information on the proposed changes can be found by visiting <http://www.metrotransit.org/west-end>

In October, Metro Transit will begin installing new bus stop signage that will continue throughout 2017. The new signage is larger and includes route maps, schedules, stop location information, and unique stop number that can be used to access real-time departure information through NexTrip.

Green Line Extension (Southwest LRT)

- The final approval of the Federal Transit Administration (FTA) Final Environmental Impact Statement (FEIS) document was completed on August 10, 2016. This approval was needed as part of the requirements for the Full Funding Grant Agreement to secure the federal funding for the project. The full EIS can be found on the Metropolitan Council's website at: <http://metrocouncil.org/swlrt/feis>.
- In September, The Metropolitan Council, Counties Transit Improvement Board (CTIB), and Hennepin County Regional Railroad Authority each approved additional funding commitments to position the project to secure more than \$900 million in federal funds for half the construction costs. The Council voted August 31 to authorize the future issuance of Certificates of Participation for \$103.5 million. CTIB and Hennepin County each agreed to contribute an additional \$20.5 million. These contributions together filled the \$144.5 million funding gap, made up by the remaining necessary state match of \$135 million plus \$9.5 million in local delay costs caused by the legislature's inaction in May.

- On Monday, September 26 the city council approved an in-kind land contribution of right-of-way parcels near the OPUS station site south of Bren Rd. The in-kind contribution will count toward the local funding source needed to secure the federal funding match. The parcels are valued at \$104,000. Other cities along the corridor made similar commitments.
- The project office will be hosting a construction professional's career fair on October 18 at 3:00 p.m. at the Southwest Project Office. The Metropolitan Council will hire 60 construction management professions to supervise the construction of the Green Line Extension. Available positions will include engineers, construction managers, contract administrators, inspectors, and other professional staff. More information can be found by visiting <https://metrocouncil.org/swlrt/construction>.
- On Monday, October 24 the city council will consider an action to approve a subordinate funding agreement (SFA) for design work related to extending the storm sewer casings at various locations along the line, fencing upgrades, and paint color upgrades for retaining walls.
- Updated Milestone Schedule as of 8/19/2016
 - FTA Approves Entry into Engineering – Nov 2016
 - Complete 100% Design Package for Civil Engineering – Dec 2016
 - Submit Full Funding Grant Agreement (FFGA) – Early 2017
 - Complete 100% Design Package for Systems – March 2017
 - Complete 100% Design Package for OMF – May 2017
 - FTA Approves FFGA – July 2017
 - Heavy Construction – 2017-2020
 - Revenue Service - 2021

Business Development

Open To Business

The Metropolitan Consortium of Community Developers provided updated year-to-date stats on the Open to Business program:

- Technical assistance hours: 120
- Businesses served: 27
- Assistance requested: business plan, financing programs, strategic planning, recordkeeping, location assistance.

NatureWorks

NatureWorks finalized phase 1 improvements and requested disbursement of the \$250,000 in loan funds committed by the Department of Employment and Economic

Development (DEED). The loan is divided into two parts: \$100,000 is structured as a forgivable loan and the remaining \$150,000 is structured as a 0% interest loan that has a 4 year term. As part of the loan requirements, the company agreed to create at least six new Full-Time Equivalent FTE's within two years in addition to retaining 62 current FTE's. In addition, the company contributed \$625,000 of equity for the purchase of machinery and equipment.

The city's role is to service the loan, which is entirely funded from state funds with cash flowing in and out through the city's Development Fund. There are no actual city dollars involved.

Businesses Now Open or Opening Soon:

- Ridgedale Mall
 - Field Day
 - Apple
 - William Sonoma
 - Pottery Barn
 - My Pillow
 - Jamba Juice – Opening Soon

Development Updates

Under Construction

- Prestige Preschool, 14730 Excelsior Blvd
- Highland Bank Redevelopment, 1700 Plymouth Road
- Williston Woods West, 5431/5439 Williston Road
- Cherrywood Pointe, 2004 Plymouth Road
- Applewood Pointe, 12201 Minnetonka Boulevard
- Zvago, 14217 Stewart Lane
- At-Home Apartments, 5709 Rowland Rd
- Minnetonka High School Ice Arena, 18313 State Hwy 7

