Agenda
Minnetonka City Council
Regular Meeting, Monday, March 6, 2017
6:30 P.M.
Council Chambers

1. Call to Order
2. Pledge of Allegiance
3. Roll Call: Acomb-Wiersum-Bergstedt-Wagner-Ellingson-Allendorf-Schneider
4. Approval of Agenda
5. Approval of Minutes: None
6. Special Matters:
   A. Retirement recognition for Recreation Services Administrative Services Manager Lorry Mendez-Burns
   B. Presentation of 2017 Reflections Award
   C. Strategic Planning - Imagine Minnetonka summary and recommendations report
7. Reports from City Manager & Council Members
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 approving preliminary and final plats for a two-lot subdivision at 3900 Cottage Lane
    B. Resolution approving a conditional use permit for the expansion of a medical clinic at 10653 Wayzata Boulevard
    C. Resolution amending the city’s Water Resource Management Plan for a wetland generally located at 1555 Linner Road
D. Labor agreement between the city of Minnetonka and Law Enforcement Labor Services, Inc. – Dispatchers

11. Consent Agenda - Items Requiring Five Votes:
   A. Resolution approving a conditional use permit for accessory structures exceeding 1,000 square feet and 12 feet in height, and a variance to add a second curb cut, at 4142 Avondale Street

      Recommendation: Adopt the resolution approving the conditional use permit and variance

12. Introduction of Ordinances: None

13. Public Hearings:
   A. Resolution vacating a sump easement and drainage and utility easements located at 1555 Linner Road

      Recommendation: Hold the public hearing and adopt the resolution approving the vacations (5 votes)

   B. Temporary on-sale liquor license for Bet Shalom Congregation, 13613 Orchard Road

      Recommendation: Hold the public hearing and grant the license (5 votes)

   C. Temporary on-sale liquor license for The Mills Church, 13215 Minnetonka Drive

      Recommendation: Hold the public hearing and grant the license (5 votes)

   D. On-sale wine and on-sale 3.2% malt beverage liquor licenses for Greenfield Natural Kitchen, LLC, at 1700 Plymouth Road

      Recommendation: Continue the public hearing and grant the licenses (5 votes)

   E. Off-sale liquor licenses for Minnesota Fine Wine & Spirits, LLC, (DBA Total Wine) 14200 Wayzata Blvd.

      Recommendation: Open the public hearing and continue to May 1, 2017 (4 votes)

14. Other Business:
   A. Preliminary and final plats for a five lot subdivision at 5325 County Road 101, 5311 Tracy Lynn Terrace, and 5320 Spring Lane
Recommendation: Adopt the resolution approving the request (4 votes)

B. Concept plan review for Newport Midwest at 10400, 10500 and 10550 Bren Road East

Recommendation: Discuss concept plan with the applicant. No formal action required.

C. 2017 Assessment Report

Recommendation: Receive the report

15. Appointments and Reappointments: None

16. Closed Session

A. Closed session regarding sale of properties at 4292 Oak Drive Lane and 4312 – 4342 Shady Oak Road, pursuant to Minn. Stat. § 13D.05, subd. 3(c)

17. Adjournment
City Council Agenda Item #13A
Meeting of March 6, 2017

Description
Resolution vacating a sump easement and drainage and utility easements located at 1555 Linner Road.

Recommendation
Hold the public hearing and adopt the resolution approving the vacations

Proposal
In January 2017, the city council approved the preliminary plat of WOODLANDS AT LINNER. The plat established new easements along all new property lines. The applicant is now requesting the vacation of obsolete public drainage and utility easements and an obsolete sump easement. Currently, drainage and utility easements exist around the perimeter of the previous 1555 Linner Road, prior to its combination with adjacent properties to form its current configuration. For simplicity, the obsolete sump easement and obsolete drainage and utility easements would be vacated, and re-established by the WOODLANDS AT LINNER plat.

Staff Analysis
The requested vacation is reasonable as:

- There are no public utilities within the easement areas that would be vacated.
- The existing easement areas are obsolete.
- New easements would be dedicated within the WOODLANDS AT LINNER plat.

Staff Recommendation
Hold the public hearing and adopt the resolution vacating the easements on the property at 1555 Linner Road with the condition that the plat must be filed to enact the vacation of easements.

Submitted through:
Perry Vetter, Assistant City Manager
Julie Wischnack, AICP, Community Development Director
Loren Gordon, AICP, City Planner

Originated by:
Ashley Cauley, Senior Planner
Resolution No. 2017-
Resolution vacating a sump easement and drainage and utility easements at 1555 Linner Road

Be it resolved by the City Council of the City of Minnetonka, Minnesota, as follows:

Section 1. Background.

1.01 HPH Linner, LLC has petitioned the Minnetonka City Council to vacate a sump easement and drainage and utility easements at 1555 Linner Road.

1.02 The easements are legally described on Exhibit A and depicted on Exhibit B of this resolution.

1.03 City Charter Section 12.06 a hearing notice on said petition was published in the City of Minnetonka’s official newspaper and written notice was mailed to the owners of each abutting property and to all landowners in the plat.

1.04 On March 6, 2017, the City Council held a hearing on such petition, at which time all persons for and against the granting of said petition were heard.

Section 2. Standards.

2.01 Section 12.06 of the City Charter states that “No vacation shall be made unless it appears in the interest of the public to do so…”

Section 3. Findings.

3.01 The Minnetonka City Council makes the following findings:

1. There are no public utilities located within the easement.

2. There is no anticipated public need for the easement.
3. The vacation is not counter to the public interest.


4.01 The City Council vacates the above-described easements.

4.02 The vacations are only effective upon filing of the WOODLANDS AT LINNER plat.

Adopted by the City Council of the City of Minnetonka, Minnesota, on March 6, 2017.

__________________________
Terry Schneider, Mayor

Attest:

__________________________
David E. Maeda, City Clerk

Action on this resolution:

Motion for adoption:  
Seconded by: 
Voted in favor of: 
Voted against: 
Abstained: 
Absent: 
Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a meeting held on March 6, 2017.

__________________________
David E. Maeda, City Clerk
Exhibit A

All that part of those easements for drainage and utility purposes and all that part of those easements for sump purposes as described in documents numbered 4689115, 4692879 and 5928206 which lie over the following described parcel:

All that part of Lot 9, SUPERIOR BOULEVARD GARDENS, according to the recorded plat thereof, Hennepin County, Minnesota, described as follows:

Beginning at the southeast corner of said Lot 9; thence northerly along the east line of said Lot 9 a distance of 199.38 feet to the south line of the north 135.00 feet of said Lot 9; thence South 89 degrees 41 minutes 33 seconds West, assumed bearing, along the south line of the north 135.00 feet of said Lot 9 a distance of 110.07 feet; thence South 60 degrees 55 minutes 32 seconds West a distance of 178.21 feet; thence South 44 degrees 33 minutes 31 seconds West a distance of 31.89 feet; thence West a distance of 18.49 feet; thence South 60 degrees 55 minutes 32 seconds West a distance of 96.69 feet to line “A” hereinafter described; thence southeasterly along said line “A” to the south line of said Lot 9; thence easterly along south line to the point of beginning.

Said Line “A” is hereinafter described as follows:

Beginning at the intersection of the east line of the west 146.00 feet of said Lot 9 and the north line of the south 50.00 feet of said Lot 9; thence easterly along the north line of the south 50.00 feet of said Lot 9 a distance of 40.00 feet; thence southeasterly along a tangential curve, concave to the southwest having a radius of 165.00 feet and a central angle of 45 degrees 48 minutes 47 seconds a distance of 131.93 feet to the south line of said Lot 9 and said line “A” there terminating.
PROPOSED DESCRIPTION TO VACATE EASEMENT:

Said Line A is hereafter described as follows:

Beginning at the intersection of the east line of the east 160.00 feet of said lot 9 and the north line of the south 60.00 feet of said lot 9, thence south 49 degrees 7 minutes 11 seconds a distance of 184.8 feet, thence south 24 degrees 44 minutes 47 seconds a distance of 116.0 feet, thence south 20 degrees 11 minutes 14 seconds a distance of 131.5 feet to the point of beginning.

Exhibit B

Homestead Partners
City Council Agenda Item #13B
Meeting of March 6, 2017

**Brief Description**
Temporary on-sale liquor license for Bet Shalom Congregation, 13613 Orchard Road

**Recommendation**
Hold the public hearing and grant the license

**Background**

The city has received an application for a temporary on-sale liquor license from Bet Shalom Congregation for an annual fundraiser to be held on Saturday, April 29, 2017, at 13613 Orchard Road. The event will include food, silent auction and cash bar including wine and beer and will be held from 6:00-10:00 p.m.

The event will be open to all members of the congregation. Bet Shalom will ask for identification from guests and provide wristbands to anyone over age 21. Silent auction items will include alcohol in some of the baskets, so participants will be asked to verify that they are wearing a wristband prior to removing items from the event for the evening.

City liquor ordinances allow temporary on-sale liquor licenses to be issued to clubs and other charitable, religious, or not-for-profit organizations, subject to application, public hearing, and approval by the city council. Bet Shalom congregation has completed the license application, paid the $25 fee, and provided proof of insurance. They are a non-profit charitable organization, and are therefore eligible for a temporary liquor license.

Staff does not anticipate any difficulties in connection with serving alcohol at the event held on April 29, 2017.

**Recommendation**

Staff recommends the council hold the public hearing and grant the license.

Submitted through:
  - Perry Vetter, Assistant City Manager
  - Julie Wischnack, AICP, Community Development Director

Originated by:
  - Kathy Leervig, Community Development Coordinator
Location Map

Applicant:       Bet Shalom Congregation
Address:         13613 Orchard Road
DESCRIPTION OF EVENT

Bet Shalom’s annual fundraiser will be held on April 29, 2017 in the evening from 6-10 pm at our synagogue at 13613 Orchard Road, Minnetonka, MN. The event will be held in our Social Hall and Sanctuary and will include food, a silent auction, and a cash bar serving both beer and wine. The funds raised from this event go to support Bet Shalom’s ongoing program for congregants and outreach in the community.

Liquor served at the event will be purchased from a wholesaler OR donated by a congregant and delivered to the event the week prior. All bottles will be kept in a locked closet to ensure that it is not accessed at all prior to the event and to ensure that only those legally authorized to handle alcohol, do so. The pouring will be done by a member of the Spring Fundraiser committee who is over the age of 21, or by a professional bartender.

The event will be open to all members of the congregation, and because there is the possibility of having guests under the age of 21, we will be providing wristbands to all those wanting to partake as they enter the facility and show their ID to verify that they are of age. The server will ask to see a wristband proving that an individual has already been carded prior to serving him/her a drink.

The event will also include wine in the silent auction. All those participating in the silent auction will be checked for a wristband and the bottles of which will remain closed for the duration of the event and to travel home with the purchaser.

Additionally, there will be members of the Spring Fundraiser committee monitoring to ensure that any drinks that might be momentarily set down or abandoned are not picked up and consumed by a guest who is under the legal drinking age.

Additionally, all open bottles that are in the process of being served will be attended to by someone authorized to serve.
Working on a Dream... for Bet Shalom

Saturday, April 29th | 6pm
at Bet Shalom Congregation

Formal invitation to follow. Details at betshalom.org
Floor Plan

[Diagram with annotations:]
- Event room where alcohol will be consumed
- Locked
- Open
- Diagram indicating layout and features of the building.
City Council Agenda Item #13C  
Meeting of March 6, 2017

**Brief Description**  
Temporary on-sale liquor license for The Mills Church, 13215 Minnetonka Drive

**Recommendation**  
Hold the public hearing and grant the license

**Background**

The city has received an application for a temporary on-sale liquor license from The Mills Church for a silent auction fundraiser to be held on Sunday, April 23, 2017, at 13215 Minnetonka Drive. This is a youth sponsored event at the church that is raising funds to support mentoring programs, local and international service projects, student scholarships for camp, mission trips and leadership development retreats. The event will include appetizers, coffee, beer and wine and will be held from 6:30-8:30 p.m.

The event will be open to all community members as well as members of the congregation, provided they are over age 21. Some teenagers will be present at the event to work as servers of food and non-alcoholic beverages. All alcohol will be locked up prior to the event and specific adults will have responsibility to ensure that open containers or glasses with alcohol are removed from tables immediately if left unattended.

City liquor ordinances allow temporary on-sale liquor licenses to be issued to clubs and other charitable, religious, or not-for-profit organizations, subject to application, public hearing, and approval by the city council. The Mills Church has completed the license application, paid the $25 fee, and provided proof of insurance. They are a non-profit charitable organization, and are therefore eligible for a temporary liquor license.

This is the first request for a temporary liquor license for the church. Staff does not anticipate any difficulties in connection with serving alcohol at the event held on April 23, 2017.

**Recommendation**

Staff recommends the council hold the public hearing and grant the license.

Submitted through:  
Perry Vetter, Assistant City Manager  
Julie Wischnack, AICP, Community Development Director

Originated by:  
Kathy Leervig, Community Development Coordinator
Location Map

Applicant: The Mills Church
Address: 13215 Minnetonka Dr.
millsYOUTH is the student ministry of the Mills Church in Minnetonka, MN. millsYOUTH is dedicated to Mentoring, Leadership Development, Service, and Spiritual Formation of Middle and High School Students in the West Metro. This year millsYOUTH, representing over 80 teens, is raising funds to support our mentoring programs, local and international service projects, student scholarships for camp, mission trips and leadership development retreats.

What: millsYOUTH is raising funds to support its incredible work through a Gala/Silent Auction. Funding goal: $15,000.

When: April 23rd 2017

Where: The Mills Church
13215 Minnetonka Dr. 55305

Who: The Students will be serving community members, teachers, parents, and friends at this fantastic event. They will benefit from 100% of all donations.

Contact: Aaron Merritt, Pastor Senior High Youth; Dave Creek, Pastor of Middle School Youth @ 952-935-8636 or email: info@millschurch.org

What We are Asking of You
(Please consider the following)

Donate an Auction Item
potential items may include....
- Gift Card
- A Service
- One of your Products
- Something fun and generally awesome
- Cash Donations are accepted (make checks payable to the Mills Church - write MillsYouth in memo line)

Provide a few Business Cards and/or brochure. Your auction item will be identified with your business. We expect a couple hundred people to see and bid on your auction item. We would love your local business to be recognized and celebrated. Thank you for investing in young people!!

You will receive a tax-deductible gift-in-kind receipt from the Mills Church for your donation.
The Mills Church will be hosting a silent auction fundraiser on Sunday April 23rd from 6:30pm – 8:30pm. There will be appetizers and coffee drinks served. The proceeds will go to support the operating budget for the middle school & sr high ministry at Mills Church.  
We will be soliciting various donors to help with donating bottles of wine and beer for the event. It will be stored and locked away, on site, before the event.

In order to keep alcohol out of the hands of minors during our even we plan on having all alcohol stored in a locked closet. We will be serving Beer and wine from behind a counter and will be served by Adults over 40 who will be checking ID’s. We will also have 2 adults who’s sole responsibility during the evening will be to monitor glasses or bottles left or unattended on tables. They will be instructed to bus any unattended glasses or bottles immediately. There will be a limited number of underage students at the event as this is an adults only event. The teens present will be helping do specific jobs under supervision.
Site Plan
City Council Agenda Item #13D
Meeting of March 6, 2017

Brief Description
On-sale wine and on-sale 3.2% malt beverage liquor licenses for Greenfield Natural Kitchen, LLC, at 1700 Plymouth Road

Recommendation
Continue the public hearing and grant the licenses

Background
The city has received an application from Greenfield Natural Kitchen, LLC for On-Sale Wine and On-Sale 3.2% Malt Beverage liquor licenses for a new restaurant in the building at 1700 Plymouth Road.

Greenfield is a health food restaurant that is between fast food and casual dining. It combines the speed and convenience of counter service with the amenities and aesthetics of casual dining.

Business Ownership
Greenfield Natural Kitchen, LLC is owned by Doug Sams. Mr. Sams founded D Brian’s Deli Corp in 1987 and currently operates seven D Brian’s locations throughout the Twin Cities. In addition to D Brian’s Deli, he owns and operates two Greenfield Natural Kitchen locations in Minneapolis. He is proposing to open the third location in Minnetonka.

Business Operations
The restaurant will occupy approximately 2,600 square feet of the existing building and will allow seating for approximately 60 guests. The restaurant will be open for lunch and dinner, Sunday thru Saturday, 11am-9pm.

The applicant is proposing to install a computer controlled beer and wine system (ipourit) for registered users who would self-pour their beer and wine. The system operates in the following manner:

- The system is regulated by a beverage ambassador which is always on duty and is responsible for the safe and legal operation of the computer controlled self-pour system.
- The alcohol critical control point is the ambassador’s workstation that includes the computer controls, the point of sale system, the electronic age verification system, the clean glasses and the self-pour taps.
By default, all taps are always locked by computer control—no employee or customer can ever open any tap without computer authorization.

Computer authorization requires a valid ID and a credit card. The ambassador will examine the ID, check the photo against the patron, and then swipe the ID electronically to verify the patron's age. If everything is acceptable, the ambassador will assign a unique radio frequency identification wristband (RFID) bracelet to the Registered User.

Only registered users can unlock taps, and only one tap at a time can be unlocked. This is accomplished by holding the RFID bracelet in close proximity to the chosen tap's computer tablet.

The computer tablet knows who has unlocked the tap, when it was unlocked, what they are pouring, how much they are pouring, and how much to charge to the user's bill.

The computer tablet has many safety controls and allows restaurant management to place a daily limit on how much alcohol a customer can pour before the customer's RFID bracelet is deactivated. The owner has determined that three pints (48 ounces) of beer or three servings of wine (17.8 ounces) will be the daily limit set for customers. If a customer decides to interchange beer and wine, the system will keep track of the allowed daily amount by using a “multiplier factor” that will record every ounce of wine as 2.7 ounces toward the daily limit.

No customer is allowed to refill a used glass. All refills must go into a clean glass that is provided by the ambassador - this critical control point prevents authorized users from giving their RFID bracelet to someone who is underage or otherwise not authorized.

When the authorized user wants to tab out, they return the RFID bracelet to the ambassador who presents the final bill to the customer.

Greenfield's computer controlled self-pour system is different than traditional bartender-pour arrangements because it has many controls that traditional arrangements lack. All ID'S are electronically verified, all users have to be registered before they can pour a drink, all users are limited to a pre-determined amount of alcohol and all refills need to go through the Ambassador.

Projected food to liquor ratio will be 87% food and 13% alcohol.

Mr. Sams will also serve as the general manager. He resides in Medina and meets the metro-area residency requirements of the city’s liquor ordinance.

Staff will go through alcohol server training, using TIPS (Training for Intervention Procedures) to ensure responsible sale and consumption of alcohol.
Subject: Greenfield Natural Kitchen, LLC

Applicant Information

Application information and license fees have been submitted. The police department’s investigative report on this application is complete and will be forwarded separately to the council.

Additional Information since the February 6 Council Meeting

Following the February 6 council meeting, the applicant met with staff to discuss additional measures that could be used to help ensure the business is successful with the self-pour system. Staff provided suggestions to the owner based on discussions with the police chief and city attorney. Some of those suggestions are listed in the conditions of approval in the recommendation section. The owner provided additional information defining the self-dispensing alcohol process which outlines prevention and education, controlled access and management. This information will be incorporated into the job manual for Greenfield Natural Kitchen employees.

Recommendation

Staff is recommending that the city council continue the public hearing from February 6, 2017 and grant the licenses with the following conditions of approval:

1) Minnetonka Police staff will participate in pre-education of Greenfield Natural Kitchen employees to ensure understanding of liquor compliance
2) The police department will conduct two unannounced compliance checks during the first year
3) Mandatory participation in the City of Minnetonka’s Best Practices Program the first year
4) Staff will report any findings as part of the license renewal later this year as recommendations for changes if necessary.

Submitted through:
   Perry Vetter, Assistant City Manager
   Julie Wischnack, AICP, Community Development Director

Originated by:
   Kathy Leervig, Community Development Coordinator
applicant: Greenfield Natural Kitchen, LLC
Address: 1700 Plymouth Rd.
Greenfield Natural Kitchen  
Definition of Self Dispensing Alcohol Process  
February 2017

Prevention and Education:

- All Ambassadors and front of house employees must complete T.I.P.S. training
- The business will participate in the city of Minnetonka Best Management Program

Controlled Access:

- Every customer who wishes to pour a beer or wine must present a valid ID for visual and electronic age verification in order to receive an RFID Bracelet
- Access to computer controlled beer and wine system is limited to registered users only
- The system will not operate unless an ID has been swiped and the age verified to be 21+
- All refills must go into a clean glass that will be provided by the Ambassador
- The customer must be wearing their bracelet ambassador must be able to recall that the person with the bracelet has already been ID checked.
- Following a shift change, the Ambassador must check ID’s for all customers asking for a refill
- In the event of an ID that does not swipe (Military ID or passport), only the manager will have the authority to override the system.
- No employee may pour or consume alcohol while on duty

Management:

- The Manager and the Ambassador are both responsible for the safe and legal consumption of alcohol in the dining room.
- All other employees, including customer facing cooks, must report suspicious behavior to the manager or Ambassador
- Only persons with an RFID Bracelet on their wrist may consume alcohol.
- Any employee who witnesses a customer consuming alcohol without a wrist band must report this immediately to the manager and the Ambassador
- No intoxicated customers will be allowed to pour or consume alcohol
- Every negative situation must be recorded on the Manager Event Log including names, ID’s, license plates, witness information, officer’s name, etc.
- Any customer who shows signs of being intoxicated must be reported to the manager immediately
- It is the responsibility of the Ambassador to refuse service to anyone who appears Intoxicated
- A nine-camera security system will be in place to monitor the behavior of employees and customers. It is intended to be conspicuous to inhibit bad behavior
Greenfield Natural Kitchen Business Plan  
1700 Plymouth Rd, Minnetonka, MN 55305

This business plan describes a new restaurant that proposes to provide craft beer and wine for on-sale consumption.

The restaurant is known for healthy food such as salads and stir-fry and hopes to attract educated and affluent adult patrons. It is projected that food will be 87% of sales and beer / wine will be 13%. Operating hours are Sunday through Saturday from 11am – 9pm. There is no dancing, no live entertainment, and no amplified music except for the ceiling speakers that emit ambiance level sound.

The restaurant is ‘limited service’ like Panera and will not have table service from waiters and waitresses. Customers will order from iPads or on their smartphone.

The menu is still in development but will be organized under these four categories:

- Salads using whole grains and greens including some organic and local ingredients.
- Stir-Fry dishes using home made ingredients
- Sandwiches and tacos using smoke turkey, pork, beef and chicken
- Indulgent desserts using organic ice cream, berries, honey and homemade whipped cream

The restaurant’s food will be served in china and customers will use flatware for their eating utensils. Food packaging for take-out items will be recyclable or compostable. We do not foresee any issues with maintaining an attractive appearance with respect to graffiti, litter or refuse. There will be a trash container on the sidewalk outside the entrance.

Restaurant sales are expected to be 70% dine-in and 30% take out.
City Council Agenda Item #13E
Meeting of March 6, 2017

Brief Description
Off-sale liquor licenses for Minnesota Fine Wine & Spirits, LLC, (DBA Total Wine) 14200 Wayzata Blvd.

Recommendation
Open the public hearing and continue to May 1, 2017

Background

The city has received an application from Minnesota Fine Wines & Spirits, LLC (DBA Total Wine) for an off-sale intoxicating liquor license, for use at 14200 Wayzata Blvd.

In 2016, the applicant applied for an off-sale liquor license at the shopping center containing Whole Foods and Office Depot on Plymouth Road. At that time, the proposal included purchasing assets of the Big Top Liquor store. At the September 12 city council meeting, the council voted on the request from Total Wine for an off-sale liquor license. The motion to grant the license failed with a vote of 4 in favor and 3 opposed. Since a supermajority of 5 was needed to grant the license, no license was approved.

Current Application

The applicant submitted a new application in February proposing a new location in the former Golfsmith site at Ridgedale Festival Center near Toys “R” Us at 14200 Wayzata Blvd.

