1. Call to Order

Mayor Terry Schneider called the meeting to order at 6:30 p.m.

2. Pledge of Allegiance

All joined in the Pledge of Allegiance.

3. Roll Call

Council Members Tony Wagner, Bob Ellingson, Dick Allendorf, Patty Acomb, Brad Wiersum, Tim Bergstedt, and Terry Schneider were present.

4. Approval of Agenda

Wiersum moved, Acomb seconded a motion to accept the agenda with addenda to items 13B and 14A. All voted “yes.” Motion carried.

5. Approval of Minutes: August 14, 2017 regular council meeting

Bergstedt moved, Wagner seconded a motion to approve the minutes of the August 14, 2017 regular council meeting, as presented. All voted “yes.” Motion carried.

6. Special Matters: None

7. Reports from City Manager & Council Members

City Manager Geralyn Barone reported on upcoming city events and council meetings.

Wiersum said he attended an event celebrating the reopening of Highway 169, which had been closed for over a year.

8. Citizens Wishing to Discuss Matters not on the Agenda

9. Bids and Purchases: None

10. Consent Agenda – Items Requiring a Majority Vote:

A. Resolution supporting an application for a grant from Hennepin County’s Transit Oriented Development (TOD) Program
Allendorf moved, Wagner seconded a motion to adopt resolution 2017-110 supporting the city of Hopkins’ application for grant funds through the Hennepin County TOD program. All voted “yes.” Motion carried.

11. Consent Agenda – Items requiring Five Votes: None

12. Introduction of Ordinances: None

13. Public Hearings:

A. On-sale wine and on-sale 3.2% malt beverage liquor licenses for Kais Inc. (DBA Kai’s Sushi), at 17420 Minnetonka Blvd.

Barone gave the staff report.

Schneider opened the public hearing at 6:36 p.m. No one spoke.

Acomb moved, Wiersum seconded a motion to continue the public hearing to October 23, 2017 All voted “yes.” Motion carried.

B. Temporary on-sale liquor license for Unmapped Brewing, LLC, 14625 Excelsior Blvd.

Community Development Director Julie Wischnack gave the staff report.

Schneider opened the public hearing at 6:43 p.m.

Anne Hossfeld, 14616 Glendale Street, said her property was directly to the south of Unmapped Brewing so she is impacted by the noise and traffic. She does not oppose the event but she wanted to continue to be proactive and a presence and to continue providing the council information about how she and the rest of the community are impacted. She asked for clarification on when the outdoor music had to shut down. She also asked the experience of other breweries in the area that have outdoor live music events. She said that the concerns she raised last year about odors and noise from the business have not arisen.

Megan Park, one of the owners of Unmapped Brewing, provided details of the event. She said the brewery learned some things at its grand opening. Parking, which had been a concern, didn’t seem to be a problem so for this event the plan is to close off the entire parking lot primarily for safety. The other change was related to the music. At the grand opening music ended at 9 p.m. The plan for this event is for the music to end at the same time, but there is a cushion just in case it goes over.

Schneider closed the public hearing at 6:48 p.m.
Schneider said it made sense to allow some flexibility related to the music end time.

Community Development Director Julie Wischnack said that some of the events at another brewery in the city were larger festival type events.

Schneider said he had some knowledge about events at breweries in Wayzata and Excelsior. There was no magic number but rather it depended on the appetite for such events.

Bergstedt moved, Allendorf seconded a motion grant the temporary liquor license in connection with the grand opening event. All voted “yes.” Motion carried.

14. Other Business:

A. Items concerning Shady Oak Crossings located at 4312 Shady Oak Road:

1) Comprehensive guide plan amendment;
2) Rezoning;
3) Subdivision; and
4) Site and building plan review

Wischnack and Assistant City Planner Susan Thomas gave the staff report.