Under Review

PROJECT	DESCRIPTION	LOCATION	PLANS
Williston Water Tower	Concept Plan for construction of a telecommunications tower	Williston water tower site	http://tinyurl.com/willistonmono
Mayfair at Copperfield	Preliminary plat for a 3-lot subdivision	14700 Copperfield Place	http://tinyurl.com/mayfair-copperfiled

The Enclave at Regal Oaks	Rezoning and plat for 5-lot subdivision	3639 Shady Oak Road	http://tinyurl.com/EnclaveatRegalOak
Unmapped Brewing	CUP for a microbrewery and taproom	14625 Excelsior Blvd	http://tinyurl.com/UnmappedBrewing
Glen Lake Village Center Study	Conceptual design for various redevelopment sites	Multiple Sites	http://eminnetonka.com/current-projects/planning-projects/1140-glen-lake-study
Premier Storage	Parking variance for self-storage facility	6031 Culligan Way	http://tinyurl.com/PremierStorage
Lecesse	Multiple items for construction of a 322-unit apartment building	10101 Bren Road East	http://tinyurl.com/lecesse
Baker Road Mini Storage	SBP review for a self-storage facility	6150 Baker Road	http://tinyurl.com/BakerRdMS
Woolands at Linner	Preliminar plat with lot width at ROW variance to divide the existing property into 5 lots	1555 Linner Road	<u>not yet posted</u>
Tonkawoods Farms	Preliminary plat with lot width at setback variances for a 3-lot subdivision	15014 Highwood Drive	http://tinyurl.com/tonkawd-farms
Eldorado Villas	Multiple items for construction of three townhomes	11901 Minnetonka Blvd	http://tinyurl.com/eldorado-mtka
Ridgedale Corner Shoppes	Multiple items for redevelopment of the existing TCF bank site.	1801 Plymouth Road	http://tinyurl.com/ridgedale-TCF
Pagel II	Ice arena at Minnetonka High School	18313 State Hwy 7	http://eminnetonka.com/current-projects/planning-projects/1396-pagel

Housing

Housing Score

Each year the city completes the Affordable Housing Production Survey that scores the city on its ability to create affordable and life-cycle housing opportunities. The city is required to complete the survey to participate in the Livable Communities Act (LCA) and be eligible for its grant funds that are administered through the Metropolitan Council.

The Metropolitan Council recently released the scores for 2016 and Minnetonka scored 94 out of 100 possible points. Minnetonka's average 5-year score is around 80 points. A higher Housing Performance Score can improve competitiveness for grant funding through the LCA programs or in a future Regional Solicitation for federal transportation funds.

Small Projects Program

Twenty-five homeowners are currently approved for funding through the Small Projects Program which has exhausted the funding for 2016. The CDBG funding is structured as a zero-percent interest, \$5,000 loan, forgiven after 10 years that can be used to address deferred maintenance home repairs. The application window will open again in the spring of 2017 after the allocation is known.

Minnetonka Home Enhancement

The Minnetonka Home Enhancement Welcome to Minnetonka programs remain in high demand. To date in 2016, there were three home enhancement loans issued and five down-payment loans issued. The fund balance is approximately \$70,000 for the two programs.

Shady Oak Road Redevelopment

Staff received three request for information responses from interested development partners for the Shady Oak road Redevelopment project. In the next few weeks, staff will review the proposals and select developers that will move on to the interview process. Developers that are selected to proceed will be invited to present to the city council on November 14. Staff would request at least 2 commissioners (subcommittee) provide input to staff prior to the interview.

Cloud 9

Staff met with a representative for the homeowner's association at Cloud 9 Sky Flats condominiums. The association is considering applying for assistance through the Housing Improvement Area (HIA) Program to assist with repairs to the curtain wall and HVAC systems.

Upcoming Events

- | | |
|-----------------------|--|
| Wednesday, October 26 | The Affordable Housing Conundrum
Sensible Land Use Coalition
11:30 a.m.to 1:30 p.m.
DoubleTree Park Place - Fireside Room
1500 Park Place Blvd, St. Louis Park, MN 55416 |
| Thursday, November 17 | ULI Third Thursdays – Nicollet Island Inn
ULI Minnesota
4:30 p.m. to 6:00 p.m.
95 Merriam Street, Minneapolis, MN 55402 |
| Thursday, December 8 | EDAC Meeting
Council Chambers
6:00 p.m. |

Originated by:

Alisha Gray, Economic Development and Housing Manager
Julie Wischnack, AICP, Community Development Director