The application continues to include the purchase of assets of Big Top Liquor, and now includes the additional purchase of a liquor store in Minnetonka, US Liquor & Wine, located in the Country Village Shopping Center (Hwy 7/Co Rd 73) with the intent of closing those businesses.

The purchase agreement for Big Top Liquor was established with the previous application. Big Top Liquor confirmed their agreement with Minnesota Fine Wine & Spirits, LLC. US Liquor & Wine provided a letter of intent for the purchase of assets while still working through the final details of the purchase agreement. A liquor license is not transferable or available for purchase. Because a business may not purchase or “buy” a license, Minnesota Fine Wine & Spirits, LLC is required to apply and obtain their own license. The lease with KIR Minnetonka, L.P., the landlord for Ridgedale Festival Center, is contingent upon city council approval of the liquor license.

Business Ownership

Minnesota Fine Wines & Spirits, LLC ("Applicant") is a Minnesota limited liability company. It has two classes of members, which are Class A and Class B. The Class A
members are David J. Trone and Robert L. Trone. Each of the Class A members owns a 5% membership interest.

Effective January 30, 2017, David and Robert Trone have relinquished their positions as officers of Minnesota Fine Wines & Spirits, LLC. David Trone and Robert Trone each remain a Class A Member of the Applicant, each owning 5%. Kevin A. Peters is now the President/CEO and Thomas A. Haubenstricker is the Secretary/Treasurer. Both Mr. Peters and Mr. Haubenstricker are employees of the Total Wine organization. Mr. Peters and Mr. Haubenstricker have submitted applications for background checks, which are pending with the police department.

Since the prior application was submitted, and effective January 29, 2017, four of the five trusts which comprise the Class B Members have merged for tax purposes into trusts with the same trustees and beneficiaries.

The Class B members are five trusts, each of whose membership interest has a limited right to vote, all exercised by the trustees (who are over 21 years of age) and not the beneficiaries. The beneficiaries of the trusts are the children of David Trone and Robert Trone. The trusts are passive investors, are not involved in the operations of the business and have very limited voting rights, such as only on selling the business to third parties.

The Beneficiaries have no control over the applicant, the trusts, the management or the operation of applicant’s business.

The ownership structure is listed below:

<table>
<thead>
<tr>
<th>Class A Members</th>
<th>Ownership %</th>
</tr>
</thead>
<tbody>
<tr>
<td>David J. Trone</td>
<td>5%</td>
</tr>
<tr>
<td>Robert L. Trone</td>
<td>5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Class B Members</th>
<th>Ownership %</th>
</tr>
</thead>
<tbody>
<tr>
<td>MCT 2013 LLC Receiving Trust</td>
<td>11.25%</td>
</tr>
<tr>
<td>JET 2013 LLC Receiving Trust</td>
<td>11.25%</td>
</tr>
<tr>
<td>NRT 2013 LLC Receiving Trust</td>
<td>11.25%</td>
</tr>
<tr>
<td>RTJ 2013 LLC Receiving Trust</td>
<td>11.25%</td>
</tr>
<tr>
<td>SPT 2013 Trust</td>
<td>45.00%</td>
</tr>
</tbody>
</table>

**Business Operations**

Hours of operation are proposed from 9:00 a.m. to 10:00 p.m., Monday through Saturday. If state law changes allowing Sunday sales, that would prompt a review of all off-sale licenses. A final floor plan has not been submitted as the lease is still in negotiation, but typically includes a retail floor area, a classroom for consumer and employee education, and a small stock room.

Each store employs about 50 employees. At any given time during the day, 15-20
employees are in the store. A store manager or assistant manager is present in the store at all times during retail hours.

Total Wine’s application identifies safeguards against under-age sales by carding all customers. In addition, all employees undergo alcohol awareness training online through SureSellNow.com, both immediately after employment and annually thereafter.

**City Council Policy 6.1**

The city council has established a policy that will consider the following criteria prior to issuing liquor licenses:

*Off-sale establishments provide intoxicating liquor that will be consumed in environments that are not monitored. An increase in the number of those outlets increases the access to liquor, contributes to public safety concerns, and detracts from the desired image of the city. Accordingly, the city council determines that the 12 off-sale intoxicating liquor licenses existing as of March 22, 2010 are generally adequate to serve the city. However, the council reserves the right not to issue any license even if the number falls below 12. Despite this maximum number, the council will consider, but not necessarily approve, additional off sale intoxicating liquor licenses only if the council finds in its sole discretion that the business:

- offers a distinctive specialty service, or
- is a complementary part of a business that would add positively to the experience of living and working in the city; or
- is part of a village center that is not currently served.*

Currently, the council has approved 14 off-sale liquor licenses. Eleven of those licenses are stand-alone liquor stores and two are for 3.2% malt beverage licenses (Target on Co Rd 101 & Glenn’s 1-stop on Minnetonka Blvd). The additional off-sale license was issued to Unmapped Brewing LLC in October 2016 for an off-sale license for growlers. Unmapped Brewing is still in the process of building out the site. If Big Top Liquors and US Liquor & Wine close, the total number of stand-alone liquor stores will be 9 within the city. The current list of off-sale license holders include the following establishments:

<table>
<thead>
<tr>
<th>#</th>
<th>Establishment – Full Service Liquor Stores</th>
<th>Address</th>
<th>Square Footage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Big Top Liquors</td>
<td>12937 Ridgedale Dr</td>
<td>8,465</td>
</tr>
<tr>
<td>2</td>
<td>Byerlys Wines &amp; Spirits</td>
<td>13081 Ridgedale Dr</td>
<td>3,844</td>
</tr>
<tr>
<td>3</td>
<td>Glen Lake Wine &amp; Spirits</td>
<td>14704 Excelsior Blvd</td>
<td>3,200</td>
</tr>
<tr>
<td>4</td>
<td>Haskell's</td>
<td>12900 Wayzata Blvd</td>
<td>8,100</td>
</tr>
<tr>
<td>5</td>
<td>MGM Wine &amp; Spirits</td>
<td>4795 Co Rd 101</td>
<td>10,400</td>
</tr>
<tr>
<td>6</td>
<td>Strong Liquor</td>
<td>11048 Cedar Lake Rd</td>
<td>2,305</td>
</tr>
<tr>
<td>7</td>
<td>Sundial Wine &amp; Spirits</td>
<td>5757 Sanibel Dr</td>
<td>3,480</td>
</tr>
<tr>
<td>8</td>
<td>The Wine Shop</td>
<td>17521 Minnetonka Blvd</td>
<td>4,500</td>
</tr>
<tr>
<td>9</td>
<td>Tonka Bottle Shop</td>
<td>17616 Minnetonka Blvd</td>
<td>3,244</td>
</tr>
<tr>
<td>10</td>
<td>Trader Joe’s</td>
<td>11220 Wayzata Blvd</td>
<td>2,200</td>
</tr>
</tbody>
</table>
Meeting of March 6, 2017

Subject: Off-sale liquor licenses for Minnesota Fine Wine & Spirits, LLC

Total Wine Metro Locations

Total Wine has opened several locations in the metro area, most recently in Eagan. The square footage of each location is listed below, noting that the proposed lease is for 25,775 square feet with the future right to 2 adjoining spaces (an additional 2,516 square feet) if the current tenant (Kids Hair) relocates. The applicant has not included the adjoining space on the current application and any proposed expansion would require additional review by the city council for an amended licensed premise.

<table>
<thead>
<tr>
<th>Location</th>
<th>Square Footage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bloomington</td>
<td>17,310</td>
</tr>
<tr>
<td>Woodbury</td>
<td>20,517</td>
</tr>
<tr>
<td>Roseville</td>
<td>21,166</td>
</tr>
<tr>
<td>Chanhassen</td>
<td>23,520</td>
</tr>
<tr>
<td><strong>Minnetonka (Proposed)</strong></td>
<td><strong>25,775</strong></td>
</tr>
<tr>
<td>Eagan</td>
<td>26,266</td>
</tr>
<tr>
<td>Burnsville</td>
<td>28,687</td>
</tr>
<tr>
<td>Maple Grove</td>
<td>29,981</td>
</tr>
</tbody>
</table>

Land Use/Zoning

The retail site does not require zoning or land use approvals such as conditional use permits or site and building plan review as this is an allowed use in the zoning district. The interior work will require building and sign permits.

Traffic and Parking

A traffic study has been ordered to evaluate existing and anticipated peak hour operations. More information will be provided to the council at the May meeting.

Proposal Feedback

Staff has provided a public notice to the surrounding property owners (97 notices), all current off sale liquor license holders, the Minnesota Licensed Beverage Association, posted information on the city’s web site and placed a notification sign on the property.

Recommendation

Application information and license fees have been submitted. Staff recommends that the city council open the public hearing and continue the hearing to May 1, 2017.

Submitted through:
  Perry Vetter, Assistant City Manager
Meeting of March 6, 2017
Subject: Off-sale liquor licenses for Minnesota Fine Wine & Spirits, LLC

Originated by:
Julie Wischnack, AICP, Community Development Director
Kathy Leervig, Community Development Coordinator

Additional Information

July 1, 2015 Study Session Report


July 13, 2015 Meeting Minutes – Page 11
SIRI ENTERPRISES
11333 Highway 7
Minnetonka, MN 55305

February 16, 2017

City of Minnetonka
Attention: Kathy Leervig
Community Development Coordinator
14600 Minnetonka Blvd.
Minnetonka, MN 55345

Re: Off Sale Liquor License No. OEI-15

Dear Ms. Leervig:

As you know, Siri Enterprises LLC ("Siri") is the licensee pursuant to that certain Minnetonka, Minnesota Off Sale Liquor License No. OEI-15 ("Existing License"), for the operation of an off-sale retail liquor store operating under the name of "US Liquor & Wine" ("Business") located at 11333 Highway 7, in Minnetonka, Minnesota ("Premises").

Please be advised that Siri is negotiating an Asset Purchase Agreement ("Purchase Agreement") with Minnesota Fine Wines & Spirits, LLC ("Buyer") to sell certain assets of Siri related to the Business. The Purchase Agreement is contingent upon Buyer obtaining a new liquor license for the off-sale/retail sale of alcoholic beverages from the City of Minnetonka ("New License").

Please also be advised that if the Purchase Agreement is executed and the New License is obtained and the sale contemplated by the Purchase Agreement is consummated, Siri will relinquish the Existing License to the City, effective as of the closing of the sale pursuant to the Purchase Agreement ("Closing Date").

Please also be advised that as of such Closing Date, Siri will have terminated the operation of business as US Liquor & Wine at the Premises and will not operate for business within the City of Minnetonka under, pursuant to, or in connection with the Existing License, in any manner whatsoever and/or at any location.

If you have questions, please let me know.

Very truly yours,

SIRI ENTERPRISES LLC

By  
Ravikumar Jasthi, Chief Manager
I'd like to voice my support for Total Wines
"New " application for a liquor license at the former Golfsmith location in Minnetonka.
I believe the new site eliminates the "traffic " concerns of the 1st location. The purchase of "2" additional liquor stores by Total Wine would leave the city with a " net loss " of one liquor license. This, I believe, should alleviate concern by the dissenters on the 1st vote that the city " is adequately served".
I hope this email will be shared with all of the Council.
Warm regards
Dave Dunn
2320 Rivendell Ln
Mtka Mn 55305

Sent from my iPhone
Hi Kathy,

I just wanted to take this opportunity to tell you how very happy I am as new business owner in Minnetonka to learn about the Total Wine request for the Ridgedale Festival Shopping Center.

My business, Naturepedic Organic Mattress Gallery is also located in the Ridgedale Shopping Center and I am thrilled to learn that such a great brand that draws so many people, 7 days a week (now!), will be my new neighbor.

Although many of us who enjoy the adult beverages that Total Wine sells will continue to support our longtime friends at Haskells, as a business owner, I know this is a good thing for the overall climate of the Ridgedale area and Minnetonka, in general to have Total Wine as a local business that can cater to those that want convenient choices and are in our location.

The customer base that I target will also shop at Total Wine and the added traffic will likely be a major benefit to me as a new small business.

Please let me know if I can be of any other help in this matter.

Thank you,

Karna Hatzigeorgiou
Naturepedic Organic Mattress Gallery
Owner/Operator
14200 Wayzata Blvd
Minnetonka MN
Brief Description
Preliminary and final plats for a five lot subdivision at 5325 County Road 101, 5311 Tracy Lynn Terrace, and 5320 Spring Lane

Recommendation
Adopt the resolution approving the request

Background
In June 2015, the city council approved the preliminary plat of SAVILLE WEST. The plat, which involved seven existing lots, proposed to create twelve lots. Seven R-1A lots would be accessed via a new cul-de-sac and five R-1 lots would access Spring Lane.

In September 2015, the city council approved the final plat of SAVILLE WEST. The final plat was not recorded.

In August 2016, the city council approved a twelve-month extension of the SAVILLE WEST final plat. The final plat has yet to be recorded.
Proposal

Lakewest Development has decided not to move forward with development of the R-1A portion of the previously approved plat at this time. Rather, they have submitted new preliminary and final plats. The submitted plats involve the division of three existing lots into five new lots. Two existing homes would remain on two of the lots and three new home sites would be created on Spring Lane. Essentially, the proposed plat would result in the creation of the three Spring Lane lots previously approved in the SAVILLE WEST subdivision.

Planning Commission Hearing

The planning commission considered the request on January 5, 2017. The commission report and associated plans are attached. Staff recommended approval of the preliminary and final plats for two reasons:

1. The proposed lots would meet all R-1 lot standards as outlined in the subdivision and zoning ordinances.

2. The proposal would meet the standards of the tree ordinance.

A public hearing was opened to take comment. Two residents addressed the commission, voicing their significant concern regarding the upkeep of the existing, vacant home at 5311 Tracy Lynn Terrace and their disappointment that the city would approve a plat given these conditions. The commission then asked questions and discussed the proposal. The commission concurred with the staff recommendation.

Planning Commission Recommendation

On a 6-0 vote, the commission recommended the city council approve the preliminary and final plats. Meeting minutes are attached.

Since Planning Commission Hearing

Several things have occurred since the planning commission’s hearing on the applicant’s request:

1. Staff inspected the property at 5311 Tracy Lynn Terrace on January 6th, the day after the planning commission meeting. Though area residents noted several
areas of concern, staff found just one code-defined nuisance: several holes in the siding near the front door. The applicant/owner was notified of the nuisance violation on January 9th. Subsequent staff inspections found that the area has been repaired and, though not matching other siding on the home, is now in compliance with the ordinance.

2. The city manager, community development director, and environmental health supervisor met with area residents on January 25th. Following the meeting, residents raised other possible nuisance violations on other properties owned by the applicant.

3. Staff inspected the various properties on January 30th and found accumulated debris, construction materials, and portable storage containers on the property at 5325 County Road 101. The applicant/owner was notified of the nuisance violations that day. Subsequent staff inspections found that these items have been removed and the area is now in compliance with the ordinance.

Staff Recommendation

Staff recommends the city council adopt the resolution approving the preliminary and final plats for a five lot subdivision at 5325 County Road 101, 5311 Tracy Lynn Terrace, and 5320 Spring Lane.

Through: Perry Vetter, Assistant City Manager
Julie Wischnack, AICP, Community Development Director

Originator: Susan Thomas, AICP, Assistant City Planner
Brief Description  Preliminary and final plats for a five lot subdivision at 5325 County Road 101, 5311 Tracy Lynn Terrace, and 5320 Spring Lane.

Recommendation  Recommend the city council adopt the resolution approving the preliminary and final plats.

Background

In June 2015, the city council approved the preliminary plat of SAVILLE WEST. The plat, which involved seven existing lots, proposed to create twelve lots. Seven R-1A lots would be accessed via a new cul-de-sac and five R-1 lots would access Spring Lane.

In September 2015, the city council approved the final plat of SAVILLE WEST. The final plat was not recorded.

In August 2016, the city council approved a twelve-month extension of the SAVILLE WEST final plat. The final plat has yet to be recorded.
Proposal Summary

Lakewest Development has decided not to move forward with development of the R-1A portion of the previously approved plat at this time. Rather, they have submitted new preliminary and final plats. The submitted plats involve the division of three existing lots into five new lots. Two existing homes would remain on two of the lots and three new home sites would be created on Spring Lane. Essentially, the proposed plat would result in the creation of the three Spring Lane lots previously approved in the SAVILLE WEST subdivision.

Primary Questions and Analysis

A land use proposal is comprised of many details. In evaluating a proposal, staff first reviews these details and then aggregates them into a few primary questions or issues. The following outlines both the primary questions associated with SAVILLE WEST and staff’s findings.

- **Are the proposed lots reasonable?**

  Yes. In conjunction with the review and approval of the SAVILLE WEST subdivision, the city approved rezoning of a portion of the site to R-1A. However, various required legal documents, final construction plans, and financial guarantees were never submitted. The city did not publish or record the rezoning ordinance pending receipt of the required items. As such, the properties retain their R-1 zoning.

  The proposed lots would meet all R-1 lot standards as outlined in the subdivision and zoning ordinances.

<table>
<thead>
<tr>
<th>LOT</th>
<th>AREA</th>
<th>WIDTH</th>
<th>DEPTH</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Buildable</td>
<td>ROW</td>
</tr>
<tr>
<td>CODE</td>
<td>22,000 sq.ft.</td>
<td>3,500 sq.ft.</td>
<td>80 ft / 65 ft cul-de-sac bulb*</td>
</tr>
<tr>
<td>1</td>
<td>22,050 sq.ft.</td>
<td>5,930 sq.ft.</td>
<td>95 ft</td>
</tr>
<tr>
<td>2</td>
<td>22,055 sq.ft.</td>
<td>5,975 sq.ft.</td>
<td>115 ft</td>
</tr>
<tr>
<td>3</td>
<td>22,100 sq.ft.</td>
<td>4,145 sq.ft.</td>
<td>150 ft</td>
</tr>
</tbody>
</table>
**Subject: SAVILLE WEST “REPLAT”, Tracy Lynn Terrace and Spring Lane**

- **Lot 5 has frontage on a code defined cul-de-sac bulb**

- **Are the anticipated site impacts acceptable?**

  Yes. A new grading plan was not submitted with the current application. Rather, staff evaluated the general grading plan submitted for SAVILLE WEST. That plan suggests some grading and tree removal would occur to accommodate the three new homes along Spring Lane. Generally, fill would be added to the east side of the lots in the location of proposed driveways and at the front of the proposed homes. This earthwork would result in removal or significant impact to a total of 20 or 15% of the high-priority trees.

  To meet city and Riley Purgatory Bluff Creek Watershed district stormwater rules, stormwater management practices must be constructed to account for all impervious surface on the entirety of the site; this includes the two properties on which two existing homes would remain. The practices could include individual infiltration basins or a larger stormwater system. To address stormwater management, and the grading and associated tree removal, the resolution contains the following as conditions of approval:

  - A specific stormwater management plan for the entirety of the plat must be submitted for review and approval prior to release of the final plat. Removal of high-priority trees will not be permitted to accommodate stormwater management on lots where existing homes will remain; and

  - Financial security must be submitted to ensure construction and functionality of all stormwater practices.

**Summary Comments**

Though the city previously reviewed and approved a much larger subdivision for the general area, and a though subdivision consistent with that previously plan may again be proposed in the future, the city must review the current proposal as its own “standalone” subdivision request. While the previous approvals on the site add complexity to the properties’ history, the proposed subdivision itself is quite straightforward.
Staff Recommendation

Recommend that the city council adopt the resolution approving the preliminary and final plats for a five lot subdivision generally located at the southeast quadrant of the County Road 101/Excelsior Boulevard intersection.

Originator: Susan Thomas, AICP, Assistant City Planner
Through: Loren Gordon, AICP, City Planner
### Supporting Information

#### Surrounding Land Uses

<table>
<thead>
<tr>
<th>Direction</th>
<th>Land Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northerly</td>
<td>Excelsior Boulevard and public library beyond</td>
</tr>
<tr>
<td>Easterly</td>
<td>Single-family residences and public property beyond</td>
</tr>
<tr>
<td>Southerly</td>
<td>Single-family residences</td>
</tr>
<tr>
<td>Westerly</td>
<td>County Road 101 and single-family residences beyond.</td>
</tr>
</tbody>
</table>

#### Planning

<table>
<thead>
<tr>
<th>Planning</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Zoning:</td>
<td>R-1</td>
</tr>
<tr>
<td>Guide Plan designation:</td>
<td>low-density residential</td>
</tr>
</tbody>
</table>

#### Zoning and Vacations

In conjunction with the review and approval of the SAVILLE WEST subdivision, the city approved a rezoning of a portion of the site to R-1A. However, various required legal documents, final construction plans, and financial guarantees were never submitted. The city did not publish or record the rezoning ordinance pending receipt of the required items. As such, the properties retain their R-1 zoning. Similarly, the city approved vacation of portions of existing right-of-way and drainage and utility easements. However, as a condition of the approval, the vacations were valid only upon the proper filing of SAVILLE WEST. As the plat was never filed, the right-of-way and easements remain in place.

#### Existing Site

The existing site is generally located at the southeast quadrant of the County Road 101/Excelsior Boulevard intersection. It is comprised of five properties and is roughly 3.85 acres in area. The high points of the site are situated adjacent to County Road 101 and Spring Lane. From these points, the topography slopes downward in all directions; the maximum change in grade is 22 feet. A manage 1 wetland is located in the northerly portion of the site and mature trees are located throughout. The site’s primary trees species include elm, boxelder, ash, cedar and spruce.

#### Natural Resources: Existing

- **Topography.** Though several areas of the site are visually steep, they are not considered “steep slope” by city code definition. By city code, a “steep slope” is one that: (1) has an average grade of 20% or greater; (2) covers an area at least 100 feet in width; and (3) rises at least 25 feet. If a slope does not meet all three of these standards it is not considered “steep” for the purposes of development and construction regulation. There is no portion of the property
that rises over 25 feet. As such, no area of the property is defined as a “steep slope.”

- **Trees.** The site does not include a woodland preservation area. However, it contains many mature deciduous and coniferous trees including elm, boxelder, ash, cedar and spruce. Of the 252 regulated trees within the currently proposed plat, 136 are defined as high-priority and 116 as significant.

- **Wetland.** There is a roughly 22,000 square foot, Manage I wetland partially located on the site.

### Natural Resources: Impact

To accommodate the proposed plat, site changes will be necessary.

- **Topography and Grading.** A new grading plan was not submitted with the current application. Rather, staff evaluated the grading shown on the previously approved Spring Lane lots. This previous plan suggests fill would be added to the east side of the lots in the location of proposed driveways and at the front of the proposed homes.

- **Trees.** Based on the previously submitted grading plan, several high-priority and significant trees would be removed from the site.

<table>
<thead>
<tr>
<th></th>
<th>Existing</th>
<th>Removal</th>
<th>% Removed</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Priority</td>
<td>136</td>
<td>20</td>
<td>14.7%</td>
</tr>
<tr>
<td>Significant</td>
<td>116</td>
<td>30</td>
<td>25.9%</td>
</tr>
</tbody>
</table>

It is important to note that the currently proposed subdivision is benefiting from the fact that no impacts are proposed, or will be allowed, to high-priority trees on the two properties on which existing homes are remaining. If subdivision is proposed off of Tracy Lynn Terrace in the future, consistent with the previously reviewed SAVILLE WEST subdivision, that future subdivision would be evaluated based *only upon the property included in the subdivision itself*. The trees on the currently proposed Spring Lane lots would not count “for” or “against” that future subdivision.
• **Wetland.** No alterations are proposed.

**Stormwater**

The proposed subdivision must meet both the city’s stormwater rule, as well as the standards of the Riley-Purgatory-Bluff Creek Watershed District.

1. **Volume Control:** On-site retention of one inch of runoff over the site’s impervious surface is required.

2. **Rate Control:** Peak flow rates must be limited to those of the existing rates for the 2-, 10-, and 100-year events at all points where stormwater leaves the site.

3. **Water Quality:** Stormwater must be treated to remove at least 60% of total phosphorus and 90% of total suspended solids (TSS).

**Outside Agencies**

The applicant’s proposal has been submitted to various outside agencies for review, including Hennepin County and Riley-Purgatory-Bluff Creek Watershed District.

**Neighborhood Comments**

The applicant has hosted two neighborhood meetings and the city has sent notice to 88 area property owners. The city has received no written comments to date.