Wagner noted some of the resident comments were related to sustainability. He asked how solar or geothermal were considered by the developer. Wischnack said staff had talked with the developer about a solar energy option. She said the developer could speak on the difficulties making the financing work. There were complications with the tax credits. Staff had also discussed a white roof with the developer. This will be implemented. There were site complications with the polluted soil and the size of the property that would make it difficult to use geothermal.

Wiersum asked if the TIF pooled amount for the project was $1.209 million. Wischnack confirmed that was correct. Wiersum said the difference between the purchase price and the sales price was $516,000 and this was not included in the TIF pooled amount. Wischnack confirmed that was correct.

Mike Waldo, with Ron Clark Construction, said a lot of hard work went into addressing concerns that were raised. The most recent changes to the proposal were moving the parking lot slightly to make sure there wasn’t
additional fill and over the pipe in the easement. The trees in the utility easement were moved as well. He said the 60 percent AMI rents adjust in year 11 through 30. Addressing the comments about solar and geothermal he said his company has done solar for a similar sized project in Lakeville. The application for this project has to compete with all the other projects at Minnesota Housing. Currently this year, the TDC in the Twin Cities was $255,000. This project already was in excess of that. Adding another $30,000 per unit on top would put it in jeopardy scoring wise. He said with the Lakeville project, not all the contingency was used up. If the same thing occurred with this project, they would definitely look at adding solar. He said geothermal sounds great but the savings just are not there. The contamination on this site would also not make it feasible to do.

Ann Aanestad, 4255 Oak Drive Lane, said with the redesigned parking lot, some of the parking spots are directly pointing down the street into the residential neighborhood and yards. She questioned what kind of buffer was being proposed with all the increased light from traffic and parking. She said the developer should be held to the highest standards. She noted there was a huge electrical box on the corner of Shady Oak Road and Oak Drive Lane and asked if anyone had looked into whether or not it could be moved and where it would be moved to. The size of the tot lot was also a concern. She questioned how the access issue could be justified. She said there was no room for parking on Oak Drive Lane given how narrow it was.

Chris Aanestad, 4255 Oak Drive Lane, said the retention pond had finally been mentioned in the staff report and it was referred to as a public infrastructure. The city was selling Ron Clark the Shady Oak Road parcel and he was also gaining the retention pond on the Oak Drive Lane site. The parcel would be half house, half retention pond. He asked if the Oak Drive lane property needed to be rezoned and who would maintain it. He also asked if the city was giving the property to Ron Clark. Would the retention pond have a fence or more buffering around it? He thought the project should be tabled until all this was figured out.

Jerry Nystuen, 6008 Wyngate Lane, said the council was well aware of the need for workforce housing in the west metro area. There were a lot of job opportunities in the area and in the city. The vacancy rate in the city is 2.4 percent. Wages haven’t been keeping up. Affordable housing not only helps workers but seniors who cannot afford market priced housing. He said the community was better off when the city could offer more choices in affordable apartments.

Kerri Fisher from the ICA Food Shelf said the organization’s financial assistance was to help prevent homelessness and help with employment assistance. She said she supported the project. The proposal would
provide an improved aesthetic look compared to what currently exists. It would contribute to a sense of place and add vibrancy to the neighborhood.

Sarah Arbisi, 640 Oakridge Road, Hopkins, said she graduated from Hopkins High School and her daughter graduated from Minnetonka High School. As a kid her family moved around quite a bit and she wanted to make sure her daughter didn’t experience the same thing. It paid off to keep her in the Minnetonka School District because she now is attending North Dakota State University. Arbisi said when her daughter left for college she had to move to Hopkins because she couldn’t find affordable housing in Minnetonka. She said this development was needed in the city.

Jeri Massengill, 4272 Oak Drive Lane, noted there was a bus stop about two blocks away that would service this building. There is no bus service on the weekends and limited bus service during the week. She questioned what the city’s plan was to bring in public transit to meet the needs of residents of building. She also asked what the plan was to mitigate the air pollution coming from the traffic corridor that would only get busier. She asked for information about the snow removal plan. She didn’t believe the traffic study was thorough enough and that the buffer and green space were sufficient.

