

**Minnetonka Economic Development Advisory Commission  
Meeting Minutes**

**Jan. 9, 2020  
6 p.m.**

**1. Call to Order**

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

**2. Roll Call**

EDAC commissioners present: Ann Duginski-Cibulka, Lee Jacobsohn, Jerry Knickerbocker, Charlie Yunker, and Melissa Johnston were present. Jay Hromatka and Jacob Johnson were absent.

Councilmember Deb Calvert was present.

Staff present: Community Development Director Julie Wischnack, Economic Development and Housing Manager Alisha Gray and Economic Development Coordinator Rob Hanson.

Financial consultant Stacie Kvilvang from Ehlers and Associates was present.

**3. Approval of May 8, 2019 and Dec. 12, 2019 Minutes**

Knickerbocker motioned, Yunker seconded the motion to approve the Dec. 12, 2019 meeting minutes. Cibulka, Jacobsohn, Knickerbocker, and Yunker voted yes. Johnston abstained. Hromatka and Johnson were absent. Motion passed.

Approval of the May 8, 2019 EDAC minutes was tabled due to the lack of a quorum of those present at that meeting.

**4. Shady Oak Crossings**

Gray reported.

Johnston asked if the site has MNPCA clearance now. Wischnack answered that the paperwork has been filed, but no remediation has been done yet. Gray added that the applicant applied for Met Council Funds in 2017, but funds were not awarded since the tax credits had not been awarded yet.

Johnston questioned how much is available in the Boulevard Gardens TIF pool. Gray recalled the balance was at \$3 million in 2018. The fund will continue to generate funds until 2021.

Johnston asked when the developer fee of \$500,000 would be paid. Kvilvang explained that the developer's fee would be paid in stages with portions paid at the closing,

occupancy, and at stabilization. Wischnack clarified that the TIF district would continue for 20 years.

Johnston was pleased with this plan. Everyone has worked hard and did a nice job putting together the proposal.

Knickerbocker suggested removing the residential area from the Shady Oak TIF district. Kvilvang explained that the property that the building is located on has to be in the TIF district. Being in a TIF district would not impede a residential house from future resale. It could be removed from the TIF district later. The TIF district would be created after annexation of the property located currently in Hopkins. Wischnack noted that every city council approval is contingent on the annexation of the part of the site located in Hopkins.

In response to Cibulka's question, Gray explained that when looking at the difference in the rent for units with 50 percent AMI and those at 60 percent AMI, it seemed more appropriate to push for the 30 percent AMI to get more units in the affordability range knowing that there would be a mix of market-rate units as well. A birds-eye view of the area shows that there are existing affordable units in the area, so it felt like a good mix of affordable units and market-rate units. Extending into Hopkins, there are 30 percent AMI and 50 percent AMI affordable units within walking distance.

Johnston appreciated that additional financial assistance has been obtained through grants for environmental cleanup and demolition to provide public support for the proposal, in addition to the TIF district, to make the challenged property marketable.

In response to Jacobsohn's question, Mike Waldo, of Ron Clark Construction, applicant, estimated that the company has invested 225,000 employee hours into the project over the years. Non-refundable money has been paid to the property owner in Hopkins. Mr. Waldo stated that many issues have been worked through, including:

- Balancing the mix of units.
- Reducing the building scale.
- Additional affordability in the market units because of the mixture of incomes.
- The developer is paying a market-rate price for the property, so it needs to be a clean site.

Jacobsohn noted the tremendous amount of time and money that the applicant and city staff have invested in the proposal. He applauded the effort to work together. He appreciated the comment that the market rates would also be more affordable. The proposal makes a lot of sense.

Waldo explained that in the initial year of proposing the project, that year's submittal for Met Council funds missed the deadline. Had that submittal been on time, the project's score would have been four points higher than another project that was awarded funds. The next year, after working with staff, the applicant was able to increase its submittal by five or six points to 85 points. The submittal with the lowest number of points awarded

that year was 90. The next time, Waldo worked with staff, the proposal added additional units, and the property adjacent to the south was added to the project which resulted in the submittal having 101 points. The submittal missed being awarded funds by four points.

Johnston lives in the neighborhood. She likes the building design. It looks really nice. She was happy about the sidewalk and trees in front of the building. The plan would provide some walkability.

Chair Yunker thanked the developer and staff for all of the work on a very challenging site to redevelop the property and provide affordable units.

Calvert appreciated the amount of work that city staff and Ron Clark's staff have put into the proposal. It has changed a lot. She appreciated the proposal including affordable units, the building maintaining a residential design and feel, and the site's walkability.

Knickerbocker asked for the amount of property taxes the proposal would generate. Wischnack compared the proposal to The Ridge which has a market value of \$10.4 million and 64 units, with 75 percent of those units meeting affordability requirements, and pays \$31,900 in property taxes. There is a TIF district that utilizes the tax increment to support the affordability component for 20 years.

Knickerbocker motioned, Johnston seconded the motion to recommend that the city council adopt a resolution to provide finance assistance to Shady Oak Crossings. Cibulka, Jacobsohn, Johnston, Knickerbocker, and Yunker voted yes. Hromatka and Johnson were absent. Motion passed.

## 5. Staff Report

Gray and Wischnack gave the staff report:

- The Green Line Extension (SWLRT) corridor wide is working on roadway lanes, retaining wall construction, bridge piling, station foundation laying, and LRT train vehicle production. In Minnetonka, crews have begun excavation for the LRT tunnel; Yellow and Red Circle Drive have been reconfigured; and Smetana Road from Feltl to Nolan will continue to be closed for 2020. Construction updates are available at [www.swlrt.org](http://www.swlrt.org).
- No route or service changes are expected for Metro Transit in the next several months. Metro Transit is rolling out a new initiative called Network Next. Information can be found at [www.metrotransit.org/network-next](http://www.metrotransit.org/network-next).
- Developments in progress include Nautical Bowls, Moore Addition, Shady Oak Crossing, Medica Health, Schuler Shoes, Dominion, The Luxe, Doran, and Avidor.
- Redevelopment guidelines have been recommended for 5937 Co. Rd. 101 which include preservation of the wooded, natural setting of the site; create better traffic flow and pedestrian safety; and increase housing options.
- Staff continues to meet with businesses across the city.
- The winter issue of Thrive Minnetonka is being developed and is set to be issued in mid-January.

- The Welcome to Minnetonka and Minnetonka Home Enhancement programs are administered through the Center for Energy and Environment and the city has closed seven loans for a total of \$65,838.52, the highest total since 2016.
- Homes Within Reach has entered into a purchase agreement for a house at Cedar Crest Drive West. That would bring the total of HWR houses in Minnetonka to 61.
- As of the third quarter of 2019, one CDBG loan closed, two CDBG loans have been approved, and 10 CDBG loans are in process.

## 6. Other Business

Gray thanked Knickerbocker and Johnson for their service on the EDAC. Knickerbocker appreciated the opportunity.

SLUC is hosting a lunch Jan. 22, 2020 at 11:30 a.m. at Brookview in Golden Valley with the subject: Sustainability and Its Implications for Both the Private and Public Sectors.

SLUC is hosting a lunch Feb. 26, 2020 at 11:30 a.m. at Brookview in Golden Valley with the subject: Update on the Minneapolis/St. Paul Housing Market.

The next EDAC meeting is scheduled to be held Jan. 23, 2020 at 6 p.m.

## 7. Adjournment

Knickerbocker moved, Jacobsohn seconded a motion to adjourn the meeting at 7 p.m. Motion passed unanimously.