**Pyramid of Discretion**

**Motion Options**

The planning commission has three options:

1. Concur with the staff recommendation. In this case, a motion should be made recommending the city council adopt the resolutions approving the plats.

2. Disagree with staff’s recommendation. In this case, a motion should be made recommending the city council deny the
proposal. This motion must include a statement as to why denial is recommended.

3. Table the request. In this case, a motion should be made to table the item. The motion should include a statement as to why the request is being tabled with direction to staff, the applicant, or both.

**Voting Requirement**  The planning commission will make a recommendation to the city council. A recommendation for approval requires an affirmative vote of a simple majority. The city council's final approval requires an affirmative vote of a simple majority.

**Deadline for Decision** March 14, 2017
LOCATION MAP
SAVILLE 2ND ADDITION
TRACY LYNN TERRACE/SPRING LANE
#14002.16b

This map is for illustrative purposes only.
CURRENT PROPOSAL
Resolution No. 2017-

Resolution approving the preliminary and final plats for a five lot subdivision located at 5325 County Road 101, 5311 Tracy Lynn Terrace, and 5320 Spring Lane

Be it resolved by the City Council of the City of Minnetonka, Minnesota, as follows:

Section 1. Background.

1.01 In June 2015, the city council approved the preliminary plat of SAVILLE WEST. The twelve lot plat was presented by Lakewest Development and involved seven existing lots generally located at the southeast corner of the County Road 101/Excelsior Boulevard intersection. As approved, seven new R-1A lots would be accessed via a new cul-de-sac and five R-1 lots would access Spring Lane.

1.02 In September 2015, the city council approved the final plat of SAVILLE WEST. The final plat was not recorded.

1.03 In August 2016, the city council approved a twelve-month extension of the SAVILLE WEST final plat. The final plat has yet to be recorded.

1.04 Lakewest Development has decided not to move forward with development of the R-1A portion of the previously approved plat at this time. Rather, the company is proposing what is essentially a re-plat of SAVILLE WEST. Lakewest Development is requesting preliminary and final plat approval for a five lot subdivision. As proposed, two existing homes would remain on two of the proposed lots. Three new home sites would be created on the west side of Spring Lane.

1.05 The proposed development site is comprised of 5325 County Road 101, 5311 Tracy Lynn Terrace, and 5320 Spring Lane. The site is legally
described on EXHIBIT A of this resolution.

1.06 On January 5, 2017, the planning commission held a hearing on the proposed plat. The applicant was provided the opportunity to present information to the commission. The commission considered all of the comments received and the staff report, which are incorporated by reference into this resolution. The commission recommended that the city council grant preliminary and final plat approval.

Section 2. General Standards.

2.01 City Code §400.030 outlines general design requirements for residential subdivisions. These standards are incorporated by reference into this resolution.

Section 3. Findings.

3.01 The proposed preliminary and final plats meet the intent of design requirements as outlined in City Codes §400.030.


4.01 The above-described preliminary and final plats are hereby approved, subject to the following conditions:

1. Prior to release of the final plat:
   a) Submit the following:
      1) A revised final plat drawing. The drawing must:
         a. Have a plat name other than SAVILLE WEST. A new plat name is necessary to avoid confusion related to previous plat approvals.
         b. Clearly illustrate all existing public rights-of-way and drainage and utility easements. Resolutions approving right-of-way and easement vacations in conjunction with previous approvals include conditions noting that the vacations were valid only upon the proper recording of the SAVILLE WEST plat. As that plat was never recorded, the right-of-way and drainage and utility easements remain in place.
c. A minimum 10-foot wide drainage and utility easements adjacent to the public rights-of-way and minimum 7-foot wide drainage and utility easements along all other lot lines.

d. Utility easements over existing and proposed public utilities. This includes a utility easement along the lot line between Lots 2 and 3 to the rear property line to accommodate a required watermain stub. The easement must be at least twice as wide as the depth of the main and centered over the main.

e. Drainage and utility easements over wetland, floodplain elevation, and all stormwater management facilities, as determined by the city engineer.

2) Documents for the city attorney’s review and approval. These documents must be prepared by an attorney knowledgeable in the area of real estate.

a. Title evidence that is current within thirty days before release of the final plat.

b. A 25 foot conservation easement over the required wetland buffer and a drawing of the easement. The conservation easement may allow: (1) removal of hazard, diseased, or invasive species; and (2) location and maintenance of stormwater management facilities and other utilities.

c. A stormwater maintenance agreement over required stormwater facilities.

3) Stormwater management plan. The plan must include:

a. Volume Control: On-site retention of one inch of runoff over the entire site’s impervious surface.

b. Rate Control: Peak flow rates must be limited to that of the existing rates for the 2-, 10-, and 100-
year events at all points where stormwater leaves the site.

c. Water Quality: Stormwater must be treated to remove at least 60% of total phosphorus and 90% of total suspended solids.

In addition:

d. The plan may not include removal of any high-priority trees on Lots 4 or 5.

e. All stormwater runoff must be pre-treated before entering the northern wetland on Spring Lane.

f. The stormwater plan must be meet the standards of the Riley-Purgatory Bluff Creek Watershed District and a permit from the district must be obtained.

4) Two sets of mylars for city signatures.

5) An electronic CAD file of the plat in microstation or DXF.

6) Park dedication fee of $10,000.

2. Subject to staff approval, the plat must be developed and maintained in substantial conformance with the following plans, except as modified by the conditions below:

- Preliminary plat dated November 4, 2016
- Grading plan dated June 9, 2015, as it pertains to the three new lots on Spring Lane.
- Utility plan dated June 9, 2015, as it pertains to the three new lots on Spring Lane.
- Tree preservation plan dated June 9, 2015, as it pertains to the three new lots on Spring Lane.

3. A watermain must be stubbed in between Lots 2 and 3 to the rear property line. A grading permit is required to install this stub. Prior to issuance of the grading permit, a final utility plan must be submitted for staff review and approval. The plan must:
a) Include water main and sanitary sewer plan and profile sheets.

b) Define the connection to the water main (cut in tee or wet tap with a valve) to stub water main along lot line between Lots 2 and 3 to rear property line. An isolation valve on the stub line is required.

c) Include a new water service to Lot 3. Service must come from the main in the street and not from the easement.

d) Note removal of unused water service to Lot 2, removal back to the main and corporation stop turn off.

e) Include extension of sanitary sewer to Lot 3. If the existing stub is used, developer must televise and televising must confirm that the stub is 8 inches, in good condition, and at a grade that can be extended for service to Lot 3. Sanitary service to Lot 3 must be perpendicular from the main to the property line.

f) Note removal of unused sanitary service to Lot 2, removal back to the main, cut out wye and sleeve.

g) Include a note that developer will do a full width patch of the roadway after utility improvements have been completed.

4. Staff may issue a building permit for one home prior to recording of the final plat. However, prior to issuance of the permit:

a) A utility plan consistent with the required plan outlined in section 3 above, must be submitted for staff review and approval.

b) A 25-foot conservation easement over the required wetland buffer must be submitted for staff review and approval and the easement must be recorded.

5. Prior to issuance of any additional building permits:

a) The final plat must be recorded.
b) The watermain stub between Lots 2 and 3 must be installed or a legal agreement and financial security submitted to the city to ensure installation.

c) A legal agreement and financial security must be submitted to the city to ensure construction and functionality of all stormwater practices as outlined in the approved Stormwater Management Plan.

d) The following documents must be submitted:

1) A letter from the surveyor stating that boundary and lot stakes have been installed as required by ordinance.

2) Proof of subdivision registration and transfer of NPDES permit.

3) An electronic CAD file for public infrastructure in microstation or DXF and PDF format.

4) Final grading and tree preservation plan for each lot. The plan must:

   a. Be in substantial conformance with grading plan dated June 9, 2015, as it pertains to the three new lots on Spring Lane.

   b. Show sewer and water services to minimize impact to any significant or high-priority trees. No trees may be removed for installation of services.

   c. Survey showing location of home and driveway, including all pertinent setbacks. Locations must be in substantial conformance with the grading plan dated June 9, 2015, as it pertains to the three new lots on Spring Lane.

5) A tree mitigation plan. The plan must meet minimum mitigation requirements as outlined in the ordinance. However, at the sole discretion of staff, mitigation may be decreased.
6) Cash escrow in an amount to be determined by city staff. This escrow must be accompanied by a document prepared by the city attorney and signed by the builder and property owner. Through this document the builder and property owner will acknowledge:

- The property will be brought into compliance within 48 hours of notification of a violation of the construction management plan, other conditions of approval, or city code standards; and

- If compliance is not achieved, the city will use any or all of the escrow dollars to correct any erosion and/or grading problems.

If the builder is the same entity doing grading work on the site, the cash escrow submitted at the time of grading permit may fulfill this requirement.

d) Install a temporary rock driveway, erosion control, tree and wetland protection fencing and any other measures identified on the SWPPP for staff inspection. These items must be maintained throughout the course of construction.

e) Install heavy duty fencing, which may include chain-link fencing, at the conservation easement. This fencing must be maintained throughout the course of construction.

f) Submit all required hook-up fees.

6. All lots and structures within the development are subject to the following:

a) Minimum floor elevation is 924.0.

b) Lots must be custom graded. No site work, including tree removal, may occur prior to issuance of building permit.

c) Lots must meet all minimum access requirements as outlined in Minnesota State Fire Code Section 503. These access requirements include road dimension, surface, and grade standards. If access requirements are not met, houses must
be protected with a 13D automatic fire sprinkler system or an approved alternative system.

d) Driveways and paved surface must be located a minimum of 10 feet from the existing hydrant. A property owner may chose, at their cost and upon approval and permitting of the city, to have the hydrant removed and replaced to accommodate a driveway. In this scenario, a new hydrant must be installed. The existing/old hydrant may not be used

7. The city may require installation and maintenance of signs that delineate the edge of any required conservation easement. This signage is subject to the review and approval of city staff.

8. During construction, the streets must be kept free of debris and sediment.

9. The city must approve the final plat within one year of preliminary approval or receive a written application for a time extension or the preliminary approval will be void.

Adopted by the City Council of the City of Minnetonka, Minnesota, on March 6, 2017.

______________________________

Terry Schneider, Mayor

Attest:

______________________________

David E. Maeda, City Clerk

Action on this resolution:

Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:
Absent:
Resolution adopted.
I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a duly authorized meeting held on March 6, 2017.

____________________________________
David E. Maeda, City Clerk
EXHIBIT A

Parcel 1:
Tract M, Registered Lane Survey No. 566, County of Hennepin, Minnesota.
Torrens Property
Torrens Certificate No. 1147048

Parcel 2:
Tract B, Registered Land Survey No. 747, Hennepin County, Minnesota.
That part of Tract C, Registered Land Survey No. 747, lying North of a line drawn parallel with and distant 5 feet South measured at right angles from the North line thereof; Hennepin County, Minnesota.
Torrens Property
Torrens Certificate No. 1374629

Parcel 3:
Lot 2, Block 2, Tonka Court, Hennepin County, Minnesota.
Torrens Property
Torrens Certificate No. 1125342.5
City Council Agenda Item #14B  
Meeting of March 6, 2017

Brief Description  
Concept plan review for Newport Midwest at 10400, 10500 and 10550 Bren Road East.

Action Requested  
Discuss concept plan with the applicant. No formal action required.

Background

Newport Midwest is proposing to redevelop the existing commercial properties at 10400, 10500 and 10550 Bren Road East. The concept plan contemplates redevelopment of the existing office buildings to construct 240 units of rental housing on the 3.2 acre site. The proposed housing will provide a mix of unit types from studio to 3 bedroom units for a range of income levels. Plans include premium and common-space amenities, outdoor recreational space, underground parking and a small surface parking lot. (See attached plans)

The site is nearly built out with the 3 office buildings and associated surface parking lots. Green space exists adjacent to the buildings and at the periphery of the parking lots. The site is nearly flat with little topographic change and no on-site stormwater treatment facilities in place. An existing trail extends along the northern portion of the site connecting to the broader Opus trail system. Surrounding land uses are primarily office or business warehouse oriented. The site is zoned B-2 limited business district and guided mixed use in the 2030 comprehensive plan.

Adjacent to the site is the future Green Line light rail transit extension and Opus Station. The station platform would be a short walk, 700 feet, from the proposed housing. Construction on the rail line will begin this year with operations anticipated to begin in 2021. The Opus Station area plan identifies the site and other adjacent properties in close proximity to the station as candidates for redevelopment as new housing and employment. In planning for the Green Line extension, a housing analysis was performed for each of the 15 stations to project market demand for housing within ½ mile of the stations within the next 15 years. The analysis projected the market would likely demand over 11,000 housing units for the entire line from Eden Prairie to Minneapolis, of which, 600 housing units were projected for the Opus Station. (See SWLRT Housing Gaps Analysis attachments)

Key Issues

City staff has identified the following considerations for any development of the subject properties:
• **Change of land use:** The Opus business park was originally designed as a large mixed use development providing the opportunity for people to live, work and play. (See attached Opus 2 brochure) A change of land use from an employment use to housing is consistent with the vision for Opus and the need for additional housing in close proximity to the Opus Station.

• **Site Plan:** The proposed site plan shows two buildings of 5 and 6 stories. Underground parking would connect both buildings with one common access located near the west end of the surface parking lot. Access to the site is located on a common private driveway at the east property line. Discussion about a single access for both surface and underground parking lots is needed.

  A play area is provided for residents along the trail. Other greenspace area provides opportunities for resident’s enjoyment. Internal trails and walkways are connected to the Opus trail system in multiple locations. Comments about the size, location and level of amenity of these areas are appropriate discussion items.

• **Building Character:** Input on building massing and desired character is important. This project could be the first redevelopment project near the Opus Station and will establish a design character for other projects to follow.

**Review Process**

Staff has outlined the following review process for the proposal. At this time, a formal application has not been submitted.

• **Neighborhood Meeting.** The developer held a neighborhood meeting on January 26, 2017. No one attended the meeting.

• **Planning Commission Concept Plan Review.** The planning commission Concept Plan Review is intended as a follow-up to the neighborhood meeting. The objective of this meeting is to identify major issues and challenges in order to inform the subsequent review and discussion. The meeting will include a presentation by the developer of conceptual sketches and ideas, but not detailed engineering or architectural drawings. No staff recommendations are provided, the public is invited to offer comments, and planning commissioners are afforded the opportunity to ask questions and provide feedback without any formal motions or votes.

  The commission generally supported the proposal. Commissioners identified the following general items. (meeting minutes are attached).

  o Proposed use – change of use from office to high density residential was appropriate. Good fit with the housing market.
Site plan – pedestrian connections and playground were good features; parking lot arrangement and proximity to the west building needed further study.

- **City Council Concept Plan Review**. The city council Concept Plan Review is intended as a follow-up to the planning commission meeting and would follow the same format as the planning commission Concept Plan Review. No staff recommendations are provided, the public is invited to offer comments, and council members are afforded the opportunity to ask questions and provide feedback without any formal motions or votes.

**Since the Planning Commission meeting**

No additional materials or information has been provided.

**Staff Recommendation**

Staff recommends the planning commission provide comment and feedback on the identified key issues and others the planning commission deems appropriate. The discussion is intended to assist the applicant with future direction that may lead to the preparation of more detailed development plans.

**Through:**

- Perry Vetter, Assistant City Manager
- Julie Wischnack, AICP, Community Development Director

**Originator:**

- Loren Gordon, AICP, City Planner
ADDITIONAL INFORMATION

Next Steps

- **Formal Application.** If the developer chooses to file a formal application, notification of the application would be mailed to area property owners. Property owners are encouraged to view plans and provide feedback via the city’s website. Through recent website updates: (1) staff can provide residents with ongoing project updates, (2) residents can “follow” projects they are particularly interested in by signing up for automatic notification of project updates; (3) residents may provide project feedback on project; and (4) and staff can review resident comments.

- **Neighborhood Meeting.** Prior to the planning commission meeting and official public hearing, an additional public meeting would be held with neighbors to discuss specific engineering, architectural and other details of the project, and to solicit feedback. This extends the timing that has historically been provided in advance of the planning commission review to allow more public consideration of the project specifics.

- **Council Introduction.** The proposal would be introduced at a city council meeting. At that time, the council would be provided another opportunity to review the issues identified during the initial concept plan review meeting, and to provide direction about any refinements or additional issues they wish to be researched, and for which staff recommendations should be prepared.

- **Planning Commission Review.** The planning commission would hold an official public hearing for the development review and would subsequently recommend action to the city council.

- **City Council Action.** Based on input from the planning commission, professional staff and general public, the city council would take final action.

Roles and Responsibilities

- **Applicants.** Applicants are responsible for providing clear, complete and timely information throughout the review process. They are expected to be accessible to both the city and to the public, and to respect the integrity of the public process.

- **Public.** Neighbors and the general public will be encouraged and enabled to participate in the review process to the extent they are interested. However, effective public participation involves shared responsibilities. While the city has an obligation to provide information and feedback opportunities, interested residents are expected to accept the responsibility to educate themselves about the project
and review process, to provide constructive, timely and germane feedback, and to stay informed and involved throughout the entire process.

- **Planning Commission.** The planning commission hosts the primary forum for public input and provides clear and definitive recommendations to the city council. To serve in that role, the commission identifies and attempts to resolve development issues and concerns prior to the council's consideration by carefully balancing the interests of applicants, neighbors, and the general public.

- **City Council.** As the ultimate decision maker, the city council must be in a position to equitably and consistently weigh all input from their staff, the general public, planning commissioners, applicants and other advisors. Accordingly, council members traditionally keep an open mind until all the facts are received. The council ensures that residents have an opportunity to effectively participate in the process.

- **City Staff.** City staff is neither an advocate for the public nor the applicant. Rather, staff provides professional advice and recommendations to all interested parties, including the city council, planning commission, applicant and residents. Staff advocates for its professional position, not a project. Staff recommendations consider neighborhood concerns, but necessarily reflect professional standards, legal requirements and broader community interests.
LOCATION MAP

Landon/Domus Group
10400, 10500 and 10550 Bren Road East

This map is for illustrative purposes only.
Bren Road
Minnetonka, MN
FEB.08.2017

Collage | architects

AFFORDABLE • FOURTH LEVEL
Bren Road

Minnetonka, MN
FEB. 06, 2017

AFFORDABLE • FIFTH LEVEL

Collage architects
Bren Road
Minnetonka, MN
FEB.06.2017

WEST ELEVATION (EAST SIMILAR)
Newport Midwest Plan in context with the transitional station area action plan.
9. Other Business

A. Concept plan review for Newport Midwest at 10400, 10500, and 10550 Bren Road East.

Chair Kirk introduced the proposal and called for the staff report.

Gordon reported. He recommended that the planning commissioners provide comments and feedback on the identified key issues and others the planning commission deems appropriate. The discussion is intended to assist the applicant with future direction that may lead to the preparation of more detailed development plans.

Powers asked for the ratio of parking stalls to units. Gordon referred the question to the applicant.

O’Connell asked if there is a design overlay for the site. Gordon explained that there is a trip generation overlay for Opus. Wischnack noted that the SWLRT placed an overlay on the site. Chair Kirk thought that an overall design plan would be beneficial.

In response to Chair Kirk’s question, Wischnack explained that both sections of the SWLRT would go over Bren Road West on the south side. There would be a lot of bridge replacements with the SWLRT project. The light rail would travel underground at Feltl Road and Smetana Road.

Becky Landon, with Newport Midwest, and Pete Keeley, of Collage Architects, introduced themselves. Ms. Landon stated that she is looking for input before creating the plan for the aesthetic look of the building. She hopes to set a standard. The proposal would include 240 units of which 55 units would be affordable at 50 percent and 60 percent median-income levels. The market-rate units would be just below luxury level. The applicant is looking at two buildings which would be broken up.

Mr. Keeley said that the proposal hopes to have a lot of outdoor spaces and ways for the residents to engage with the trails and pedestrian paths. There would be a front, direct access to each unit with porches that would be set a few feet up from the grade to offset the lights from vehicles on Bren Road and the train. He explained the trail and sidewalk locations. There would be a commons area with fitness room, party room, and office spaces available to be rented. The
access would be from the one-way road system. There would be a private road to the underground parking access. The inside road would be a loop. The proposal went to great lengths to not have surface parking without a cover, but to build the building over the top of the surface parking area. There would be visibility throughout the site. Vehicles would be able to circulate under, behind the building, and back out. This would be family housing. The affordable housing would be utilized mostly for two and three-bedroom units. There would be a defined play area and family lounge. There would be a drop off access adjacent to Eren Road. He asked for comments on whether a second access would work at that location to provide a drop off. The look of the building would be a modern, contemporary building with front porches, balconies, and some animation along the train side. It would be more subdued the further it got from the SWLRT. The base being considered would be brick and stone with a fair amount of siding and metal paneling. There would be a roof deck overlooking a courtyard. The building would be broken up in different areas with two, three, and five stories. There would be bike and dog spas.

Mr. Keely stated that a one-bedroom unit would have one parking stall and two and three-bedroom units would have two parking stalls which is how the ratio ended up at 1.35 stalls per unit.

Knight asked how close a U-Haul truck could get to access the building. Mr. Keely explained that there would be an 8.5-foot area underground for a vehicle to reach the elevator. Otherwise, there would be 70 feet to the door. Stalls near the elevator would be able to be reserved for a period of time. There would be trash and recycling chutes.

Powers asked if noise reduction measures would be taken. Mr. Keely answered affirmatively. A laminated piece of glass would be added to increase the STC of the window frame. The new construction codes and energy codes would provide a 2' x 8' wall and a lot more insulation. The trains are actually pretty quiet. The bells and station noises would be louder than the light rail train. Vibration has not been an issue on any of the lines.

Landon noted that the units that face the light rail are the first to be rented. That has held true for family and senior housing.

Commissioners discussed the proposed parking with Mr. Keely. Mr. Keely stated that the trends are showing that vehicle ownership is dropping dramatically. He noted that there would be the availability to sign leases for off-hour use of surrounding businesses' parking lots.
Powers asked about safety for pedestrians. Mr. Keely stated that having many eyes on the site by residents having porches and front stoops along with lighting and safe walkways would be beneficial. Wischnack noted that lighting of the Opus trails is part of the city's capital improvement plan.

In response to Chair Kirk's question, Wischnack stated that there would be a fence. The type of fence is being reviewed. Pedestrians would only be able to cross the track at the station.

Gordon confirmed with commissioners that they seemed comfortable with a change in land use from office to residential.

Chair Kirk invited anyone present to comment. There was no response.

Calvert thought that the site is ready for redevelopment. She liked the proposed high-density use. Access to the building that would provide affordable housing has some issues that may need to be resolved. She was glad there would be one, two, and three-bedroom units provided. The proposal would be a visual improvement and be an asset so close to the station.

Knight likes the look of the buildings. Gordon provided that the original plans for Opus included 700 residential units. In the 2030 comprehensive plan, the goal is to add at least 500 units. Major roadwork would be included as part of the light rail project.

Knight liked the play area for little kids. He asked if there was a designated area for older kids. Gordon noted that the trail area would connect the whole area. Shady Oak Beach, Lone Lake, or Hopkins would provide the closest teen areas. The six miles in Opus would be perfect for bikers and scooter users.

Powers thought adding a large number of affordable units and pricing the market rate units just below luxury rates would be smart.

Chair Kirk thought that an awful lot would be going on. He thought scaling it back might provide more of a comfort zone with the parking and access points. He was initially concerned with the affordable units providing a buffer to the light rail for the market-rate units. He liked the common spaces. He supported looking at connecting the site with the walkability of the surrounding area. He favored more visitor parking near the building that would provide affordable housing. He was not as concerned with the access point to the site. He thought that it would be good to have a controlled area and traffic queuing within its own space.
Calvert thought that it would be important that the project appear homogenous and not have the affordable housing building appear different than the other building.

Sewell thought that the project looks great. He favored managing the height. As the starting point for development in the area, it looks great and has a lot of great features.