Ellen Cousins, 4531 Greenwood Drive, said she was opposed to the proposal not because she was opposed to affordable housing on the site but because this was the wrong affordable housing project for the site. The access still was not being addressed. If the access was properly addressed a lot of the other issues would go away. Issues involving Oak Drive Lane and safety would go away. She said it seemed like the project was going to be approved no matter what and it would shove this development onto this little lot without addressing the fact there was another lot next to it. There were more possibilities if the two lots were combined.

Andy Braun, 4408 Crawford Road, said looking at the bigger picture this was 49 units of some 1,000 plus affordable units the city was trying to accommodate. There is a lot of space, both public and private, available. He said there was no compelling reason to accept this project. The sale of other city properties could be used to turn this property into something that would benefit the neighborhood.

David Cousins, 4531 Greenwood Drive, said he appreciated the position the council was in. He said this project was bigger than just being about a parcel of land and the neighborhood. This would be a 100 year decision if the project was approved. This was also about how people communicate with each other and the faith that the local government was of the people,
by the people, and for the people. He said there were a lot of reservations about this project that were expressed at the planning commission hearings and other meetings. Even the people who voted to approve the project have expressed reservations. He understood the pros for the project including the need for affordable housing and disposing a problem parcel. He believed the benefits were outweighed by the concerns. He suggested postponing a decision until the concerns were addressed. There was no hurry to do the project.

Schneider said the council’s role was to focus on the land use issues. The first issue was if the landscaping plan was adequate. Another issue was getting more information about the pond.

Thomas said the ponding area was required by both the city’s stormwater management requirements and the Nine Mile Creek Watershed District rules. The pond would be owned by whoever owns the single family home. There would be an easement over it and it would have to be maintained by whoever owns the apartment property. There would be a maintenance agreement similar to those in place for other redevelopment projects in the city. The agreement would be drafted by the city attorney and would outline what the city would require in terms of maintenance.

Wischnack said the city was selling a piece of property that has pollution and contamination on it. Putting the pond on the property was not a viable option. The city owns the property to the west and was allowing the use of the space for the stormwater treatment. She said the treatment area helped the larger wetland area to the west and south. So there was a benefit to the larger area. Thomas said the city has not seen a devaluing of a property because a stormwater pond was part of the property. She said it was not a city policy to put safety fencing around stormwater ponds. Wischnack noted the pond was an infiltration basin.

Thomas said density was calculated solely on the apartment property. The property per the proposed plat was 1.58 acres. The city’s density definition does not exclude easement areas. The sewer easement was included in the density calculation. This project would be just over 30 units per acre. Anything over 12 units was considered high density. Schneider noted the single family home did not need to be rezoned. Wischnack said that was correct. She said the council had not made a decision on what to do with that property. Currently the city owned the property and rented it to a tenant. Schneider said there had been some discussion that rather than a single family home, it might be better suited for a duplex at some point in time.
Schneider asked if it was known what the size of the tot lot would be. Waldo said he did not know for sure but estimated it would likely be around 2,000 square feet.

Barone noted there was a question about the width of the road. City Engineer Will Manchester said currently the width is 23-24 feet. If the road were to be rebuilt typically it would be widened to 26 feet unless there were impacts.

Wischnack noted there was a requirement in the resolution that the snow removal plan be provided to the city. This was done with other projects as well.

Wagner said it would be useful for the council to have some discussion about the offsite buffering. He routinely drives in another area of the city where he feels bad his headlights shine right into a residence. He would like to see some effort to mitigate the light impacts.