This concept plan is tentatively scheduled to be reviewed by the city council at its meeting on March 6, 2017.
OPUS STATION
CITY OF MINNETONKA

SOUTHWEST CORRIDOR INVESTMENT FRAMEWORK
TRANSITIONAL STATION AREA ACTION PLAN
ABOUT THIS CHAPTER:
The Transitional Station Area Action Plans are the product of a Hennepin County-led effort to help communities along the Southwest LRT corridor prepare for SW LRT's opening day in 2018 and beyond.

An individualized plan has been created for each of the 17 stations in the Southwest corridor, each plan comprising a chapter in the larger Southwest Corridor Investment Framework. The station area action plans suggest ways to build on local assets, enhance mobility, identify infrastructure needs, and capitalize on promising opportunities for development and redevelopment near each station.

Plan Components:
- **INTRODUCTION**
  - A brief overview of the station location and its surroundings

- **WHERE ARE WE TODAY?**
  - A description of existing conditions in the station area, including:
    - Land Use
    - Transit Connections
    - Access + Circulation Issues (Bike, Ped, and Auto)
    - Infrastructure Needs

- **WHERE ARE WE GOING?**
  - This section presents a number of recommendations for the station area in anticipation of opening day needs and the long-term TOD environment. This includes:
    - Access + Circulation Plan
    - Station Area Site Plan
    - Infrastructure Plan
    - Development Potential
    - Summary of Key Initiatives

OPUS STATION WITHIN THE CORRIDOR:
A prestigious employment area connected to the station via an extensive network of trails and centered upon a walkable mixed-use core.

EMPLOYMENT
The Opus station is a major employment center located near Highway 169, Highway 62, and Shady Oak Road (see Place Types discussion beginning on p. 1-19). It is the largest employment center in Minnetonka and home to many high-profile businesses including United Health Group, Comcast, and American Family Insurance. The station will be an important stop for the thousands of employees that commute to the Opus Business Park from surrounding areas.

TRAIL CONNECTIONS
The area is characterized by a 6-mile trail network which gives the area a park-like feel, and a distinctive looped roadway network that links employment buildings with hotels, retail establishments, and local residential neighborhoods in the surrounding area. The trail system can be accessed off Smetana Road and Shady Oak Road at Red Circle Drive. Along with providing area employees with a space for passive recreation and exercise, the trails provide important connections to areas throughout the business park and beyond, however, it rarely connects to the front doors of the businesses.

NEIGHBORHOODS
Residential areas are located within the business park in the north and east areas, including a mix of apartments, condominiums, and townhomes. Additional residential density will occur in the area over time and will generate transit ridership. While these areas are not transit-supportive in nature, they are all linked to the station via the extensive trail network.
Station Location

The Opus station is located in the center of the Opus Business Park, a major employment center with a mix of light industrial, office, housing, hotel accommodations, retail, and restaurants in the station area.

The area is characterized by its campus-like setting, circuitous one-way road network, and off-street trail system. The Opus station is anticipated to serve local businesses and residents in the area. This station has strong potential to be a transit stop for reverse commuters.

NOTE: 10-minute walkshed approximates the area accessible within a 10-minute walk from the station platform using only the existing sidewalk/trail network. See Glossary for walkshed assumptions and methodology.

OPUS STATION AREA TODAY:

West entrance on Shady Oak Road
Existing office
Local wetland
Existing trail underpass
Where Are We Today?

The following section describes the station area’s EXISTING CONDITIONS, including the local context, land uses, transit and transportation systems, pedestrian and bicycle facilities, assets, destinations, and barriers to accessing the station. This analysis of current conditions presents key issues and opportunities in the station area and informs the recommendations for future station area improvements.

NOTE: Existing conditions maps are based on data provided by Hennepin County and local municipalities. The data used to create each map is collected to varying degrees of accuracy and represents infrastructure and conditions at varying points in time. Actual conditions may vary slightly from what is shown.

Land Use

The Opus station area is an important employment center with a mix of industrial, light industrial, and office uses. These are the predominant uses in the area, however, there are other uses that will potentially benefit from LRT transit, including nearby residential, hotel, and retail/commercial uses located near Shady Oak Road and Highways 62 and 169. There is also a fair amount of park and open space located to the north of the Opus station.
Roadway Network

The roadway network near the Opus station is a circuitous, one-way road network. It presents challenges to uninitiated motorists, pedestrians, and bicyclists. Roadways are limited and block sizes are large. Major roadways in the area include Shady Oak Road, located about a half-mile to the west of the station, Highway 62, located about a half-mile to the south of the station, and Highway 169, located about a half-mile to the east of the station.

Transit

Existing bus service near the Opus station includes bus route #12, which runs along Bren Road West, with bus stops on Bren Road West and Bren Road East near the proposed station platform. In addition to public bus transit, some local businesses offer a circulator bus shuttle service.
Sidewalk, Trails and Bikeways

The sidewalk system in the Opus station area is extremely limited. The off-street multi-use trail system that runs throughout the Opus campus offers connections to most areas and businesses. While trail access is generally good, many businesses lack trail connections to building entries. The existing trail network in the area offers grade separation from roadways, reducing conflicts between trail users and motorists.

Existing Sanitary Sewer

Sanitary sewer infrastructure consists of a collection of gravity flow sewer mains, lift stations, and pressurized forcemains that transport sewage to a wastewater treatment plant (WWTP). An efficient collection system has the capacity to accommodate all of the existing land uses within its particular sewershed. Beyond capacity, the material and age of pipes within a system can also impact a system’s effectiveness.

Sanitary sewer infrastructure within the project area is typically maintained by either the City of Minnetonka or by the Metropolitan Council Environmental Services (MCES) Division. MCES maintains a series of interceptor trunk sewers which collect sewage at key locations and convey sewage across community boundaries to regional WWTPs. Wastewater from the station area is treated by the MCES Blue Lake WWTP located in Shakopee.
Existing Water Main

Water main distribution systems serve to supply potable water to individual properties and to support fire suppression throughout the community. A well-designed system can maintain adequate pressure to support demand of individual properties and provide high flow rates to fire hydrants/fire suppression systems in emergency situations. Because of the complexity of water distribution networks and the importance of pressure, flow, and water quality, City water system models are used to evaluate a system's adequacy. The material and age of the system's water mains can also be factors in system breaks, leaks, and pressure and flow degradations.

Water pressure and flow rates can be influenced by: the size of water main serving an area, proximity and elevation relative to a water tower, proximity to a trunk water main with high flow capacity, if the main creates a loop, the demand of adjacent land uses, and the condition of the main.

Stormwater

Opus station is located in Nine Mile Creek Watershed District. A significant portion of the drainage is directed north into wetlands and then into Nine Mile Creek. The creek is impaired by chloride and fish biology. In addition, there are numerous wetlands throughout the area, many of which receive piped stormwater. The 100-year floodplain from the creek extends into the north portion of the walk zone.

Discharging within one mile of impaired water may trigger additional National Pollution Discharge Elimination System measures which require additional stormwater management. For impaired waters with a Total Maximum Daily Load, the requirements may increase further. Zoning requirements for areas within the 100-year floodplain may limit development/redevelopment potential.

Any development/redevelopment is anticipated to improve existing drainage as a result of enforcing City and Watershed requirements.
Where Are We Going?

The plans and diagrams on the following pages illustrate a range of recommendations for infrastructure improvements, station amenities, and potential redevelopment opportunities within the station area.

The ACCESS AND CIRCULATION PLAN shown in Figure 13-9 provides a high level view of how future transit, automobile, bike, and pedestrian systems will connect to the station area and its surroundings.

Figure 13-10 illustrates the STATION AREA IMPROVEMENTS that will facilitate access to and from the station and catalyze redevelopment in the station area. This includes opening day and long-term station area improvements.

Figure 13-11 focuses on OPENING DAY STATION AREA IMPROVEMENTS only. These recommendations represent the improvements necessary to enhance the efficient function of the transit station, roadways, pedestrian and bicycle connections, and transit connections on opening day in 2018.

Station Area Improvements

The discussion below outlines a range of future station area improvements. While some of the identified improvements may be constructed as part of the LRT project itself, other improvements must be funded, designed and constructed by other entities and will require coordination between the City, County, and Metro Transit as well as local stakeholder and community groups.

ROADWAYS

Opening Day Improvements:

» Rely primarily on the existing street and block network to support pedestrians and cyclists. No new roadways are anticipated for opening day.

» Select roadway changes near the LRT station (noted below as long-term improvements) could be constructed by opening day to provide better traffic flow into and out of the area. Such improvements include the reversal of traffic flow on Red Circle Drive and/or Green Oak Drive. As of December 2013, these improvements are not part of the SW LRT anticipated base project scope and are not slated for opening day implementation (subject to change).

Long-Term Improvements:

» Over time, introduce new roads near the station platform. These new roads should be organized to create smaller blocks for future development and intensification near the transit station as well as enhance connections to the stations. Consider two-way movement near the station on these new roads to calm traffic near the station.

» Other future roadway changes near the LRT station include minor realignment and routing changes to Opus Parkway, Yellow Circle Drive, Blue Circle Drive, Green Oak Drive, Red Circle Drive, Bren Road East and Bren Road West, based upon a recent Opus Area Traffic Study prepared for the City of Minnetonka by WSB & Associates.

PEDESTRIAN CONNECTIONS

Opening Day Improvements:

» Extend the path connections from bus stops, Park and Ride, and Kiss and Ride locations to the proposed LRT station platform.

» Develop a new grade-separated crossing of Bren Road East leading to and from the north end of the station platform.

» Locate wayfinding signage at the station and key decision making points along the path network away from the station to direct people to area businesses, homes, and other destinations.

» Initiate path improvements throughout the network (as shown in Figure 13-9) including pedestrian-oriented lighting and underpass improvements.
TRANSPORT CONNECTIONS

**Opening Day Improvements:**
- Provide new bus facilities near the station platform for connecting bus routes.
- Develop a place for an employer-operated shuttle pick-up and drop-off.

BIKE CONNECTIONS

**Opening Day Improvements:**
- Provide bike parking to the east of the northern entrance to the platform where it is easily accessible to trail users and is highly visible.
- Explore the potential for bike share facilities at the station and key destinations away from the station to support riding to work from the station.

KISS AND RIDE

**Opening Day Improvements:**
- Develop a Kiss and Ride / Shuttle loop near the station platform.

PARK AND RIDE

**Opening Day Improvements:**
- Develop a small temporary Park and Ride facility to the northeast of the station with the intent of redeveloping the site over time.

STATION AMENITIES (Beyond SW LRT Base Project Scope)

**Opening Day Improvements:**
- Lighting – provide adequate lighting for the safety of pedestrians, bicyclists, and motorists near the station platform, at the Park and Ride facility, and near the Kiss and Ride/shuttle drop-off.
- Plaza – provide a public plaza area near the station platform to provide transit users with a paved queue area to wait for LRT trains, gather, and move about the station area.
- Bike Facilities – provide bicycle parking, lockers, and bike share facilities in a highly visible area near the station platform.
- Public Art – provide public art in the station area.

POTENTIAL DEVELOPMENT

**Long-Term Improvements:**
- See the “Development Potential” discussion on page 13-16 for more on long-term development opportunities.

UTILITIES

- See the “Station Area Utility Plan” beginning on page 13-18 for all utility recommendations.
FIGURE 13-9. ACCESS + CIRCULATION PLAN

- LRT PLATFORM
- LRT LINE
- FREIGHT LINE
- NEW ROADWAY
- BUS STOP
- KISS AND RIDE
- PARK AND RIDE
- EXISTING PEDESTRIAN CONNECTION
- PROPOSED (DASHED) PEDESTRIAN CONNECTION
- EXISTING BIKE CONNECTION
- PROPOSED (DASHED) BIKE CONNECTION
- EXISTING MULTI USE CONNECTION
- PROPOSED (DASHED) MULTI USE CONNECTION
- EXISTING WALKSHED
- FUTURE WALKSHED (WITH TSAAP IMPROVEMENTS)

NOTE: Existing walkshed data defines the area accessible within a 10-minute walk from the transit platform using only "pedestrian" modes. Bicycle walkshed data includes bicycle access to the pedestrian network. Walkshed data is created using modeling and analysis software. These walksheds are based on traditional transportation planning concepts, which may not accurately reflect current conditions. Transportation planning is an ongoing process that includes continuous evaluation and adaptation.
FIGURE 13-11. OPENING DAY STATION AREA IMPROVEMENTS

- LRT PLATFORM
- NEW SIDEWALK / SIDEWALK IMPROVEMENT
- NEW ROADWAY
- BIKE PARKING
- WAYFINDING
- STREETScape
- PARK AND RIDE
- PUBLIC ART OPPORTUNITY
- POTENTIAL DEVELOPMENT SITE
- PLAZA SPACE / BUILDING SETBACK AREA
Opening Day Improvements

The following tables and diagrams outline the proposed improvements to be implemented in advance of SW LRT’s opening day in 2018. Table 13-1 and Figure 13-12 show opening day improvements that are part of the SW LRT anticipated base project scope; these improvements will be part of the overall project cost for construction of the LRT line. Table 13-2 and Figure 13-13 include opening day improvements that are recommended as part of the Southwest Corridor Investment Framework and are beyond SW LRT’s anticipated base project scope.

### TABLE 13-1. SOUTHWEST LRT ANTICIPATED BASE PROJECT SCOPE - OPENING DAY STATION AREA IMPROVEMENTS

<table>
<thead>
<tr>
<th>PLAN KEY</th>
<th>IMPROVEMENT</th>
<th>PROJECT LOCATION</th>
<th>PROJECT NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>LRT Platform</td>
<td>Along the east side of Bren Rd. E.</td>
<td>Includes related LRT infrastructure</td>
</tr>
<tr>
<td>B</td>
<td>Park and Ride</td>
<td>Northeast of station platform</td>
<td>Approx. 90 stall surface lot, leased (includes private shuttle stop/turnaround)</td>
</tr>
<tr>
<td>C</td>
<td>Kiss and Ride</td>
<td>Northeast of station platform</td>
<td>Dropoff area and turnaround within Park and Ride lot</td>
</tr>
<tr>
<td>D</td>
<td>Bus Facilities</td>
<td>Bren Rd. W., north of park and ride</td>
<td>New bus bay on Bren Rd W. for 2 bus routes</td>
</tr>
<tr>
<td>E</td>
<td>Roadways</td>
<td>Intersection of Bren Rd. E and Bren Rd. W.</td>
<td>Realigned left turn lane from Bren Rd. W. to Bren Rd. E.</td>
</tr>
<tr>
<td>F</td>
<td>Sidewalk/Trail</td>
<td>Bren Rd. E., west of LRT station platform</td>
<td>Grade separated trail crossing</td>
</tr>
<tr>
<td>G</td>
<td>Sidewalk/Trail</td>
<td>Bren Rd. W., north of park and ride</td>
<td>ADA access ramp to existing grade separated trail crossing of Bren Rd. W.</td>
</tr>
<tr>
<td>H</td>
<td>Bike Facilities</td>
<td>Near station platform</td>
<td>Allowance for bike storage</td>
</tr>
<tr>
<td>I</td>
<td>Wayfinding</td>
<td>Near station platform</td>
<td>Allowance</td>
</tr>
<tr>
<td>J</td>
<td>Landscaping</td>
<td>Near station platform</td>
<td>New water service and fire hydrant to station</td>
</tr>
<tr>
<td>K</td>
<td>Water*</td>
<td>Varies</td>
<td>Adjustment of existing utilities w/in project area</td>
</tr>
<tr>
<td>L</td>
<td>Utilities*</td>
<td>Varies</td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>Stormwater management*</td>
<td>Varies</td>
<td>Allowance</td>
</tr>
</tbody>
</table>

Note: Anticipated Southwest LRT Base Project Scope as of December 2013 (subject to change)

* Improvement not symbolized on opening day figures (exact location to be determined as part of the base project scope)

### TABLE 13-2. SOUTHWEST CORRIDOR INVESTMENT FRAMEWORK (TSAAP) - OPENING DAY STATION AREA IMPROVEMENTS

<table>
<thead>
<tr>
<th>PLAN KEY</th>
<th>IMPROVEMENT</th>
<th>PROJECT LOCATION</th>
<th>PROJECT NOTES</th>
<th>PRIORITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Park and Ride</td>
<td>Northeast of station platform</td>
<td>Enhanced planting areas/trees</td>
<td>Secondary</td>
</tr>
<tr>
<td>2</td>
<td>Roadways</td>
<td>Red Circle Drive Reversal</td>
<td>New connections associated with reversing the traffic flow.</td>
<td>Primary</td>
</tr>
<tr>
<td>3</td>
<td>Sidewalk/Trail</td>
<td>Varies</td>
<td>Multi-use trails to complete gaps in trail system w/in 10 min walkshed</td>
<td>Secondary</td>
</tr>
<tr>
<td>4</td>
<td>Intersection Enhancement</td>
<td>Bren Rd. E. and Yellow Circle Dr., southeast of station</td>
<td>Grade separated crossings</td>
<td>Secondary</td>
</tr>
<tr>
<td>5</td>
<td>Bike Facilities</td>
<td>Near station platform</td>
<td>Bike parking, lockers, pump station and bike share facilities (beyond SPO improvements)</td>
<td>Primary</td>
</tr>
<tr>
<td>6</td>
<td>Wayfinding</td>
<td>Near station platform and park and ride</td>
<td>Signage and wayfinding (beyond SPO improvements)</td>
<td>Primary</td>
</tr>
<tr>
<td>7</td>
<td>Stormwater management*</td>
<td>Near station platform and park and ride</td>
<td>Green infrastructure (beyond SPO improvements)</td>
<td>Primary</td>
</tr>
<tr>
<td>8</td>
<td>Public Art</td>
<td>Near station platform and park and ride</td>
<td>Public art (beyond SPO improvements)</td>
<td>Secondary</td>
</tr>
<tr>
<td>9</td>
<td>Public Plaza</td>
<td>Near station platform</td>
<td>Public plaza with paving, seating, plantings, lighting, and signage (beyond SPO improvements)</td>
<td>Secondary</td>
</tr>
<tr>
<td>10</td>
<td>Sanitary Sewer</td>
<td>Near station platform</td>
<td>Upsize existing 8-inch sanitary sewer to 10-inch minimum in conjunction with LRT rail construction</td>
<td>Primary</td>
</tr>
</tbody>
</table>
FIGURE 13-12. SOUTHWEST LRT ANTICIPATED BASE PROJECT SCOPE - OPENING DAY STATION AREA IMPROVEMENTS

FIGURE 13-13. SOUTHWEST CORRIDOR INVESTMENT FRAMEWORK (TSAAP) - OPENING DAY STATION AREA IMPROVEMENTS

* PRIMARY PRIORITY
* SECONDARY PRIORITY
Development Potential

OVERVIEW
Key factors at the Opus station that present opportunities for future redevelopment include the presence of older, low-rise, light industrial buildings near the proposed station platform that may be ripe for redevelopment into more intense, mixed-use. The land uses in the Opus station area include a mix of office, light industrial, commercial/retail, residential, hotel, and park/open space uses. Several underutilized industrial sites present opportunities for future redevelopment in the area. The property directly east of and adjacent to the proposed station platform presents an opportunity for higher density and mixed land uses.

Key challenges that should be addressed to facilitate development potential include land uses, additional roadways and existing roadway improvements, smaller block sizes near the station, trail connectivity in the station area, and wayfinding.

LAND USES
Development potential for the Opus station area could include a mix of office, light industrial, residential, hotel, and retail uses.

PLANNING STRATEGIES
Strategies that should be considered to facilitate future development in the station area include the introduction of a finer grain of streets and block sizes to enhance station mobility and set up a framework for higher density development near the station. Streetscape and trail improvements connecting the station area with potential development sites, local destinations, neighborhoods, and bus transit facilities will enhance development potential in the area.

FIGURE 13-14. POTENTIAL DEVELOPMENT SITES

FUTURE LAND USE:
- RETAIL & OTHER COMMERCIAL
- OFFICE
Key Considerations for Change and Development Over Time

Development within the station area should focus on increasing density and mix of uses and creating a walkable street and block network within the Bren Road loop that can connect pedestrians via paths to more remote offices throughout station area. Key considerations should include:

**BUILT FORM AND LAND USE**

- Introduce higher density office, hotel, and commercial development with active street level uses facing the station and key pedestrian routes leading to and from the station.
- Design new buildings in the Bren Road loop to enhance pedestrian access by orienting them towards the street and locating them as close to the street line as possible.
- In employment buildings with manufacturing uses, locate the office components adjacent to pedestrian paths, streets and/or open spaces where they can contribute to street life and promote more “eyes on the street”.
- Should the Merchandise Mart site be redeveloped, ensure new development establishes a new east-west pedestrian connection linking the southern end of the station platform with areas to the east.
- Design and size the Park and Ride facility so that it has the potential to be redeveloped with higher density uses over time.
- Design parking structures to reflect the characteristics of more active building types by screening diagonal ramps, screening parked cars from view, and when next to a street incorporating active uses at street level.

**PUBLIC REALM**

- Restrict outdoor storage within the station area so that it does not detract from the image of the area or discourage new higher density employment uses.
- Initiate pathway improvements including pedestrian-oriented lighting, underpass enhancements, and wayfinding at key decision-making points along all paths leading to and from the station.

**MOBILITY**

- Develop a new walkable street and block pattern on the lands within the Bren Road loop including a new two-way street system connecting Bren Road East with Bren Road West to create an address for new development.
- Extend the existing multi-use path network into the Bren Road Circle from all sides and connect the path extensions to the LRT platform.
- Minimize the impact of parking and circulation on pedestrians by locating parking in structures or to the rear or side of new buildings, and consolidating access and service drives.
- Parking access, loading, and servicing elements should be shielded and located to the rear of the building.
- Limit vehicular access points along Bren Road.
Station Area Utility Plan

OVERVIEW

The station area utility plan and strategies recommended below were developed by considering future transit-oriented development within the station area, as depicted by the Station Area Improvements Plan (Figure 13-10). Minnetonka will need to apply these localized recommendations to the city wide system to ensure that the potential development/ redevelopment will not be limited by larger system constraints. Existing models or other methods can be used to check for system constraints in the station areas.

Minnetonka should also consider reviewing the condition of their existing utilities in the station development area. The station construction would provide Minnetonka an opportunity to address any utilities needing repairs. Once the larger system has been reviewed for system constraints, Minnetonka will be able to accurately plan for necessary utility improvements in their city Capital Improvement Program (CIP). All utilities located beneath the proposed LRT rail or station platform should be encased prior to the construction of these facilities. The cost associated with encasing these facilities is assumed to be a project cost and is not included in potential improvements identified for the City of Minnetonka CIP.

APPROACH

Utility improvement strategies are outlined in this report for the ultimate station area development (2030), as well as improvements which should be considered prior to opening day anticipated in 2018. Although recommendations are categorized in one of these two timeframes, Minnetonka should weigh the benefits of completing more or less of these improvements as land becomes available for future development. Minnetonka should take the utility analysis a level further and model future utilities in their city utility system models.

The proposed development and redevelopment areas were evaluated based on Metropolitan Commission Sewer Availability Charge (SAC) usage rates and estimated flows. Estimated flows for one possible development scenario in this area indicate that internal to the station area, no more than eight inch pipe are necessary to serve the mix of proposed and existing development. Each utility system should still be reviewed to identify capacity and demand constraints to the larger system associated with increase in flows from the proposed developments and existing developments in the area. Minnetonka should anticipate the construction of new municipal utilities in conjunction with new or realigned roadways.

GENERAL RECOMMENDATIONS - SANITARY SEWER

Sanitary sewer recommendations for station area improvements include opportunities for Minnetonka to improve the existing sanitary sewer network, without necessarily replacing existing sanitary sewers. When recommendations for “improving” existing sanitary sewer are noted, Minnetonka should consider the level to which each specific sewer should be improved. Methods of improvement could include: lining the existing sewer, pipe joint repair, sewer manhole repair, relocation, and complete replacement.