Acomb said she supported offsite screening or buffering especially for the houses directly adjacent to the north if it was wanted by the property owner. Wiersum agreed this was reasonable. Schneider agreed but said one caveat was there were a lot of residents who live at the end of a public street where all day long headlights shine into their homes. He lives with this situation himself and said he had the ability to put in some buffering if he wanted to address the issue. He thought it was a good idea to see if the applicant was open to the idea but did not want to require it.

Wagner said the issue of access was brought up many times over the process. He didn’t think any of the council would disagree with the idea that a Main Street access would be preferable. He said it still could be pursued but it was unlikely to happen because it had been unsuccessfully pursued in the past. Given the traffic study, and the impacts, he did not see this as a reason not to move forward with this proposal.

Wiersum said the council had given a lot of thought to the property to the south that connected to Main Street. He said he thought the property owner thought that by not negotiating with the city, and with the obvious opportunity to improve this project, that his property value would increase. He did not fault the property owner for thinking this. All property owners like to see their property values increase. He thought the proposal needed to be looked at on its merits as is.

Allendorf said he agreed with Wiersum’s comments. He said as long as he has served on the council, he had been counseled by others to believe traffic studies.
Schneider said he agreed. The property was located right at the end of Main Street and the best use for it had not been determined. It was up to the developer to decide if they wanted to pursue a purchase of the property.

Wagner said the biggest concerns raised at this meeting were about the buffering, the density, and the pond. He agreed with the staff approach that the two properties were purchased together because there was an opportunity to do so. The redevelopment was being done because it met a lot of the city’s goals. He said the pond was a very reasonable approach and noted he had a pond on his own property that served three different parcels. He saw it as a valuable water quality treatment amenity.

Schneider said before the city decided to move forward with redevelopment there had been some discussion about acquiring the property to do ponding.

Acomb said she agreed the pond was a good idea and that the developer was required to cover the maintenance costs. She said as she looked at the project with high density directly adjacent to the backyards of single family homes, she didn’t think the pond was the best of transitions. She agreed a viable use would be open space and that had been discussed previously.

Allendorf noted that some people have thought the whole project should be open space. He said he was looking at the project as a land use issue. The fact that it involved an affordable housing project was nice and he was glad there was an opportunity to add affordable housing but it wasn’t something that swayed him one way or the other. When the project first came before the council he told the developer he thought the mass was wrong for the neighborhood and site. Through different iterations and reducing it down to two stories both on the north and part of the south side, he came to the conclusion the mass was now appropriate. He thought the project was appropriate.

Ellingson said during the concept plan review there were council members who thought the building was too big. There was a suggestion that the developer make the building look smaller without actually making it smaller. The building was a little smaller on the ends but the footprint did not change. The building and the parking lot took up nearly the entire site. With the PUD there were no setback requirements so the building was very close to Shady Oak Road. He worried about the safety issues related to children playing in the street. He said a lot of the big apartment buildings that have been approved over the years have been next to a park. He still has concerns the project is too big for the site and neighborhood.
Acomb said she compared this project with other approved projects in the city. Applewood Pointe on Minnetonka Boulevard is four stories in a small village center. If four stories was appropriate there, then three stories seems appropriate in this location given the proximity to a county road, nearby services and the business district in the area. She thought the size and scope was appropriate.

Schneider said the tax credits and economics drove the number of units.

Wiersum said he commended the developer for listening to concerns. He agreed with Allendorf that it was primarily a land use decision. He thought the project had come a long way from the beginning of the process. It was a tight site. It was important to note that Minnetonka was a fully developed community and the expectation is there is going to be a need for greater density housing looking forward. The other projects with a lot more space around them were built during a time when there was a lot more space in the community. He said this was not a one off project. The density that’s going to be required not only for affordable housing but for housing for seniors looking to downsize is going to require projects similar to this one. He said from a land use perspective he could live with this proposal. He couldn’t just look at it as a land use question because affordable housing was sorely needed in the community. The opportunity to get affordable housing in an area like this was appealing to him.