The following items should be evaluated prior to opening day of the station, although action may not be required until necessary for development:

- Televising existing sewer mains in the station area and proposed development area to determine the condition of the sewer mains, susceptibility for backups or other issues and evaluate for Infiltration and Inflow (I&I).
- Locations of known I&I. If previous sewer televising records, city maintenance records, or an I&I study have shown problems, the city should consider taking measures to address the problem.
- The age and material of existing gravity and/or forcemain sanitary sewer in the identified station area. If the lines are older than the material's typical design life or materials which are susceptible to corrosion relative to soils in the area, the city should consider repairing, lining or replacing the mains.
- Locations of known capacity constraints or areas where city sewer models indicate capacity issues. If there are known limitations, the city should further evaluate the benefit of increasing pipe sizes.
- City sewer system models (existing and future). A review of these models with future development would assist Minnetonka in determining if sewers in the project area should be increased to meet existing or future city system needs.
- Existing sewer pipes should be relocated or encased in areas where they cross or are immediately adjacent to the LRT line/station.
GENERAL RECOMMENDATIONS - WATER MAIN
Water main recommendations for station area improvements also include opportunities for Minnetonka to improve the existing water system network. Creating loops in the network can help prevent stagnant water from accumulating along water main stubs, and creating loops of similar sized water main provides the city a level of redundancy in their water network. Redundancy helps reduce the impacts to the community during system repairs, and also helps stabilize the pressure in the network.

The following items should be evaluated prior to opening day of the station, although action may not be required until necessary for development:

- The age and material of the existing mains in the identified station area. If the mains are older than the materials typical design life or materials which are susceptible to corrosion relative to soils in the area, the city should consider replacing the main.
- Locations of previous water main breaks. If water main breaks repeatedly occur in specific areas, the city should consider replacing or repairing the main.
- Locations with known water pressure issues or areas where city models indicate low pressure. If there are known limitations (for either fire suppression or domestic uses), the city should further evaluate the benefit of increasing main sizes.
- Locations with known or potential water quality issues. If there are mains known to be affecting the water quality (color, taste, odor, etc.) of their system, Minnetonka should consider taking measures to address the problem affecting water quality.
- City water system models (existing and future). A review of these models with future development would assist Minnetonka in determining if mains in the project area should be improved to meet existing or future city system needs based on demand constraints.
- Existing water main pipes should be relocated or encased in areas where they cross or are immediately adjacent to the LRT line/station.

GENERAL RECOMMENDATIONS - STORM SEWER
Local storm sewer improvements are recommended to be completed in conjunction with other improvements in the station area. Improvements which will likely require storm sewer modifications include: roadway realignments, roadway extensions, and pedestrian sidewalk/street scape improvements. Storm sewer improvements may consist of: storm sewer construction, manhole reconstruction, drain tile extensions, storm sewer relocation, and complete replacement. These local storm sewer improvements are included as part of the overall cost of roadway and streetscape improvements recommended in this plan. Where roadway/street improvements are part of the SW LRT anticipated base project scope, associated storm sewer improvements are assumed to be a project cost. Minnetonka should also consider coordinating with the local watershed district and other agencies to review the condition of and capacity of existing trunk storm sewer systems serving more regional surface water needs.

STORMWATER BEST MANAGEMENT PRACTICES
There are numerous stormwater best management practices (BMPs) that can be used to address stormwater quality and quantity. As part of this project, BMP guides were developed for four stations (Royalston, Blake, Shady Oak, and Mitchell) which exemplify the range of development intensity and character in the urbanized environment along the Southwest LRT Corridor. The recommendations and practices identified in each of the four BMP guides are applicable to various stations along the corridor.

Potential stormwater management strategies for this station area may be similar to those shown in the BMP guide for the Shady Oak station (see p. 12-28). Minnetonka should consider implementing applicable best management practices similar to those in the Shady Oak Station BMP guide. Stormwater management recommendations should be constructed in conjunction with public and private improvements and future development/redevelopment in the station area.
Station Area Utility Plan (Continued)

STATION AREA UTILITY RECOMMENDATIONS

Utility recommendations (illustrated in Figure 13-15) are based on a localized analysis of proposed development. It is recommended that the City of Minnetonka take this analysis a step further and review system constraints to the existing and future sanitary sewer and water main systems using existing sewer CAD or water CAD models, or other methods of modeling these systems.

Opening Day Recommendations:

1. Encase existing sanitary sewer crossing the LRT rail construction.
2. Encase existing water main crossing the LRT rail construction.
3. Consider upsizing existing 8-inch sanitary sewer crossing Bren Road E. to 10-inch minimum in conjunction with LRT rail construction (confirm with City model).

Long-Term Recommendations:

1. Construct 8-inch minimum sanitary sewer in conjunction with roadway construction of new streets east of the station.
2. Construct 8-inch minimum water main in conjunction with roadway reconstruction/construction of new streets east of the station.
FIGURE 13-15. STATION AREA UTILITY PLAN

OPENING DAY RECOMMENDATION

LONG-TERM RECOMMENDATION

EXISTING UTILITIES
PROPOSED UTILITIES

SERVICE SANITARY
LOCAL SANITARY
TRUNK SANITARY
MCES SANITARY INTERCEPTOR
SANITARY SEWER FORCEMAIN
LIFT STATION

SERVICE WATER MAIN
LOCAL WATER MAIN
TRUNK WATER MAIN
WATER TOWER
NEW LIFE IN THE RAW FRONTIER

In the early 1800’s, Minnesota was a vast tract of land inhabited only by various bands of Chippewa and Sioux Indians. Around the middle of the century things started to change. Settlers arrived in increasing numbers at St. Paul Landing, the recently designated political capitol for the large expanse of land between the St. Croix and Missouri Rivers.

After a short stay in St. Paul, many of the settlers moved further up river to the smaller village of St. Anthony, the sawmill town by the falls. St. Paul and St. Anthony, both raw frontier communities, offered the excitement, hustle and bustle characteristic of newly created boom towns.

The trail to points west led from these fledgling cities past Lake Calhoun, Lake Harriet, paralleled Minnehaha Creek and eventually ended in the rich farm land surrounding Lake Minnetonka. Those here for the purpose of homesteading or farming followed this trail westward in search of fertile land.

The area comprising Hopkins, Minnetonka, Edina and Eden Prairie soon was settled with families. Civilization had come to this newly instituted Territory of Minnesota. The areas that were populated by these pioneers eventually became towns and villages that still exist today.
The Township of Eden Prairie and Minnetonka came into existence in 1858. Eden Prairie's name was bestowed on it by Elizabeth Eliet, an author of national fame. She was impressed with the beautiful rolling prairies and likened them to her conception of the Garden of Eden. Others must have agreed with her as the township was officially chartered under the name of Eden Prairie in 1858. About the same time, the Township of Minnetonka was officially chartered, taking its name from the large lake close by. The lake was originally named Peninsula Lake by Calvin Tuttle and Simon Stevens, earlier pioneers. Governor Alexander Ramsey later renamed it Minnetonka, a Sioux word meaning big water.

Hopkins, then a part of Minnetonka Township, had its beginning roughly around 1870. The Minneapolis and St. Louis Railway purchased right-of-ways across farmers' land for their line to St. Louis, Missouri. Once the line was completed, a station was constructed opposite the home of Harley Hopkins and was given the name of Hopkins. With the added growth brought by the railroad, Hopkins became an entity in its own right and in 1887 the village was formally incorporated and separated from Minnetonka Township.

In 1888, Edina followed suit, electing to make their settlement a separate village from that of Richfield. Andrew and John Craik, immigrants from the Old World and pioneers in the new Territory, had come to Minnesota from Edinburgh, Scotland. They opened a flour mill and named it Edina in honor of their homeland. It is from the Craik brothers' Edina flour mill that the village of Edina took its name.

From their first perilous foothold, these four cities grew and prospered. Today, they offer Minnesota a heritage rich in determination, vision and progress, a history as much a part of the present and future as it is of the past.

At the convergence of these four progressive communities, a new pioneering effort has begun. 410 acres of small truck farms and private estates that once belonged to the Minnesota Pioneers has been acquired by Rauenhorst Corporation. The land, located in Minnetonka, Edina, and Eden Prairie, and bordered by Hopkins, will be the site of a new innovative community geared to our modern way of working and living.
There has long been a need for a new approach to community planning, especially on a large scale. Major cities, unlike smaller communities, are decades behind in responding to our present needs, work habits and life styles. Traffic systems and patterns can no longer handle the growing number of commuters. Present day transportation is producing a pollution problem that was undreamed of back in the 1950's and early 60's. Today's major cities are no longer people oriented.

Mr. Rauenhorst, aware of the direction community planning has taken in the last twenty years and of the problems that have resulted, devised an entirely new approach, one that was people oriented. He called it Opus 2.

Opus 2 combines the history of the past, needs of the present and the projected requirements of the future into a self-contained working/living center offering 95% of what is essential to life. It coordinates office, industrial, commercial and residential areas into an integral working/living environment able to provide jobs, recreation, housing, shopping, medical and cultural facilities. It is self-sustaining, making it profitable for companies to locate there, and it is convenient for commuting. Opus, which means creation, is an appropriate name to apply to this unusual approach to community planning.
A SEARCH SPARKS THE BEGINNING

Opus 2 went from concept to reality when Data 100 approached Rauenhorst Corporation to build new Corporate Headquarters, an office and plant facility. Rauenhorst was asked to find a suitable site within a designated area. Twenty-five acres were eventually located west of the Twin Cities bordered by Shady Oak Road, County Road 18 and Crosstown Highway 62. While in the process of acquiring the land for Data 100, Rauenhorst noticed that the adjoining acreage was also available. The area was ideal for the Opus 2 concept. The most important criteria were there: Proximity to the surrounding communities, existing access through roads and freeways and over 400 acres of undeveloped land in a suburban location. Rauenhorst Corporation decided to use this opportunity to implement Opus 2.
PREPARATION AND CONSERVATION

Much in-depth research was required concerning the environmental aspects of Opus 2's impact on the area. Independent studies were initiated to determine the feasibility of the automobile primary road system and the pedestrian traffic secondary road system concept as it related to the land use pattern. An environmental assessment was performed. Informal meetings were held with several different agencies, councils, commissions, and governments at the staff level including: the Nine Mile Creek Watershed District, the Environmental Quality Control Council, the Metropolitan Council, the Hennepin County Highway Department, the planning and engineering staffs of Edina, Eden Prairie, Hopkins, and Minnetonka, the Hennepin County Conservation Department and the Metropolitan Transit Commission.

Input received from these groups helped to determine the strength of each element of the Opus 2 concept and how well it would work with other elements of the plan. One of the main elements Rauenhorst Corporation considered during planning was preservation of the area's natural amenities. Rather than redesign the topography to fit the needs of Opus 2, Opus 2 has been designed to coordinate with the environment that already exists. Great care is being taken to preserve ecosystems such as wooded sections, marshes, knolls, valleys and natural water retention areas that enrich and enhance the environmental setting. It is this care and concern for the unspoiled beauty of the land that makes Opus 2 unique.
WORKING IN OPUS 2

Opus 2 is a staged development, taking an estimated ten years for completion. The industrial and office portions of Opus 2, consisting of 2 million square feet, are presently being developed. These will be coordinated with the 55,000 square foot neighborhood convenience shopping center, some residential housing and the 300,000 square foot multi-purpose service center.

Designed to fit today's working/living needs, Opus 2 offers many advantages not found elsewhere. Opus 2's location is nearly perfect for the businessman. Services such as restaurants, hotels, shopping centers, and some of the Twin Cities' greatest recreational facilities are located either in Opus 2 or are just moments away. Opus 2 is serviced by one of the metropolitan area's major arteries, Crosstown Highway 62, which puts the office, commercial and industrial areas of downtown Minneapolis, downtown St. Paul, the suburbs that circle the metropolitan area and the Minneapolis/St. Paul International Airport within minutes of the busy executive. Opus 2 is situated in the heart of the blue and white collar labor markets and is surrounded by four executive residential communities.

Added to this, buildings constructed in Opus 2 are architecturally designed to meld with the environment, avoiding visual congestion and enhancing the natural scenic amenities.

As Opus 2 was being engineered, much thought was given to controlling traffic peaks, thus avoiding rush hour traffic jams. The result is a dual roadway system.
that intra-connects Opus 2. It consists of a one-way primary roadway for standard automobiles and a two-way secondary roadway for pedestrian, bicycle traffic and electric vehicles. The two systems are totally separate and are bridged wherever they intersect. Traffic from the primary system can't cross over or interfere with traffic on the secondary system. Counter-rotating traffic circles and the use of one-way streets in the primary system enable 50,000 vehicles to move in and out of Opus 2 daily without ever encountering oncoming vehicles, traffic signals or stop signs. This transportation system permits easy employee and customer access to all areas of Opus 2 in a continuous and uninterrupted fashion.

Opus 2 is in an ideal location for eventually connecting with mass transportation systems of the surrounding communities of Hopkins, Edina, Eden Prairie, Minnetonka, Minneapolis and St. Paul. Although Opus 2 is presently only minutes from these office, commercial and industrial areas, interconnected mass transportation will further tie Opus 2 into the Metropolitan business community.
LIVING IN OPUS 2

The central feature that blends the office, commercial, and industrial portion of Opus 2 with the residential areas is the focal point of the working/living community, the multi-purpose service center. This structure, intended to serve Opus 2 and the surrounding area, will combine a number of uses on the same site. Proposed are high-value specialty shops, cultural facilities such as a community theater, an ecumenical chapel, dining establishments, police, fire and medical auxiliary services, all combined and located in a uniquely designed building.

Situated within casual walking distance of the multi-purpose service center will be a number of neighborhoods, each with its own architectural style and individual characteristics. They will be serviced by the same primary and secondary roadway system that intra-connects the office, commercial and industrial portions of Opus 2.

The treatment of the residential areas will reflect the Rauenhorst Corporation commitment to preserve and enhance the natural environment. Exquisitely manicured grounds will accent the aesthetically designed buildings. Each neighborhood will vary in density and will be convenient to the office, commercial and industrial portions of Opus 2, as well as to the surrounding services, communities, mass transportation systems, parks and recreational areas. The housing will range from rental units to condominiums, providing a way of life that is both distinctive and elegant. Residents will enjoy comfort, beauty, quality and peace of mind living.

Opus 2 living is designed for the discriminating. The over one thousand units planned will provide the ultimate in modern living, offering a new vista in housing experience.
EXCITING CHALLENGES

Numerous challenges are presented by the Opus 2 project: corporate headquarters with adjacent housing, mixed professional, commercial, office, and research facilities, industrial condominiums, preservation of natural amenities, aesthetically designed buildings, new techniques of crime prevention through internal security systems, experimentation with energy supply, the primary/secondary roadway concept, mass transit systems and people movers. These are just a few of the exciting developments planned for Opus 2.

Intense research is presently underway concerning the last category, people movers. Proposed are electric vehicles. They would be advantageous to residents as they would adapt to the dual roadway concept, would cost a fraction of the present sub-compact car, both to purchase and to operate, and they would be non-polluting.

RAUENHORST CORPORATION AND OPUS 2

Opus 2 originated from Mr. Rauenhorst’s deep-seated conviction that he and his firm have a responsibility to society to research and create new methods and ideas for living and working. These new ideas are then implemented through the Rauenhorst Corporation concept of Total Responsibility which includes: site selection, architectural design, financing, development, engineering, construction, leasing, management and maintenance—all under one unified contract. As applied to Opus 2, the Total Responsibility concept has played a major role in helping to create a compatible working/living environment, developed and maintained along stringent standards, that will provide 95% of what is essential to life as well as ensure steadily increasing property values for your firm’s investment. Therefore, Opus 2 isn’t just another development. It’s a singular working/living experience at the crossroad of what was, and what ought to be.

OPUS 2—CROSSROADS OF TOMORROW, TODAY.
Critical to the development of an enterprise such as Opus 2 is the understanding, and support of local governmental bodies during the planning, programming, and construction phases. We have been fortunate indeed to have had a cooperative endeavor emerge with a number of such governmental groups, but especially with the City of Minnetonka. Even as we wrote our Opus 2 brochure, events were moving forward with gratifying rapidity. Zoning of our industrial park and commercial areas was obtained, concept plan approval for the housing area of the plan was granted, and an industrial revenue bond issue providing for the timely completion of the industrial/commercial areas was authorized by the City Council.

We at Rauenhorst Corporation extend special thanks and appreciation to the Council, Planning Commission, and Staff of Minnetonka for their assistance in making the promise of Opus 2 a reality today.

[Signature]
September 1, 2014

Ms. Kerri Pearce Ruch  
Principal Planning Analyst  
Hennepin County Housing, Community Works & Transit  
701 4th Avenue South, Suite 400  
Minneapolis, MN 55415

Dear Ms. Pearce Ruch:

We are pleased to present the accompanying Housing Gaps Analysis for the SWLRT corridor. This analysis and related recommendations are based on our review of prior research and data assembly, supplemented by our own primary research and expertise derived through analysis of market conditions, stakeholder interviews, and a detailed review of individual station area land use, development trends, and market conditions. This report contains an assessment of the potential for future residential development for the ½ mile corridor as a whole, and is segmented by station area and by product type. As well, we provide an analysis and discussion of market inefficiencies and expected demand-supply gaps, and strategies for mitigating barriers to development of various housing products along SWLRT over time. Our recommendations are intended to guide future planning and policy related to the corridor-wide housing strategy, development planning, and public investment around each station area in a way that will help to “set the stage” for quality residential and mixed use development which constitutes an optimal mix of housing choices in these areas.

We remain available to answer any questions and for discussion following your review of the document and look forward to finishing our work with you on this important project in the coming weeks.

Sincerely,

MARQUETTE ADVISORS

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President

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INTRODUCTION

Marquette Advisors was retained by the Family Housing Fund as the fiscal agent on behalf of Southwest LRT Community Works, Twin Cities LISC, and the partner cities of Minneapolis, St. Louis Park, Hopkins, Edina, Minnetonka and Eden Prairie to provide a “Housing Gaps Analysis” in reference to the planned Southwest Light Rail Transit ("SWLRT") Corridor. SWLRT will span approximately 15 miles, with 17 planned stations in Minneapolis, St. Louis Park, Hopkins, Minnetonka and Eden Prairie. The Housing Gaps Analysis is a critical component in developing a corridor-wide housing strategy, the goals and principles of which are outlined below.

SWLRT Community Works Goals:

- Economic competitiveness and job growth
- Promoting opportunities for business and employment growth
- Housing choices
- Positioning the Southwest LRT communities as a place for all to live
- Quality neighborhoods
- Creating unique, vibrant, safe, beautiful, and walkable station areas
- Critical connections
- Improving affordable regional mobility for all users

SWLRT Community Works Guiding Principles for Investment:

- Partner for Effective Planning and Implementation
- Create Great Quality Transit Oriented Development and Achieve Unique, Vibrant Places
- Stimulate Employment and Economic Development
- Provide a full Range of Housing Choices
- Strengthen Communities through Connections and Access to Opportunity
- Maintain and Improve Natural Systems
- Build Healthy Communities
- Enhance Tax Base

The Housing Gaps Analysis utilizes prior research, notably the SW Community Works Housing Inventory, along with station-area plans, maps and related data and research compiled to date through the SW Community Works Corridor Investment Framework.
The primary objectives of the Housing Gaps Analysis are as follows:

The Housing Gaps Analysis provides a review of existing conditions and interprets prior studies, building upon complementary research and data, and engaging a full range of stakeholders in the analysis of the corridor, demographics, land use, growth patterns, and housing market conditions. The Gaps Analysis provides a forward-looking analysis regarding the potential for residential development within the SWLRT corridor, and future housing supply gaps, answering the following key questions:

**Work Scope Key Questions**

- **Who** will want to live here, and why?
- **How many** households would choose to reside in TOD housing within the SWLRT Corridor?
- What are the **characteristics** of those households, particularly with respect to age, income, household size and employment status?
- What **types of housing** are needed to accommodate this level of growth?
- Furthermore, what are expected future **supply gaps**, comparing what the market is expected to produce with a “full range” of housing choices by affordability level?
- What are **market inefficiencies** and barriers to development (and/or preservation) of a full range of housing choices within the Corridor? And what are some specific **strategies, policies and tools** to mitigate those barriers?
- What is the **impact of SWLRT upon the existing housing stock and resident base**? (i.e. what are risks associated with gentrification?)
- What **tools, policies and strategies** are appropriate in order to set the stage for quality development and the provision of a full range of housing choices for the SWLRT corridor?

**"Corridor" Definition:** For this Housing Gaps Analysis, the SWLRT Corridor is defined as that area comprising a ½ mile radius around each of the planned LRT stations.
EXECUTIVE SUMMARY

This section describes, in brief, key findings and recommendations derived from the Housing Gaps Analysis. The information presented in this section are meant as a summary of, not a substitute for the body of the report, which contains additional information and detail critical to a full understanding of the analysis, the recommendations provided, and the context within which they were formulated.

Background & Context

Marquette Advisors was retained to provide a Housing Gaps Analysis related to the SWLRT Corridor. The “Corridor” as defined for purposes of this analysis comprises a ½ mile radius surrounding each of the planned LRT stations. The Housing Gaps Analysis is a critical component in the development of a corridor-wide housing strategy by SWLRT Community Works, along with its partner communities (Minneapolis, St. Louis Park, Edina, Hopkins, Minnetonka and Eden Prairie), and a full range of stakeholders. To date, considerable research and planning has already been done, inclusive of the SW Community Works Corridor Housing Inventory and the Investment Framework. The Housing Gaps Analysis interprets and builds upon these work elements and provides further research and analysis, culminating in recommendations intended to guide future planning that will “set the stage” for a “full range of housing choices” within the corridor.
The Housing Gaps Analysis provides recommendations for new residential development for the corridor as a whole, and for individual station areas, and identifies future supply gaps. The report discusses market inefficiencies and addresses the need for creative public/private partnerships that will help to facilitate the provision of a full range of housing choices in the corridor over the long-term.

### Housing Inventory Key Findings

- Younger & Older Demographics are attracted to the SW Cities & LRT.
- SW Corridor is job rich.
- Limited rental housing options within ¼ mile of proposed stations
- Large Supply of “naturally occurring” affordable housing (unsubsidized rental) - but much of it tends to be older
- Development pipeline is led by the luxury sector.

### Gaps Analysis Work Scope

- What housing types and values are missing from the Corridor?
- What are the strengths and weaknesses along the SWLRT line?
- Where are there optimal sites for housing development within ¼ mile of station areas?
- Where is there greatest risk of gentrification?
- What tools and strategies will be most useful in achieving the goal of a full range of housing choices?

### Demographics – Key Findings:

The **SWLRT corridor is home to 37,000 residents and 19,000 households.** The majority (about 2/3) are renters. Trend is likely to continue, based on demographics, lifestyle, and market factors.

The Twin Cities Metro Area is expected to grow by **11,000 to 13,000 households/year through 2030.** 80% of growth is expected to be households without children, and nearly 1/3 of regional growth expected to be single-person households.

Millenials and Baby Boomers are having a major impact on Twin Cities housing market. Both segments are drawn to high-density multifamily housing products which feature “efficiency in living,” and connectivity to work, goods/services, public facilities, and entertainment/amenities. We expect that TOD housing products and SWLRT will appeal to both market segments.
Corridor Employment – Key Findings:

107,000 workers in corridor -- The corridor features a strong corporate presence, with a deep and diverse economic base. The corridor provides a “full range” of jobs, ranging from entry-level part time positions up to high-level management and executive positions in a wide range of industries.

Corridor workers a target for new TOD housing -- Less than 4% of the corridor’s 107,000 workers also reside within ½ mile of SWLRT presently. New housing products near SWLRT are expected to appeal to corridor workers.

Earnings & housing affordability -- Importantly, we note that a full 20% of the corridor employee-base earns less than $1,250 per month. A household with a single wage-earner at this level could afford a monthly housing payment of just $375 per month. Two workers at this level could afford a monthly housing cost of about $750. Worker earnings were a key factor considered by Marquette Advisors in developing recommendations for housing construction & preservation in the corridor.

Educational Facilities -- Key Findings:

Expect modest impact of housing development upon local schools -- Considering demographic trends and expected development patterns, fueled by growth from single-persons households and households without children, TOD housing developments along SWLRT are not expected to have a substantial impact on enrollment at any one educational facility within the corridor.

TOD may boost open enrollment – The development of SWLRT will improve connectivity of residents with schools and, thus, will create opportunities for open enrollment, with students utilizing SWLRT to commute to/from their place of residence to school.