Bergstedt said agreed with the land use issue but didn’t want to minimize the importance of the affordable housing. He said it wasn’t a perfect project and he would encourage the city engineer to continue to work with Hennepin County to widen the access onto Shady Oak Road. He thought the developer did a great job in addressing concerns. It was a very different project than what was first shown at the concept review.

Wagner said he was comfortable with the land use from the start. He said he agreed the transit wasn’t frequent but this area has existing bus routes that the residents can use. He agreed the design had improved. He said he wouldn’t be on the council today if a previous council had not approved the affordable housing development on Hopkins Crossroad in the mid-1990’s. That was the only reason he lives in Minnetonka. He thought this project presented a great opportunity for all levels in the city from young people to seniors. The project aligns with all the goals the council has discussed over the past 10 years.

Acomb said she agreed the affordable housing element was very important on this site and for this location. The site was central to a lot of the safety net organizations. She encouraged the developer to continue with the idea of using solar energy.
Schneider said he has been supportive of the land use for the site since the beginning. He probably would have approved the original project because he felt it was important for this site be used for housing. The substantial redesign improved the project. He thought it would be a great asset to the city. The reality was there is going to be a huge need for multi-family housing not only because of the land shortage but the desire of the way people want to live. Looking at a map of the city shows a whole big swath of the city with half acre lots. There wouldn’t be massive changes to the single family neighborhoods. There would be opportunities like this one around other village centers and Ridgedale where the council would look at the future dynamics where they decide a project like this one made sense to do. Apartment buildings are not going to be plopped into the middle of a residential area. He’s heard from people who said that once this gets approved apartment buildings would be appearing everywhere. He said this was way off base. The future changes likely would not be as drastic as the changes that have happened in the past 30 years.

Wagner moved, Allendorf seconded a motion to adopt resolution 2017-111 approving a comprehensive guide plan amendment from commercial to high density residential; to adopt ordinance 2017-15 rezoning the property from B-2 to PUD; and to adopt resolution 2017-112 approving final site and building plans and preliminary and final plat. Wagner, Allendorf, Acomb, Wiersum, Bergstedt, and Schneider voted “yes.” Ellingson voted “no.” Motion carried.

B. Other items concerning Shady Oak Crossings located at 4312 Shady Oak Road:

1) Contract for Private Development
2) Introduction of Ordinance Authorizing Sale of Property

Wagner moved, Bergstedt seconded a motion to adopt resolution 2017-113 approving the Contract for Private Development; and to introduce the ordinance authorizing the sale of the property. Wagner, Allendorf, Acomb, Wiersum, Bergstedt and Schneider voted “yes.” Ellingson voted “no.” Motion carried.

Schneider called a recess at 8:58 p.m.

He called the meeting back to order at 9:09 p.m.

C. Items related to the 2018 preliminary tax levy
1) Resolution setting a preliminary 2017 tax levy and preliminary 2017 HRA levy, collectible in 2018, and preliminary 2018 budget, and consenting to a special benefit tax levy of the Minnetonka Economic Development Authority
2) Resolution setting a preliminary 2017 tax levy, collectible in 2018, for the Bassett Creek Watershed Management Tax District

Barone gave the staff report.

Wiersum moved, Bergstedt seconded a motion to adopt resolution 2017-114 setting a preliminary 2017 tax levy and a preliminary 2017 HRA levy, collectible in 2018, and a preliminary 2018 budget, and consenting to a special benefit tax levy of the Minnetonka Economic Development Authority; and to adopt resolution 2017-115 setting a preliminary 2017 tax levy, collectible in 2018, for the Bassett Creek Watershed Management Tax District. All voted “yes.” Motion carried.

15. Appointments and Reappointments: None

16. Adjournment

Acomb moved, Wiersum seconded a motion to adjourn the meeting at 9:20 p.m. All voted “yes.” Motion carried.

Respectfully submitted,

David E. Maeda
City Clerk