SWLRT housing will likely appeal to school teachers and other staff – The development of new workforce and market rate rental housing, as well as entry-level for sale housing, may in fact be attractive to teachers and other school staff who presently commute longer distances due to an affordability gap between current salaries and corridor housing costs.

Residential Development Outlook – Key Findings:

Market demand = 13,000 Outlook – Key Fin (2015-2030). This represents a gap between existing housing inventory and the number of households who will want to live along the corridor.

Recommended Development Goal = 11,000 new units. Tempered to reflect development constraints: land availability, land use factors, development cost factors, etc. However, at least 20% of these units still not feasible but for public/private partnerships and gap financing.
SW LRT Corridor – Recommended New Residential Development by Product Type & Station Area -- 2015-2030

<table>
<thead>
<tr>
<th>Station Area</th>
<th>0-30% AMI</th>
<th>30-60% AMI</th>
<th>60-100% AMI</th>
<th>100% of AMI+ Total</th>
<th>Entry-Level Total</th>
<th>Mid-Mkt Total</th>
<th>High-End Total</th>
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<th>Total Units</th>
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<td>275</td>
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<td>Golden Triangle</td>
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<td>Mitchell</td>
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<td>635</td>
<td>936</td>
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<td>6,402</td>
<td>9,922</td>
<td>476</td>
<td>475</td>
<td>364</td>
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</tbody>
</table>

** Future development potential for 21st St. Station Area to be determined.

Source: Marquette Advisors
New unit mix - 90% rental, 10% home ownership -- Why? Considers demographics, economics and lifestyle factors. Regional and corridor growth dominated by small households. Market preference for efficient and convenience in housing, with strong connectivity to jobs and "urban" amenities. Approximately 1/3 of new construction recommended affordable up to 100% of AMI.

- 12% (1,300 units) - <60% AMI
- 9% (1,000 units) - 61% to 80% AMI
- 12% (1,300 units) - 61% to 80% AMI

Station Area recommendations for new construction take into account the following factors:

- Current housing inventory, demographic composition and economic base
- Land availability - ownership of undeveloped and/or under-utilized parcels
- Characteristics of surrounding land use (as-is and future expectations)
- Proximity to jobs, types of jobs & incomes levels, proximity to goods/services, public and educational facilities and other modes of transit

Mixed-income residential development a "best practice" related to inclusionary housing in the corridor -- Publicly owned sites present the best short-term opportunity for this type of development.

Housing Preservation – Key Findings:

Affordable housing is a primary asset within the corridor presently - Corridor features an estimated 7,700 units which are affordable to households earning <60% of AMI, representing almost 1/2 of the existing rental stock.

Limited risk of gentrification – Existing supply includes older product mix (1960’s/70’s vintage). Rents in many cases are well below 60% of AMI target. Age/quality and market obsolescence limits potential for major rent increases.

Housing preservation far less expensive than construction of new units – Providing new housing at levels which are affordable to households earning <60% of AMI, even up to 80-100% of AMI, is a significant challenge due to cost factors. Barriers to development are significant. Thus, particular focus should be given to preserving and improving the existing housing stock.
Corridor Strengths – Key Findings:

Strong demographics and high-quality real estate – The SW corridor features some of the region’s highest-quality and highest-valued real estate. High-quality housing stock, stable neighborhoods, close to parks and recreational opportunities, shopping and restaurants

Strong corporate presence and jobs base -- There corridor features depth and diversity in its employment base, with 107,000 jobs in the corridor. Proximity of the station areas to major employment nodes bodes well for connectivity and desirability of future TOD housing.

City staff are experienced and familiar with development tools – Our analysis and interviews indicates that city planning staff and administration have a firm grasp of redevelopment “tools” and experience in the types of public/private partnerships which will be required to achieve corridor housing goals.

Key Development Challenges:

Limited vacant land supply and shortage of publicly-owned sites – Much of the corridor is already built-out. The limited supply of developable land, paired with expected strong market demand for housing (and commercial forms of development) results in escalating land values. This poses the single-most significant barrier to the development of a full range of housing choices in many station areas.

Land use issues reduce redevelopment potential - Private ownership; highest and best use issues. Redevelopment is complicated and costly. It requires substantial investment or sale by private land/property owners. The objectives and risk tolerance of current property owners varies substantially.

Auto-oriented areas, lacking pedestrian/bike friendly amenities & connectivity – Several of the station areas are presently auto-oriented. Considerable investment in pedestrian/bike connectivity and public realm elements will be required in order to create the type of lifestyle environment preferred by prospective TOD residents.

Many stations lack street “vibrancy” and supporting commercial/restaurant nodes and public amenities – The region’s population base has shown a strong preference for housing in mixed-use neighborhoods which provide walkability and easy access to a variety of amenities — shops, restaurants, parks, trails, and recreational features, and entertainment. These elements should be incorporated in station area planning.
Recommendations & Next Steps:

Consensus, “buy-in” and commitment are critical to success – Joint powers agreements and representation of all corridor communities and stakeholder groups will be paramount to achieving. The housing goals set forth by SWLRT Community Works.

Housing preservation strategy needed to invest in quality and sustainability of existing affordable housing stock – The strategy and investment model(s) should include the following elements:

- **Deploys capital which invests in the quality, sustainability and long-term affordability of this aging housing stock.** This will require dedicated funds and creative partnerships with private owners and non-profit development/management partners.

- **Match services with the resident base** – fostering upward mobility within the community’s economy and housing market. Partnerships involving the public sector and varied advocate groups with corporate partners and educational institutions should be developed in order to provide services such as job/life skills education and household economics/financial advisory services and counseling.

Develop “branding” and promotions strategy for SWLRT lifestyle – What is TOD? And what kind of lifestyle will TOD housing and SWLRT provide? Promote market awareness of the benefits to TOD living in SW corridor.

Station area master planning -- Focus on stations with significant public land ownership and near-term development opportunities. This presents an opportunity for a “signature” development on SWLRT which demonstrates all desired “lifestyle” elements and provides a “full range” of housing choices. Success is critical in short-term developments, and sets the stage for future success in other station areas. To ensure success, the master planning process must engage a full range of stakeholders, both public and private. The Corridor Development Initiative (CDI) model is a best-practice and should be an integral component of future station area planning, as it provides a framework for collaboration and consensus building around quality planning.

Develop consensus and adopt housing policy goals – The partner communities should work together to build consensus around the concept of “full housing choice” and preservation and production goals. We suggest the creation of a coordinated SWLRT Housing Policy Overlay Zone, for the area within ½ mile of each LRT station. This area should be established for application of housing goals, policy and oversight. The structure and composition of which should be determined by the stakeholders, as buy-in from all corridor cities is key to success. We recommend that cities maintain development review/approval authority, utilizing their own “toolbox” and strategies which promote housing development and preservation which is consistent with the goals established within the SWLRT housing strategy.
Establish a $200m+ TOD Affordable Housing Fund -- Why? Existing tools/strategies are not enough to have impact at major scale. A dedicated funding source is needed to support construction of 1,300 new units at <60% of AMI and to preserve/improve 7,700 existing units affordable at <60% of AMI.

*Fund Structure:*
- Independently financed pool of funds that provides a return to investors
- More risk tolerant than traditional financing
- Patient financing with longer term payback

*Possible Capitalization:*
- Local foundations & intermediaries
- Family funds and partnerships
- Corporate interests (e.g. major businesses in SW corridor)
- Traditional institutional investment sources (insurance companies, etc)

While Marquette Advisors believes a program which provides a return to investors and generates cash flow for re-investment is the preferred structure, some type of public/private alignment might work under certain governing circumstances. While not a charge of this engagement, Marquette believes that some form of overarching authority driving the Fund would enhance achievement of housing policy and development/preservation goals.

A $200 million fund, properly designed and leveraged, should be able to provide key (and currently missing) capital to drive development and preservation which meets stated housing production and preservation goals.
ASSESSMENT OF PRIOR RESEARCH

A primary objective of this assignment is to answer the following key question: What housing types and values are missing from the corridor to capture future market demand? The following points summarize the varied data elements and trends considered in developing our analysis and estimates regarding the potential for housing development (and preservation) within the SWLRT ½ mile corridor. This is followed by a summary of our findings and estimates of household growth and housing development potential for the corridor as a whole and for each individual station area.

Data Sources and Research Considered

We have reviewed and utilized the SW Community Works Housing Inventory, completed in 2013, which contains extensive data on the existing housing stock, resident and employment base for the corridor. More recently, we were able to review a June 2014 report entitled “Twin Cities Metropolitan Council Area Trends, Preferences, and Opportunities: 2010 to 2020, 2030 and 2040,” prepared for the Met Council Community Development Committee by Arthur C. Nelson, Ph.D., FAICP. This study presents a timely analysis of demographic trends and household characteristics at the metro level and relates these trends to future housing needs in light of changes ongoing relative to our population base and how future households will live and work in the region. Numerous other research, documents and planning studies were reviewed by Marquette Advisors as part of this engagement and are accordingly referenced throughout this report where relevant.

In assessing the potential for housing development (and preservation) within the corridor, Marquette Advisors has considered all relevant data and market factors, such as economic and demographic data and forecasts by the Met Council and ESRI, a nationally recognized econometric forecasting firm. Importantly, we have analyzed the current economic base and employment conditions within the corridor and metro-wide, together with growth forecasts by industry and occupation from sources including the Met Council and MN-DEED.

As well, we have reviewed land use, commuting patterns, and current residential market conditions in the southwest metro area, utilizing Marquette Advisors proprietary multi-family database along with published data and reporting on Twin Cities housing market conditions. We have also utilized prior research such as the SW Community Works Housing Inventory (2013), The Space Between Report (2013), and all station area planning and studies compiled to date, notably the SW Community Works Corridor Investment Framework (“Investment Framework”) and related Transitional Station Area Action Plans (“TSAAP”) from 2013.

Based on our review of the Investment Framework planning documents and our own field research and analysis we have taken into consideration current land use, land availability and cost, and the “ripeness” of sites for development (and/or change in use) in each station area. Our recommendations take into consideration Investment Framework recommendations regarding future land use and housing within the context of other uses, inclusive of retail, office,
industrial, recreational and institutional components, together with our own assessment relative to market and land use trends.

We have also evaluated TOD development trends throughout the Twin Cities and in other markets such as Seattle, Charlotte, Denver, Washington DC and Dallas. We have analyzed housing construction trends along both the Blue Line (Hiawatha) and the Green Line (Central Corridor). We have evaluated national TOD trends through sources such as the Center for Transit Oriented Development and publications and interviews with TOD analysts and policy experts in other markets, including those at the National Housing Conference, Center for Housing Policy, and Lincoln Institute of Land Policy.

**Current Resident Base**

The ½ mile corridor is home to approximately 37,000 residents and 19,000 households. The table on the following page, taken from the *SW Community Works Housing Inventory*, shows the population and household composition within ½ mile of each station site.

**Key findings are as follows:**

- The majority of corridor residents are renters, with 12,425 renter households (66%) and 6,400 homeowners (34%). By comparison, for the Twin Cities Metro Area as a whole, an estimated 70% of households own their homes.

- Approximately 1.3% of Twin Cities Metro Area households reside in the corridor presently. The corridor grew by an estimated 6,800 persons and 3,600 households between 2000 and 2012, capturing only about 3.2% of Metro Area household growth during this timeframe.

- Interestingly, the corridor at this time is somewhat younger, on average, compared to the region as a whole, as 52% of the resident base is under the age of 35, with a relatively large group of persons between the ages of 25 and 34. As well, the corridor features a relatively high concentration of renters, as 66% of corridor households were renters, compared to 36% throughout Hennepin County.
## POPULATION AND HOUSEHOLD GROWTH TRENDS
### SWLRT STATIONS HALF-MILE RADIUS
#### 2000-2017

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<th>Projection</th>
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<td>3,902</td>
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<td>1,790</td>
<td>2,355</td>
<td>2,386</td>
<td>2,482</td>
</tr>
<tr>
<td>Louisiana</td>
<td>1,986</td>
<td>2,263</td>
<td>2,279</td>
<td>2,343</td>
</tr>
<tr>
<td>Blake Road</td>
<td>4,212</td>
<td>3,959</td>
<td>5,331</td>
<td>5,322</td>
</tr>
<tr>
<td>Hopkins</td>
<td>3,476</td>
<td>3,661</td>
<td>3,375</td>
<td>3,193</td>
</tr>
<tr>
<td>Shady Oak</td>
<td>764</td>
<td>859</td>
<td>853</td>
<td>857</td>
</tr>
<tr>
<td>Opus</td>
<td>1,276</td>
<td>1,105</td>
<td>1,131</td>
<td>1,193</td>
</tr>
<tr>
<td>City West</td>
<td>508</td>
<td>508</td>
<td>576</td>
<td>576</td>
</tr>
<tr>
<td>Golden Triangle</td>
<td>230</td>
<td>456</td>
<td>451</td>
<td>451</td>
</tr>
<tr>
<td>E.P. Town Center</td>
<td>39</td>
<td>1,026</td>
<td>998</td>
<td>987</td>
</tr>
<tr>
<td>Southwest</td>
<td>0</td>
<td>1,871</td>
<td>1,819</td>
<td>1,764</td>
</tr>
<tr>
<td>Mitchell</td>
<td>359</td>
<td>255</td>
<td>270</td>
<td>298</td>
</tr>
<tr>
<td>Total</td>
<td>29,951</td>
<td>36,787</td>
<td>36,730</td>
<td>37,265</td>
</tr>
</tbody>
</table>

### HOUSEHOLDS

<table>
<thead>
<tr>
<th></th>
<th>U.S. Census</th>
<th>Estimate</th>
<th>Projection</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royalston</td>
<td>399</td>
<td>1,526</td>
<td>1,580</td>
<td>1,696</td>
</tr>
<tr>
<td>Van White</td>
<td>445</td>
<td>697</td>
<td>678</td>
<td>663</td>
</tr>
<tr>
<td>Penn</td>
<td>1,176</td>
<td>1,059</td>
<td>1,066</td>
<td>1,039</td>
</tr>
<tr>
<td>21st Street</td>
<td>686</td>
<td>581</td>
<td>577</td>
<td>580</td>
</tr>
<tr>
<td>West Lake</td>
<td>2,539</td>
<td>2,688</td>
<td>2,686</td>
<td>2,742</td>
</tr>
<tr>
<td>Beltline</td>
<td>3,307</td>
<td>2,271</td>
<td>2,294</td>
<td>2,373</td>
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<tr>
<td>Wooddale</td>
<td>891</td>
<td>1,194</td>
<td>1,211</td>
<td>1,263</td>
</tr>
<tr>
<td>Louisiana</td>
<td>1,013</td>
<td>1,120</td>
<td>1,128</td>
<td>1,150</td>
</tr>
<tr>
<td>Blake Road</td>
<td>2,115</td>
<td>2,443</td>
<td>2,420</td>
<td>2,434</td>
</tr>
<tr>
<td>Hopkins</td>
<td>1,818</td>
<td>1,756</td>
<td>1,713</td>
<td>1,677</td>
</tr>
<tr>
<td>Shady Oak</td>
<td>445</td>
<td>475</td>
<td>470</td>
<td>472</td>
</tr>
<tr>
<td>Opus</td>
<td>759</td>
<td>679</td>
<td>696</td>
<td>740</td>
</tr>
<tr>
<td>City West</td>
<td>318</td>
<td>356</td>
<td>353</td>
<td>353</td>
</tr>
<tr>
<td>Golden Triangle</td>
<td>87</td>
<td>234</td>
<td>232</td>
<td>232</td>
</tr>
<tr>
<td>E.P. Town Center</td>
<td>29</td>
<td>633</td>
<td>615</td>
<td>598</td>
</tr>
<tr>
<td>Southwest</td>
<td>0</td>
<td>988</td>
<td>960</td>
<td>933</td>
</tr>
<tr>
<td>Mitchell</td>
<td>166</td>
<td>137</td>
<td>146</td>
<td>163</td>
</tr>
<tr>
<td>Total</td>
<td>15,193</td>
<td>18,834</td>
<td>18,825</td>
<td>19,176</td>
</tr>
</tbody>
</table>

Sources: U.S. Census Bureau; ESRI; Maxfield Research, Inc.

---

### Metropolitan Council Regional Forecast to 2040

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2020</th>
<th>2030</th>
<th>2040</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>2,850,000</td>
<td>3,102,000</td>
<td>3,381,000</td>
<td>3,674,000</td>
</tr>
<tr>
<td>Households</td>
<td>1,118,000</td>
<td>1,257,000</td>
<td>1,388,000</td>
<td>1,509,000</td>
</tr>
<tr>
<td>Employment</td>
<td>1,548,000</td>
<td>1,819,000</td>
<td>1,963,000</td>
<td>2,097,000</td>
</tr>
</tbody>
</table>

Source: Twin Cities Metropolitan Council
**Twin Cities Population & Household Growth Forecasts**

We have considered growth forecasts by both the Met Council and ESRI, and data regarding the composition of the population/household base, in developing estimates of future household growth potential for the SWLRT corridor. It is important to understand not only the pace of growth, but also changes in the composition of the area’s population base over time.

**Long-term forecasts by the Met Council** predict that the Twin Cities Metro Area (7 counties) will grow by an average of about 13,000 households per year over the next 20 years. By comparison, short-term forecasts by national econometric forecasting firm ESRI suggest that the region will grow by around 11,000 households per year in the between **2014 and 2019**. The ESRI (short-term) and Met Council (long-term) forecasts are complementary and integral to our analysis and recommendations. The forecasts indicate that the pace of household growth will likely increase over the long-term. Meanwhile, the short-term projections by ESRI provide significant detail and segmentation by household income, size, type and tenure which we have used in providing detailed development recommendations for specific station areas in the short-term.

An analysis of short-term household growth by age cohort is presented on the following page. The table depicts projected household growth for the seven-county metro area between 2013 and 2018, according to short term forecasts by ESRI. It is interesting to note where the growth is expected to occur, by age cohort, and the aging of the population base. The “Millenials” (a.k.a. Generation Y or “Gen Y”) is having a major impact upon our society, economy and housing markets, as the size of this generation is considerably larger compared to those preceding it. This group was born between the late 1970s and about 2000. Millenials, also known as the “echo boomers” (children of baby boomers), have generated strong demand for apartments throughout the nation and in the Twin Cities market, and this trend continues to date.
### Twin Cities Metro Area

#### Projected 5-Yr Growth Trend -- Households by Age and Income, 2013-2018

<table>
<thead>
<tr>
<th>Age of Householder</th>
<th>2013</th>
<th>2018</th>
<th>Change, 2013-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Households</td>
<td>Pct. Metro Household Base</td>
<td>Median HH Income</td>
</tr>
<tr>
<td>&lt;25</td>
<td>47,954</td>
<td>4.2%</td>
<td>$29,358</td>
</tr>
<tr>
<td>25-34</td>
<td>201,626</td>
<td>17.7%</td>
<td>$58,660</td>
</tr>
<tr>
<td>35-44</td>
<td>210,297</td>
<td>18.4%</td>
<td>$77,524</td>
</tr>
<tr>
<td>45-54</td>
<td>242,995</td>
<td>21.3%</td>
<td>$84,042</td>
</tr>
<tr>
<td>55-64</td>
<td>216,170</td>
<td>19.0%</td>
<td>$74,705</td>
</tr>
<tr>
<td>65-74</td>
<td>101,134</td>
<td>10.6%</td>
<td>$54,940</td>
</tr>
<tr>
<td>75+</td>
<td>120,338</td>
<td>8.9%</td>
<td>$31,117</td>
</tr>
<tr>
<td>Metro Total</td>
<td>1,140,514</td>
<td>100.0%</td>
<td>$63,693</td>
</tr>
</tbody>
</table>

#### Projected Growth by Age Cohort, 2013-2018

<table>
<thead>
<tr>
<th>Age of Householder</th>
<th>&lt;25</th>
<th>25-34</th>
<th>35-44</th>
<th>45-54</th>
<th>55-64</th>
<th>65-74</th>
<th>75+</th>
<th>Metro Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Households</td>
<td>-1,329</td>
<td>2,807</td>
<td>9,678</td>
<td>-17,043</td>
<td>16,955</td>
<td>32,688</td>
<td>11,244</td>
<td>55,000</td>
</tr>
</tbody>
</table>

**Sources:** ESRI Business Information Solutions; Marquette Advisors

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**Impact of Millenials and Baby Boomers on Housing Choice & Development Trends**

**Millenials...**

Young renters (i.e. mid-20’s to early 30’s) have shown a strong positive response to multifamily housing products in recent years, particularly in urban neighborhoods and well-sited suburban locations, showing a preference for small, but efficient units in close proximity to their place of employment, with strong “walkability” and connectivity elements and good access to urban amenities (recreational, cultural and shops/restaurants in particular).

It is interesting to note the aging of Millenials and the impact of this trend upon the overall Twin Cities resident composition. Between 2013 and 2018 (and beyond), many of these households will be aging into their mid-30’s and 40’s. **We expect that TOD (SWLRT included) will appeal to many of these same households who may have recently demonstrated a preference for more urban living (Downtown or Uptown Minneapolis neighborhoods for example, which have seen a major increase in upscale apartment developments).**
In the near future, many of these same renters will consider alternative housing that is no longer in the “middle of the action” but still provides good access (via LRT) to those same urban amenities. As well, as the demand and price of the Downtown and Uptown submarkets continues to rise ($2.10-$2.30+ psf today and rising) (generally $1,200-$2,500+ per unit), we expect that more price sensitive renters (and buyers) will seek “urban” housing opportunities outside the Downtown and Uptown markets.

**Boomers...**

At the same time, we note the aging of the large Baby Boom generation and this impact on housing needs. Senior housing and care needs are expected to be significant, particularly in the long-term (10-20 yrs), as large numbers of Twin Cities residents age into their 70s and beyond. Meanwhile, already in the short-term, we expect that older adults and “empty nesters” (many in the age 55-64 cohort) will consider alternative housing arrangements. Many Baby Boomers currently reside in single family homes and will seek out somewhat more “efficient” living arrangements, often times smaller, less maintenance intensive, well-located multifamily housing products in locations which afford them convenient access to amenities and employment. TOD housing products, then, must be sensitive to this trend and the potential to accommodate these groups. As well, the development of new housing products for this group (and seniors over the long term) will also provide opportunities for home-ownership among younger groups (note the growing age 35-44 group, for example) who will purchase the homes of older adults and seniors.

**Key Growth Segments: Households without Children & Single-Person Households**

We have also analyzed data and forecasting regarding the size and type of household growth expected to occur in the Twin Cities Metro Area. The table on the following page is extracted from that report, and shows household growth and composition (with children, without children, and persons living alone) for the 2010 to 2020 and 2010 to 2030 timeframes.

According to the Met Council, households without children are expected to account for approximately 80% of the household growth in the Twin Cities Metro Area between 2010 and 2020. The majority of household growth is expected to be comprised of single persons and couples without children. In fact, 34% of metro area household growth is expected to be single-person households. In the central counties (Hennepin and Ramsey) single-person households are expected to comprise an even greater share of household growth, at 42%.

These trends have a major implication with respect to required housing products in the region during this timeframe, and through 2030. In fact, the Arthur Nelson report concludes that these growth segments will show a strong preference for urban housing, and primarily high-density multifamily residential configurations. From our analysis of demographic data paired with review of housing supply and demand factors, we concur.
### Change in Households by Type, 2010-2020, 2030 and 2040

<table>
<thead>
<tr>
<th>Metric</th>
<th>United States</th>
<th>Minnesota</th>
<th>Metropolitan Council</th>
<th>Central Counties</th>
<th>Non-Central Counties</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Baseline, 2010</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Households</td>
<td>116,945</td>
<td>2,060</td>
<td>1,118</td>
<td>679</td>
<td>430</td>
</tr>
<tr>
<td>HHs with Children</td>
<td>34,814</td>
<td>617</td>
<td>381</td>
<td>195</td>
<td>168</td>
</tr>
<tr>
<td>HHs without Children</td>
<td>82,131</td>
<td>1,473</td>
<td>757</td>
<td>484</td>
<td>273</td>
</tr>
<tr>
<td><strong>People living alone</strong></td>
<td>31,264</td>
<td>585</td>
<td>330</td>
<td>230</td>
<td>101</td>
</tr>
</tbody>
</table>

#### Change in Households by Type, 2010-2020

| Households 2020            | 130,556       | 2,335     | 1,257                | 739              | 518                  |
| Household Growth           | 13,011        | 245       | 139                  | 60               | 78                   |
| HHs with Children          | 38,657        | 643       | 390                  | 205              | 185                  |
| HHs with Children Change   | 1,843         | 27        | 20                   | 10               | 19                   |
| HHs with Children Share    | 14%           | 11%       | 21%                  | 17%              | 24%                  |
| HHs without Children       | 93,899        | 1,691     | 867                  | 534              | 333                  |
| HHs w/o Children Change    | 11,788        | 218       | 110                  | 50               | 60                   |
| HHs w/o Children Share     | 80%           | 89%       | 79%                  | 85%              | 78%                  |

#### Change in Households by Type, 2010-2030

| Households 2030            | 143,232       | 2,568     | 1,388                | 798              | 590                  |
| Household Growth           | 28,287        | 476       | 270                  | 119              | 151                  |
| HHs with Children          | 38,358        | 666       | 414                  | 214              | 201                  |
| HHs with Children Change   | 3,544         | 50        | 53                   | 19               | 34                   |
| HHs with Children Share    | 13%           | 11%       | 20%                  | 16%              | 23%                  |
| HHs without Children       | 104,874       | 1,899     | 973                  | 584              | 389                  |
| HHs w/o Children Change    | 22,743        | 426       | 217                  | 100              | 116                  |
| HHs w/o Children Share     | 87%           | 86%       | 80%                  | 84%              | 77%                  |
| People living alone        | 37,773        | 706       | 377                  | 255              | 122                  |
| People living alone Change | 6,509         | 120       | 47                   | 25               | 21                   |
| People living alone Share  | 48%           | 49%       | 34%                  | 42%              | 27%                  |

#### Change in Households by Type, 2010-2040

| Households 2040            | 156,456       | 2,768     | 1,518                | 878              | 718                  |
| Household Growth           | 30,911        | 516       | 309                  | 149              | 203                  |
| HHs with Children          | 42,358        | 794       | 414                  | 214              | 201                  |
| HHs with Children Change   | 4,144         | 74        | 67                   | 23               | 34                   |
| HHs with Children Share    | 13%           | 12%       | 22%                  | 17%              | 25%                  |
| HHs without Children       | 141,702       | 2,591     | 1,129                | 678              | 590                  |
| HHs w/o Children Change    | 33,114        | 666       | 414                  | 214              | 201                  |
| HHs w/o Children Share     | 87%           | 86%       | 80%                  | 84%              | 77%                  |
| People living alone        | 45,203        | 970       | 438                  | 289              | 149                  |
| People living alone Growth | 14,035        | 286       | 107                  | 59               | 48                   |
| People living alone Share  | 53%           | 60%       | 40%                  | 50%              | 32%                  |

Public and Private Educational Facilities

We evaluated educational facilities in order to a) determine the potential impact of these facilities upon housing demand in the corridor, and b) assess the possible impact of new housing developments in the corridor upon these facilities, particularly in terms of enrollment.

The SWLRT corridor spans five K-12 school districts, including Minneapolis, St. Louis Park, Edina, Hopkins, and Eden Prairie. According to the SW Community Works Housing Inventory, there are 38 public schools located within the 2-mile corridor. However, only four public schools are located within ½ mile of SWLRT stations, including two in Minneapolis (Bryn Mawr Elementary and Anwatin Middle School) and two in St. Louis Park (Park Spanish Immersion Elementary and St. Louis Park High School). Notably, there are 18 private and charter schools located within ½ mile of SWLRT station sites, including several within a 10-minute “walk-shed” which will be easily accessible for pedestrians and cyclists.

Four post-secondary institutions are located within the two-mile corridor. This includes two schools within a ½ mile of stations: Dunwoody College of Technology (Minneapolis) and Minneapolis Community and Technical College. Others within two miles include Hennepin Technical College and ITT Technical Institute, both in Eden Prairie.

The following are key findings from our research:

The proximity of educational facilities within close range of the LRT stations is without question appealing and compatible with residential and mixed-use development nearby. However, considering household growth trends as discussed herein, the composition of household growth (smaller household sizes and predominately households without children), and the suggested housing product mix presented later in this report, we do not expect that TOD housing within ½ mile of the SWLRT stations will have a substantial impact upon student enrollment within any school district or upon any individual school. The development of SWLRT could provide additional opportunities for open enrollment based upon new access by others due to LRT; however, we do not expect that LRT will have a significant impact upon enrollment in any one district or any specific educational facility in the corridor.

Interestingly, we have learned our market research, interviews and assessment of school staffing and salaries, that teachers and school support staff represent a significant potential market for TOD housing in the corridor. By comparing teacher salaries with the cost of housing in the various communities, we note a considerable affordability gap, particularly for younger teachers. From our interviews we are aware that teachers often commute considerable distances to schools in Edina, Minnetonka and Eden Prairie in particular, because they are not able to afford housing in close proximity to their place of employment. Because of this, we expect that workforce and market-rate apartment products, as well as entry-level priced for-sale housing units will appeal to teachers and other school staff working in the SWLRT corridor.
**Corridor Employment**

There is a strong corporate presence along the corridor, with a deep and diverse mix of jobs. According to U.S. Census data, total employment within ½ mile of SWLRT is estimated at 107,000 workers, comprising approximately 6.7% of total employment (by place of work) in the 7-county Twin Cities Metro Area.

It is also interesting to note that, according to the *SW Community Works Housing Inventory*, only 3.7% of the 107,000 workers within ½ mile of SWLRT also reside within this same area. This presents a significant opportunity. It is reasonable to expect that a considerably larger share of persons currently employed at businesses located within ½ mile of the line would consider new TOD housing options here in the future. We expect that many of these workers would utilize SWLRT to travel to-from their place of employment. This assumes, however, that an adequate supply of attractive and appropriately-priced housing products are developed within proximity of SWLRT.
<table>
<thead>
<tr>
<th></th>
<th>Living Employed in Station Area</th>
<th>Employed in Station Area but Living Outside</th>
<th>Living and Employed in Station Area</th>
<th>Total Net Job Inflow (+) or Outflow (-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royalston</td>
<td>10,208</td>
<td>32</td>
<td>0.3%</td>
<td>10,176</td>
</tr>
<tr>
<td>Van White</td>
<td>1,550</td>
<td>6</td>
<td>0.4%</td>
<td>1,544</td>
</tr>
<tr>
<td>Penn</td>
<td>513</td>
<td>3</td>
<td>0.6%</td>
<td>510</td>
</tr>
<tr>
<td>21st Street</td>
<td>211</td>
<td>0</td>
<td>0.0%</td>
<td>211</td>
</tr>
<tr>
<td>West Lake</td>
<td>2,428</td>
<td>36</td>
<td>1.5%</td>
<td>2,390</td>
</tr>
<tr>
<td>Belmont</td>
<td>3,155</td>
<td>33</td>
<td>1.0%</td>
<td>3,122</td>
</tr>
<tr>
<td>Woodland</td>
<td>2,973</td>
<td>39</td>
<td>1.3%</td>
<td>2,934</td>
</tr>
<tr>
<td>Louisiana</td>
<td>8,469</td>
<td>77</td>
<td>0.9%</td>
<td>8,392</td>
</tr>
<tr>
<td>Blake</td>
<td>1,808</td>
<td>30</td>
<td>1.7%</td>
<td>1,778</td>
</tr>
<tr>
<td>Hopkins</td>
<td>5,308</td>
<td>79</td>
<td>1.5%</td>
<td>5,307</td>
</tr>
<tr>
<td>Shady Oak</td>
<td>3,054</td>
<td>18</td>
<td>0.6%</td>
<td>3,040</td>
</tr>
<tr>
<td>Opus</td>
<td>3,018</td>
<td>0</td>
<td>0.0%</td>
<td>3,018</td>
</tr>
<tr>
<td>City West</td>
<td>7,624</td>
<td>5</td>
<td>0.1%</td>
<td>7,624</td>
</tr>
<tr>
<td>Golden Triangle</td>
<td>5,649</td>
<td>3</td>
<td>0.1%</td>
<td>5,646</td>
</tr>
<tr>
<td>E.P. Town Center</td>
<td>5,438</td>
<td>1</td>
<td>0.0%</td>
<td>5,437</td>
</tr>
<tr>
<td>Southwest</td>
<td>2,885</td>
<td>10</td>
<td>0.3%</td>
<td>2,875</td>
</tr>
<tr>
<td>Mitchell</td>
<td>3,080</td>
<td>4</td>
<td>0.0%</td>
<td>3,079</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>107,236</strong></td>
<td><strong>3,875</strong></td>
<td><strong>3.7%</strong></td>
<td><strong>103,361</strong></td>
</tr>
</tbody>
</table>

Sources: US Census; Maxfield Research Inc.

Notes:
- Graphic taken from SW Community Works Housing Inventory
- "Corridor" as defined for purposes of the SW Community Works Housing Inventory comprises the full ½ mile corridor, including ½ mile from each station area, plus all other areas lying ½ mile from any point along the LRT line.
We have also completed an analysis of the types of jobs and employee earnings in the corridor and throughout the region. The SWLRT corridor features a heavy concentration of well-paying jobs in the information, finance, and professional services sectors (often referred to as “knowledge”-based jobs). As shown below, according to data from the U.S. Census, 15,312 workers are employed within ½ mile of SWLRT in the Professional, Scientific and Technical Services Sector, representing a full 14% of employment within ½ mile of the line. By comparison, this sector accounts for just 7% of employment region-wide.
The Health Care and Social Assistance sector is also an important sector within the corridor, accounting for 12% of employment within 1/2 mile of SWLRT. Manufacturing accounts for 11% of corridor employment, also similar to the Metro Area employment distribution. Our analysis indicates that the SWLRT corridor includes a diverse mix of public and private-sector employment, with workers employed in many industries and at a full range of pay levels.

According to U.S. Census data, the distribution of jobs by monthly earnings within 1/2 mile of SWLRT is similar to that of the Metro Area as a whole. However, it is interesting to note that the larger 1-mile corridor features a somewhat higher concentration of well-paying jobs, as more than 60% of workers within the 1-mile corridor earned more than $3,333 per month ($40,000+ per year), compared to 52% at the 1/2 mile buffer and 47% Metro-wide.

Our housing recommendations for the SWLRT corridor, both in aggregate and for individual station areas, are based in part on our examination of both household income data and also the business mix, employment counts and employee earnings. The graphic below and on the following pages shows the number of workers by income level (monthly earnings) for a 1/2 and 1 mile radii surrounding each station area, and for a 1/2 and 1 mile buffer surrounding the line for 2005 and 2010. Data is from the U.S. Census.

### EMPLOYMENT BY EARNINGS

**SWLRT STATIONS -- 1/2 and 1 Mile from SWLRT**

<table>
<thead>
<tr>
<th>Station</th>
<th>Half-Mile</th>
<th>One-Mile</th>
<th>Change</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,250/mo. or less</td>
<td>2,334</td>
<td>2,044</td>
<td>510</td>
<td>21.9%</td>
</tr>
<tr>
<td>$1,251 - $3,333/mo.</td>
<td>2,828</td>
<td>3,090</td>
<td>262</td>
<td>9.3%</td>
</tr>
<tr>
<td>More than $3,333/mo.</td>
<td>3,088</td>
<td>4,274</td>
<td>1,186</td>
<td>38.8%</td>
</tr>
<tr>
<td>Total</td>
<td>8,250</td>
<td>10,208</td>
<td>1,958</td>
<td>23.7%</td>
</tr>
<tr>
<td>$1,250/mo. or less</td>
<td>399</td>
<td>284</td>
<td>-115</td>
<td>-28.8%</td>
</tr>
<tr>
<td>$1,251 - $3,333/mo.</td>
<td>615</td>
<td>359</td>
<td>-256</td>
<td>-41.6%</td>
</tr>
<tr>
<td>More than $3,333/mo.</td>
<td>712</td>
<td>907</td>
<td>195</td>
<td>27.4%</td>
</tr>
<tr>
<td>Total</td>
<td>1,726</td>
<td>1,550</td>
<td>-176</td>
<td>-10.2%</td>
</tr>
<tr>
<td>$1,250/mo. or less</td>
<td>178</td>
<td>154</td>
<td>-24</td>
<td>-13.5%</td>
</tr>
<tr>
<td>$1,251 - $3,333/mo.</td>
<td>112</td>
<td>135</td>
<td>23</td>
<td>20.5%</td>
</tr>
<tr>
<td>More than $3,333/mo.</td>
<td>167</td>
<td>224</td>
<td>57</td>
<td>34.1%</td>
</tr>
<tr>
<td>Total</td>
<td>457</td>
<td>513</td>
<td>56</td>
<td>12.3%</td>
</tr>
<tr>
<td>$1,250/mo. or less</td>
<td>53</td>
<td>50</td>
<td>-3</td>
<td>-5.7%</td>
</tr>
<tr>
<td>$1,251 - $3,333/mo.</td>
<td>52</td>
<td>71</td>
<td>19</td>
<td>36.5%</td>
</tr>
<tr>
<td>More than $3,333/mo.</td>
<td>62</td>
<td>90</td>
<td>28</td>
<td>45.2%</td>
</tr>
<tr>
<td>Total</td>
<td>167</td>
<td>211</td>
<td>44</td>
<td>26.3%</td>
</tr>
<tr>
<td>$1,250/mo. or less</td>
<td>451</td>
<td>520</td>
<td>69</td>
<td>15.3%</td>
</tr>
<tr>
<td>$1,251 - $3,333/mo.</td>
<td>890</td>
<td>825</td>
<td>-65</td>
<td>-7.5%</td>
</tr>
<tr>
<td>More than $3,333/mo.</td>
<td>650</td>
<td>888</td>
<td>238</td>
<td>36.2%</td>
</tr>
<tr>
<td>Total</td>
<td>2,391</td>
<td>2,487</td>
<td>96</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

Total | 2,647 | 1,808 | -839 | -31.7% | 6,940 | 6,532 | -408 | -5.9% |

Sources: U.S. Census Bureau; Maxfield Research, Inc.

Note: graphic taken from SW Community Works Housing Inventory
### SWLRT Employment by Earnings

**SWLRT Stations -- 1/2 and 1 Mile from SWLRT**

#### 2005 to 2010

<table>
<thead>
<tr>
<th>Station</th>
<th>Half-Mile</th>
<th>One-Mile</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
<td>2010</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beltline</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,250/mo. or less</td>
<td>848</td>
<td>662</td>
</tr>
<tr>
<td>$1,251 - $3,333/mo.</td>
<td>1,182</td>
<td>884</td>
</tr>
<tr>
<td>More than $3,333/mo.</td>
<td>1,407</td>
<td>1,409</td>
</tr>
<tr>
<td>Total</td>
<td>3,437</td>
<td>3,155</td>
</tr>
<tr>
<td>Wooddale</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,250/mo. or less</td>
<td>1,810</td>
<td>772</td>
</tr>
<tr>
<td>$1,251 - $3,333/mo.</td>
<td>1,688</td>
<td>978</td>
</tr>
<tr>
<td>More than $3,333/mo.</td>
<td>3,133</td>
<td>1,225</td>
</tr>
<tr>
<td>Total</td>
<td>4,631</td>
<td>2,973</td>
</tr>
<tr>
<td>Louisiana</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,250/mo. or less</td>
<td>1,172</td>
<td>793</td>
</tr>
<tr>
<td>$1,251 - $3,333/mo.</td>
<td>1,688</td>
<td>978</td>
</tr>
<tr>
<td>More than $3,333/mo.</td>
<td>3,773</td>
<td>4,532</td>
</tr>
<tr>
<td>Total</td>
<td>6,633</td>
<td>8,469</td>
</tr>
<tr>
<td>Blake</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,250/mo. or less</td>
<td>1,145</td>
<td>460</td>
</tr>
<tr>
<td>$1,251 - $3,333/mo.</td>
<td>1,019</td>
<td>656</td>
</tr>
<tr>
<td>More than $3,333/mo.</td>
<td>483</td>
<td>622</td>
</tr>
<tr>
<td>Total</td>
<td>2,647</td>
<td>1,808</td>
</tr>
<tr>
<td>Hopkins</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,250/mo. or less</td>
<td>2,365</td>
<td>2,318</td>
</tr>
<tr>
<td>$1,251 - $3,333/mo.</td>
<td>1,688</td>
<td>1,743</td>
</tr>
<tr>
<td>More than $3,333/mo.</td>
<td>2,571</td>
<td>3,051</td>
</tr>
<tr>
<td>Total</td>
<td>6,524</td>
<td>5,112</td>
</tr>
<tr>
<td>Shady Oak</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,250/mo. or less</td>
<td>1,926</td>
<td>530</td>
</tr>
<tr>
<td>$1,251 - $3,333/mo.</td>
<td>2,348</td>
<td>2,021</td>
</tr>
<tr>
<td>More than $3,333/mo.</td>
<td>5,273</td>
<td>4,210</td>
</tr>
<tr>
<td>Total</td>
<td>9,547</td>
<td>7,561</td>
</tr>
<tr>
<td>Opus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,250/mo. or less</td>
<td>269</td>
<td>214</td>
</tr>
<tr>
<td>$1,251 - $3,333/mo.</td>
<td>1,031</td>
<td>465</td>
</tr>
<tr>
<td>More than $3,333/mo.</td>
<td>2,348</td>
<td>2,339</td>
</tr>
<tr>
<td>Total</td>
<td>5,648</td>
<td>5,012</td>
</tr>
<tr>
<td>City West</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,250/mo. or less</td>
<td>523</td>
<td>2,506</td>
</tr>
<tr>
<td>$1,251 - $3,333/mo.</td>
<td>1,225</td>
<td>1,751</td>
</tr>
<tr>
<td>More than $3,333/mo.</td>
<td>2,353</td>
<td>3,283</td>
</tr>
<tr>
<td>Total</td>
<td>4,101</td>
<td>7,639</td>
</tr>
<tr>
<td>Golden Triangle</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,250/mo. or less</td>
<td>607</td>
<td>507</td>
</tr>
<tr>
<td>$1,251 - $3,333/mo.</td>
<td>2,337</td>
<td>1,518</td>
</tr>
<tr>
<td>More than $3,333/mo.</td>
<td>2,929</td>
<td>3,624</td>
</tr>
<tr>
<td>Total</td>
<td>5,873</td>
<td>5,649</td>
</tr>
</tbody>
</table>

**Sources:** U.S. Census Bureau; Maxfield Research, Inc.

**Note:** graphic taken from SW Community Works Housing Inventory
The base of employees working near each of the planned SWLRT stations varies considerably throughout the corridor, not only in terms of the number of workers, but also by type of job and by level of earnings. While there are large concentrations of high-paying jobs in several of the station areas, notably the various Eden Prairie station areas, as well as Louisiana (Methodist Hospital, for example) and Royalston (Downtown Mpls), in these areas and throughout the corridor there is also considerable employment in lower paying positions. This includes entry-level support, clerical and maintenance positions, as well as lower-level service workers which service the various businesses along the corridor (e.g. office cleaning, grounds maintenance, and retail/restaurant workers who serve the businesses which serve area employees and residents).

As well, it is important to remember the connectivity enhancement that SWLRT will provide, linking workers in all industries and all occupations with jobs throughout the corridor and in primary job centers such as the Downtown Minneapolis CBD and even beyond, by way of an integrated LRT network (with connectivity to the Hiawatha and Central Corridors, and other modes of transit). As such, we do not suggest that high-end housing products be situated only near those station areas which feature a high concentration of upper-income employment. Rather, the connectivity and lifestyle efficiencies that SWLRT will provide are expected to create strong market demand for a full range of housing product types at all affordability levels, at various stations along SWLRT. We note that while we expect that
housing affordable at <60% of AMI will garner a strong positive market response at any/all LRT station areas, the economic viability of constructing such units will be a challenge in all station areas due to development costs. This will be particularly challenging in station areas with a limited land supply and/or high land costs. In fact, the provision of housing products affordable at or below 100% of income will in many cases require public subsidy for this same reason.

Presented below is an analysis of worker earnings for persons employed within ½ mile of SWLRT. The table shows the number of workers by monthly earnings (according to 2010 US Census data), as well as estimates of monthly housing costs affordable to them. Note the calculations show the “affordability range” based on 1 or 2 workers per household. Our analysis of demographic data indicates that the majority of corridor households feature just a single worker.

<table>
<thead>
<tr>
<th>Employment - Monthly Earnings / Housing Affordability Calculations</th>
<th>Employment within 1/2 mile of SWLRT (per 2010 US Census)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs by Monthly Income - 1/2 Mile from SWLRT line (per 2010 US Census)</td>
<td># of Workers by Monthly Earnings</td>
</tr>
<tr>
<td>$1,250/mo. or less</td>
<td>22,063</td>
</tr>
<tr>
<td>$1,251 - $3,333/mo.</td>
<td>28,937</td>
</tr>
<tr>
<td>More than $3,333/mo.</td>
<td>56,216</td>
</tr>
<tr>
<td>Total</td>
<td>107,236</td>
</tr>
</tbody>
</table>

*Affordable monthly housing cost based on 30% of monthly income.

Sources: US Census (employment data); Marquette Advisors (housing affordability calculations)

Key Point -- A full 20% of persons presently employed within ½ mile of SWLRT would require housing priced at $750 per month or less, based on their current monthly earnings. (This assumes up to 2 workers per household with a similar job, with each of those workers earning less than $1,250 per month).

The Family Housing Fund (FHF) has also conducted considerable research in the areas of housing cost, employee wages and housing affordability. The graphic on the following page, published by FHF in May 2014 effectively demonstrates the gap in housing affordability and worker earnings for a number of key essential employment positions in the Twin Cities region. The table shows the median wage by type of position, and their maximum monthly housing cost at 30% of income, along with the % of income required to rent an average two-bedroom apartment or purchase a median-priced home. In the case of all workplace positions shown, a single-earner household would have considerable “excess housing cost burden,” in contributing well in excess of 30% of their income toward housing cost.
<table>
<thead>
<tr>
<th>Workplace Position</th>
<th>Median Yearly Salary for Full-Time Worker $</th>
<th>Monthly Amount Can Afford for Housing $</th>
<th>Percentage of Income Required to Rent 2-BR Apartment</th>
<th>Percentage of Income Required to Own a House $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assembly Worker</td>
<td>$31,054</td>
<td>$776</td>
<td>42%</td>
<td>50%</td>
</tr>
<tr>
<td>Cashier</td>
<td>$19,635</td>
<td>$491</td>
<td>66%</td>
<td>79%</td>
</tr>
<tr>
<td>Child Care Worker</td>
<td>$22,152</td>
<td>$517</td>
<td>59%</td>
<td>70%</td>
</tr>
<tr>
<td>Counter &amp; Rental Clerk</td>
<td>$20,696</td>
<td>$517</td>
<td>63%</td>
<td>75%</td>
</tr>
<tr>
<td>Dry Cleaner</td>
<td>$26,582</td>
<td>$665</td>
<td>49%</td>
<td>59%</td>
</tr>
<tr>
<td>File Clerk</td>
<td>$29,037</td>
<td>$726</td>
<td>45%</td>
<td>54%</td>
</tr>
<tr>
<td>Home Health Aide</td>
<td>$23,816</td>
<td>$595</td>
<td>55%</td>
<td>66%</td>
</tr>
<tr>
<td>Host/Hostess</td>
<td>$18,158</td>
<td>$454</td>
<td>72%</td>
<td>86%</td>
</tr>
<tr>
<td>Janitor, Cleaner</td>
<td>$24,003</td>
<td>$600</td>
<td>54%</td>
<td>65%</td>
</tr>
<tr>
<td>Landscaper/Groundskeeper</td>
<td>$27,997</td>
<td>$700</td>
<td>46%</td>
<td>56%</td>
</tr>
<tr>
<td>Maid/Housekeeping Cleaner</td>
<td>$21,882</td>
<td>$547</td>
<td>59%</td>
<td>71%</td>
</tr>
<tr>
<td>Nursing Assistant</td>
<td>$28,891</td>
<td>$722</td>
<td>45%</td>
<td>54%</td>
</tr>
<tr>
<td>Parking Lot Attendant</td>
<td>$21,902</td>
<td>$548</td>
<td>59%</td>
<td>71%</td>
</tr>
<tr>
<td>Receptionist</td>
<td>$29,786</td>
<td>$745</td>
<td>44%</td>
<td>52%</td>
</tr>
<tr>
<td>Restaurant Cook</td>
<td>$22,838</td>
<td>$571</td>
<td>57%</td>
<td>68%</td>
</tr>
<tr>
<td>Salesperson, Retail</td>
<td>$20,717</td>
<td>$518</td>
<td>63%</td>
<td>75%</td>
</tr>
<tr>
<td>School Bus Driver</td>
<td>$33,779</td>
<td>$844</td>
<td>38%</td>
<td>46%</td>
</tr>
<tr>
<td>Taxi Driver</td>
<td>$26,562</td>
<td>$664</td>
<td>49%</td>
<td>59%</td>
</tr>
<tr>
<td>Teacher Assistant</td>
<td>$30,201</td>
<td>$755</td>
<td>43%</td>
<td>52%</td>
</tr>
<tr>
<td>Telemarketer</td>
<td>$27,726</td>
<td>$693</td>
<td>47%</td>
<td>58%</td>
</tr>
<tr>
<td>Teller</td>
<td>$25,605</td>
<td>$640</td>
<td>51%</td>
<td>61%</td>
</tr>
</tbody>
</table>

1 Source: MN Dept. of Employment & Economic Development
2 Based on 30% of income
3 Based on 1st Quarter 2014 Marquette Advisors average rent of $1,083 for two-bedroom apartment in the Twin Cities Metro Area.
4 Based on Minneapolis Area Association of Realtors Median Sale Price of $185,000 for a single family home sold in the Twin Cities metropolitan area for the year-to-date 2014 (as of March).

Source: "Working Doesn't Always Pay for a Home" -- Family Housing Fund, Public Education Initiative, updated May 2014.
Review of SW Community Works Corridor Investment Framework & Key Findings

We have reviewed the Investment Framework, finalized in 2013, in regards to the development/redevelopment potential for land surrounding each of the planned 17 stations. Based on our review of Investment Framework planning documents and our own field research and analysis, we find that the supply of land (and cost) will be a primary challenge with respect to the provision of full and optimal housing choice along the line going forward. This varies by station area, of course. However, we note from our work that in the case of many stations there is a very limited supply of developable land.

Further, many of the parcels identified through the Investment Framework for potential future development/redevelopment are privately held and in many cases currently in a productive use, other than housing. Development of housing at SWLRT station areas will in many cases require a change in land use, and it is likely that in many cases housing will simply not be the highest-and-best use due to land value/cost, as continuation in current use or more intensive commercial uses become viable.

Still, we believe there are significant opportunities for housing near multiple stations along SWLRT. However, the residential development potential as identified herein has been tempered due to the issues noted related to land availability, land cost, redevelopment complexity, and highest-best-use challenges.

Based on our analysis to date, we believe there will be a very strong positive market response to new housing products along SWLRT over the next several years. Market economics continue to improve, and infill development is already starting to occur within several of the SWLRT corridor communities. Much of our region's housing development recently and ongoing is comprised of luxury apartments being constructed in Downtown and Uptown Minneapolis. Suburban development deals are just starting to “pencil out” from a feasibility standpoint, in some locations, due to increasing market demand and rising rental rates. New apartments completed recently or in development now in the corridor communities generally feature rents in the $1.60-$1.90 psf range ($900-$1,900+), compared to $2.10-$2.30+ psf in Downtown Minneapolis ($1,200-$2,500+), which is presently the most active construction market in the Twin Cities region, and one of the busiest in the Midwest region.

From our analysis and expertise, we expect that SWLRT housing will appeal to a diverse group of both renters and home buyers in the future.

- "Gen Y" and empty nesters are likely short-term demand drivers, although we believe “aging” Gen Y renters and Gen X singles, couples and young families also provide substantive target markets in the near term – we note that far fewer new housing options are being provided at the present time for these groups in the region.

- Senior housing demand will also be significant, particularly in the long-term (10-15+ years out) as more of the Baby Boomers age into their late 70s and 80s.
SWLRT CORRIDOR RESIDENTIAL DEVELOPMENT OUTLOOK

Based on this analysis and our professional experience we have developed estimates of “pure market demand” for new housing units within ½ mile of the planned station areas over the long-term (approximately 15 years). The “pure market demand” estimate is the number of units that would be marketable within ½ mile of the LRT stations, prior to consideration of issues such as land availability, land use and highest and best use factors, and development cost constraints.

Next, we developed “suggested residential development goals” for the SWLRT corridor (comprising ½ mile surrounding each station). The development goals are tempered to reflect our detailed analysis of each station area in terms of land availability, land ownership and current use structure, and development cost factors. It is important to note that while the suggested residential development scenarios do account for development/redevelopment challenges, the creation of these unit totals will still require a “heavy lift,” inclusive of significant public subsidy and creative public/private partnerships.

Our discussion and estimates of “pure market demand” and “suggested residential development goals” is presented as follows:

**Pure market demand: 13,000 - 15,000 units.** Based on our review of demographic/economic factors, growth forecasts, and our assessment of housing market conditions, we believe that it is very reasonable to expect that there will be market demand for between 13,000 and 15,000 units (or more) within the SWLRT corridor by 2030. This represents about 7% to 8% of projected Metro Area household growth over the next 15 years; which we believe to be a reasonable capture rate based on all factors analyzed. The SWLRT corridor benefits from strong underlying demographics and market dynamics, a deep and diverse economic base, quality public facilities and schools. Further, the connectivity and lifestyle features resulting from development of SWLRT greatly enhance the appeal of housing near the planned stations.

However, while this potential exists, there are significant challenges and barriers to the development of housing along SWLRT and therefore have developed tempered housing development targets for SWLRT station areas.

**Suggested residential development goal: 11,000 units.** We have completed an analysis of each submarket and station area. The following section provides detailed recommendations regarding new housing construction within ½ mile of each station area over the next 15 years. This includes recommendations for new units by product type, affordability level, and approximate timing. Note that the recommended unit count at 11,000 assumes that sufficient gap financing will be available to support a full range of housing products. We estimate a need for at least $65 million in gap financing to support 1,300 new housing units as suggested at price points affordable to households earning <60% of AMI. Another $20 million in gap financing could be required to support the recommended new unit inventory affordable to households earning between 60%-100% of AMI. We also opine on the strengths and challenges of each of station area from a housing standpoint and offer suggestions for investment in public realm elements which will enhance livability and the appeal of these locations for housing.
Presented on table on the following page are suggestions regarding a market-appropriate housing product mix by station area. This is followed by a discussion of each station area. For purposes of this analysis we have segmented our product type recommendations by product type and affordability level as follows:

<table>
<thead>
<tr>
<th>Income Range &amp; Max. Housing Cost (based on 2 persons per household) -- 2014</th>
<th>Household Income Range</th>
<th>Max. Monthly Housing Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% to 30% of AMI</td>
<td>&lt; $19,920</td>
<td>$0 - $560</td>
</tr>
<tr>
<td>30% to 60% of AMI</td>
<td>$19,921 - $39,840</td>
<td>$560 - $1,120</td>
</tr>
<tr>
<td>60% to 80% of AMI</td>
<td>$39,841 - $51,150</td>
<td>$1,121 - $1,280</td>
</tr>
<tr>
<td>80% to 100% of AMI</td>
<td>$51,151 - $66,400</td>
<td>$1,281 - $1,660</td>
</tr>
<tr>
<td>100% of AMI +</td>
<td>&gt; $66,400</td>
<td>$1,660+</td>
</tr>
</tbody>
</table>

Source: MN Housing Finance Agency

Our recommendations include a mix of rental housing by affordability range, inclusive of general occupancy and senior rentals, along with homeownership products including for-sale condos, townhomes (including row homes) and single-family "Pocket Neighborhood" product types, which are suggested in the case of multiple station areas.
<table>
<thead>
<tr>
<th>Station Area</th>
<th>Short Term (3-5 Yrs)</th>
<th>Mid-Term (6-10 Yrs)</th>
<th>Long Term (10+ Yrs)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royalston</td>
<td>1,000</td>
<td>400</td>
<td>400</td>
<td>1,800</td>
</tr>
<tr>
<td>Van White</td>
<td>300</td>
<td>380</td>
<td>420</td>
<td>1,100</td>
</tr>
<tr>
<td>Penn</td>
<td>240</td>
<td>-</td>
<td>-</td>
<td>240</td>
</tr>
<tr>
<td>21st St.</td>
<td>-</td>
<td>-</td>
<td><strong>(to be considered)</strong></td>
<td><strong>(to be considered)</strong></td>
</tr>
<tr>
<td>West Lake</td>
<td>340</td>
<td>160</td>
<td>400</td>
<td>900</td>
</tr>
<tr>
<td>Minneapolis Subtotal</td>
<td><strong>1,880</strong></td>
<td><strong>940</strong></td>
<td><strong>1,220</strong></td>
<td><strong>4,040</strong></td>
</tr>
<tr>
<td>Beltline</td>
<td>140</td>
<td>440</td>
<td>420</td>
<td>1,000</td>
</tr>
<tr>
<td>Wooddale</td>
<td>120</td>
<td>240</td>
<td>240</td>
<td>600</td>
</tr>
<tr>
<td>Louisiana</td>
<td>-</td>
<td>340</td>
<td>460</td>
<td>800</td>
</tr>
<tr>
<td>St. Louis Park Subtotal</td>
<td><strong>260</strong></td>
<td><strong>1,020</strong></td>
<td><strong>1,120</strong></td>
<td><strong>2,400</strong></td>
</tr>
<tr>
<td>Blake</td>
<td>500</td>
<td>244</td>
<td>500</td>
<td>1,244</td>
</tr>
<tr>
<td>Downtown Hopkins</td>
<td>250</td>
<td>160</td>
<td>270</td>
<td>680</td>
</tr>
<tr>
<td>Shady Oak</td>
<td>200</td>
<td>-</td>
<td>300</td>
<td>500</td>
</tr>
<tr>
<td>Hopkins Subtotal</td>
<td><strong>950</strong></td>
<td><strong>404</strong></td>
<td><strong>1,070</strong></td>
<td><strong>2,424</strong></td>
</tr>
<tr>
<td>Opus</td>
<td>-</td>
<td>260</td>
<td>340</td>
<td>600</td>
</tr>
<tr>
<td>Minnetonka Subtotal</td>
<td>-</td>
<td><strong>260</strong></td>
<td><strong>340</strong></td>
<td><strong>600</strong></td>
</tr>
<tr>
<td>City West</td>
<td>-</td>
<td>300</td>
<td>-</td>
<td>300</td>
</tr>
<tr>
<td>Golden Triangle</td>
<td>180</td>
<td>300</td>
<td>-</td>
<td>480</td>
</tr>
<tr>
<td>EP Town Center</td>
<td>160</td>
<td>260</td>
<td>180</td>
<td>600</td>
</tr>
<tr>
<td>Southwest</td>
<td>-</td>
<td>200</td>
<td>-</td>
<td>200</td>
</tr>
<tr>
<td>Mitchell</td>
<td>192</td>
<td>-</td>
<td>-</td>
<td>192</td>
</tr>
<tr>
<td>Eden Prairie Subtotal</td>
<td><strong>532</strong></td>
<td><strong>1,060</strong></td>
<td><strong>180</strong></td>
<td><strong>1,772</strong></td>
</tr>
<tr>
<td>SW LRT Corridor Total</td>
<td><strong>3,622</strong></td>
<td><strong>3,684</strong></td>
<td><strong>3,930</strong></td>
<td><strong>11,236</strong></td>
</tr>
</tbody>
</table>

Source: Marquette Advisors
Opus Station Area

FIGURE 13-1. OPUS STATION AREA - LOCATOR MAP

SW Community Works Corridor Investment Framework, 2013
Current Housing Supply:

<table>
<thead>
<tr>
<th>Station Area</th>
<th>0%-30%</th>
<th>30%-60%</th>
<th>60%-80%</th>
<th>80%-100%</th>
<th>100%+</th>
<th>Total Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opus</td>
<td>0</td>
<td>402</td>
<td>343</td>
<td>22</td>
<td>22</td>
<td>789</td>
</tr>
<tr>
<td>% of Unit Inventory</td>
<td>0%</td>
<td>51%</td>
<td>43%</td>
<td>3%</td>
<td>3%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Sources: SWLRT Housing inventory; Marquette Advisors

Strengths:

- 402 units within ½ mile which are affordable to households earning 30-60% of AMI, and another 365 units affordable at 60-100% of AMI.

- The Opus Station Area is situated within the Opus Business Park. This area is a major employment center, with more than 3,000 jobs based at businesses within ½ mile of the station and 12,000 within 1 mile. Employment in the area has a strong “white collar” office orientation based in real estate, medical device, health care and technology industries. Major employers in the area include Opus, United Health Group, American Medical Systems and Comcast.

- More than six miles of pedestrian and bike trails in the area.

- Proximity to neighborhood commercial development and restaurants.

Development Challenges:

- Private and fractured ownership limits redevelopment potential, as does high value of land at this location. Very few presently under-utilized sites in this area. The neighboring “Merchandise Mart” site is one possible exception which presents an opportunity for future redevelopment.

- Commercial nature of this area makes change in use to residential unlikely. Future development is more likely to include primarily corporate and multi-tenant office buildings and commercial development.

- Large block size and circuitous street network.

- Pedestrian environment in some portions of the Station Area could use strengthening.
Residential Development Recommendations – Opus Station Area:

Marquette Advisors estimates that approximately **500 to 600 new units** of multifamily housing are viable near Opus Station, likely over the mid- to long-term. Development will depend largely upon land availability and change in use over time in this area. We recommend a mix of housing products approximately as follows:

<table>
<thead>
<tr>
<th>Product Type/Affordability Range</th>
<th>Short Term (3-5 Yrs)</th>
<th>Mid-Term (6-10 Yrs)</th>
<th>Long Term (10-15 Yrs)</th>
<th>Total</th>
<th>Pct.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental &lt;30% of AMI</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Rental 30-60% AMI</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Rental 60-80% AMI</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Rental 80-100% AMI</td>
<td>0</td>
<td>80</td>
<td>40</td>
<td>120</td>
<td>20.0%</td>
</tr>
<tr>
<td>Rental 100%+ AMI</td>
<td>0</td>
<td>180</td>
<td>160</td>
<td>340</td>
<td>56.7%</td>
</tr>
<tr>
<td>For-Sale (entry level/mid market)</td>
<td>0</td>
<td>0</td>
<td>140</td>
<td>140</td>
<td>23.3%</td>
</tr>
<tr>
<td>For-Sale (high-end)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total Units</td>
<td>0</td>
<td>260</td>
<td>340</td>
<td>600</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: Marquette Advisors

We understand that the “Merchandise Mart” property (industrial facility constructed in 1977) may become available for redevelopment, immediately east of the planned Station. This property contains approximately 15 acres of developable land and should be considered for residential along with complementary commercial uses, including office and retail/restaurant concepts. Given the value of land in this area (subject site last traded in 1995 for $12.7 million), future redevelopment must exhibit considerable increase in density/intensity in use and would most likely contain significant commercial components along with housing.
Investment in Public Realm:

- Work to improve connection of existing trail system in the business park to the planned station area.

- Consider development of circulator transit bus which will help connect area residents and commuters with local businesses and the LRT station.

- Should land become available, construct park & ride facility just north of the LRT platform, as planned, inclusive of a public plaza and gathering area.
Brief Description:  2017 Assessment Report

Recommended Action:  Receive the report

Background

The assessing division has completed its work on the 2017 property assessment, and a report on the assessment results is enclosed for council review. Staff will present a brief summary of this report and 2017 property tax information at the March 6, 2017 council meeting, to afford the council the opportunity to ask questions.

Hennepin County will start mailing property tax statements for 2017 the second week of March. City staff will begin mailing market value notices to property owners on March 9th, with the 2017 market value information for property taxes payable in 2018.

Recommendation

Staff recommends the council receive the 2017 report. No formal action is required of the council.

Submitted through:
   Geralyn Barone, City Manager
   Merrill King, Finance Director

Originated by:
   Colin Schmidt, SAMA, City Assessor
2017 Assessment Report

The Assessing Division can be reached at 952-939-8220 or assessor@eminnetonka.com
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<th>Page</th>
</tr>
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<tr>
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<tr>
<td>Commercial Petition Activity</td>
<td>20</td>
</tr>
<tr>
<td>Residential Petition Activity</td>
<td>20</td>
</tr>
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<td>26</td>
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<tr>
<td>This Old House</td>
<td>26</td>
</tr>
</tbody>
</table>

Cover photo courtesy of: Barry McKane as submitted for the City of Minnetonka 2016 Photo Contest
Summary

• The total estimated market value for Minnetonka in assessment year (AY) 2017 is $9.14 billion, a 5.2 percent increase from $8.69 billion in AY 2016. Approximately 70 percent of the total market value comes from residential property, while 30 percent comes from commercial, industrial, and apartment properties. The table below outlines the growth, including new improvements, in the market by major property classifications:

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Average Growth Change</th>
<th>Total Change (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-family Residential</td>
<td>2.8%</td>
<td>$134.5</td>
</tr>
<tr>
<td>Lakeshore</td>
<td>3.9%</td>
<td>$ 9.5</td>
</tr>
<tr>
<td>Townhouses</td>
<td>7.2%</td>
<td>$ 34.0</td>
</tr>
<tr>
<td>Condominiums</td>
<td>12.0%</td>
<td>$ 49.2</td>
</tr>
<tr>
<td>Commercial</td>
<td>2.9%</td>
<td>$ 44.7</td>
</tr>
<tr>
<td>Industrial</td>
<td>9.6%</td>
<td>$ 29.6</td>
</tr>
<tr>
<td>Apartments</td>
<td>17.8%</td>
<td>$119.7</td>
</tr>
<tr>
<td>Other Property Types</td>
<td>9.0%</td>
<td>$ 29.2</td>
</tr>
<tr>
<td><strong>Total Change</strong></td>
<td><strong>5.2%</strong></td>
<td><strong>$450.5</strong></td>
</tr>
</tbody>
</table>

• Comparisons with other cities for AY 2017 indicate most of the western suburban cities are adjusting residential properties by +1.3% to +5.6%. With an overall estimated average of +4.1% for the area. Minnetonka’s residential adjustment of +2.3% is slightly below the average of neighboring communities.

• The volume of sales in the city in 2016 is up eight percent from last year. This follows a twenty-six percent increase in 2015, and is exceeding pre-recession volume levels.

• Apartment growth was very strong again this year. Values on existing apartments increased over 15.7%, while the total value change was 17.8% (including new construction). This strong apartment growth continued metro wide.

• Commercial growth increased about 2.9% over the past year. Industrial growth increased about 9.6% due to an increase in the value of the smaller office/warehouses and flex industrial buildings.

• Assessment staff closed 149 tax court cases in 2016 compared with 168 in 2015. Staff continues to reduce the number of open appeals while also managing the ratio of stipulated value to original value.

• There was $120.3 million in new construction throughout 2016, versus $109.8 million in 2015. The large increase was evenly divided between new residential, apartment, commercial and cooperative projects. There are a number of projects still under construction or planned for 2017, so new construction is not currently projected to slow down any time soon.

• The 9% growth of “Other property types” was due to land, seasonal, and other miscellaneous properties.
2017 Assessment from a Historical Perspective

The 2017 property assessment for Minnetonka is complete. Property owners will receive a Notice of Estimated Market Value in March. The 2017 property assessment applies to property taxes payable in 2018 and reflects market conditions between October 2015 and September 2016. With values finalized, we have a clear picture of the overall movement in the city’s real estate market.

Minnetonka has typically experienced steady growth in the market value of real property since the early 1990’s. The City of Minnetonka was not immune to the economic downturn that impacted real estate values throughout the entire Twin Cities metro area and most of the nation. The peak of market values previously occurred during the 2007 and 2008 assessment years. As depicted in the chart below, the 2009 assessment saw market decline which continued through the 2013 assessment. With a 4.7% increase in the 2017 assessment, the total estimated market value of real estate in Minnetonka is at $9.14 billion, establishing a new high, above the peak of $8.69 billion in assessment year 2016.

<table>
<thead>
<tr>
<th>Assessment Year</th>
<th>Total EMV (Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>$2.00</td>
</tr>
<tr>
<td>1999</td>
<td>$3.00</td>
</tr>
<tr>
<td>2000</td>
<td>$4.00</td>
</tr>
<tr>
<td>2001</td>
<td>$5.00</td>
</tr>
<tr>
<td>2002</td>
<td>$6.00</td>
</tr>
<tr>
<td>2003</td>
<td>$7.00</td>
</tr>
<tr>
<td>2004</td>
<td>$8.00</td>
</tr>
<tr>
<td>2005</td>
<td>$9.00</td>
</tr>
<tr>
<td>2006</td>
<td>$8.96</td>
</tr>
<tr>
<td>2007</td>
<td>$9.00</td>
</tr>
<tr>
<td>2008</td>
<td>$9.00</td>
</tr>
<tr>
<td>2009</td>
<td>$8.69</td>
</tr>
<tr>
<td>2010</td>
<td>$8.69</td>
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<tr>
<td>2011</td>
<td>$8.69</td>
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<td>$8.69</td>
</tr>
<tr>
<td>2015</td>
<td>$8.69</td>
</tr>
<tr>
<td>2016</td>
<td>$8.69</td>
</tr>
<tr>
<td>2017</td>
<td>$9.14</td>
</tr>
</tbody>
</table>

The previous decline in the overall market value of the city came from both the residential and commercial sectors. In the residential sector, the median value reached its low in AY 2013, with a median value of $273,200. As the chart below shows, the median home values have increased four consecutive years to the 2017 median home value of $332,800.

*The Minnetonka data and statistics used in this report are based on the 2017 assessment approved by Hennepin County on February 14, 2017. The data and statistics may not specifically match the 2017 Hennepin County Assessment Report due to the time of year they are calculated or the methodology used in calculating the statistics.
The commercial markets began to stabilize in AY 2011. After some strong growth in AY 2014 and 2015, it again stabilized in AY 2016 with values increasing by one percent. AY 2017 saw continued growth at four percent. Apartment values have experienced significant growth since AY 2010. After seeing an increase of 19.8% for AY 2016, the total value for this sector in Minnetonka increased by 17.8% for AY 2017.
Tax Capacity

The property tax capacity of a city is structured by state law and is used to distribute property taxes each year. The total tax capacity is divided among property classes to determine the allocation of the property taxes paid by class. Tax capacity is a function of market value; when the proportions of value by property class within a jurisdiction change, the tax capacity changes. Single-family residential property represents the majority of the total tax capacity in Minnetonka, followed by commercial/industrial, multi-family, and other classes of property. Because the apartment value growth has significantly outpaced the growth of residential and commercial values, its proportion of the total tax capacity has increased relative to other classes when compared to last year.

Assessment year 2014 saw a relatively low proportion of tax capacity for commercial properties, the lowest percentage since AY 2007. For AY 2017, the proportion of tax capacity attributed to residential properties was the lowest it’s been since AY2002 when it was at 54%.
The Residential Market

In Minnetonka, roughly 96% of the 19,766 taxable parcels are residential. The assessing staff uses city-wide comparisons of similar styles, quality, and classes of homes in making the annual property assessment. As described below, this comparison results in the same market value adjustments being made to like properties throughout the city. For example, an average-sized, three-bedroom rambler in the northeastern part of the city is valued based on the actual sale prices of similar ramblers throughout the city, rather than solely by the sale prices of different types of homes in its geographic area.

This system can be applied to all styles of houses (rambler, two-story, etc.) and allows the appraiser a range of judgment in setting the quality class for a particular house. When the quality class has been determined based on the physical characteristics of the home, the appraiser applies a prescribed dollar rate to the square footage of the house. The appraiser also adds or subtracts other dollar adjustments depending upon the specific features and characteristics of the house. Adjustments are also made to the land or location, positive or negative, to reflect the market value of the property. This technique is similar to appraisal techniques used in the private appraisal industry.

Single family properties are grouped into geographic districts for the purpose of conducting the periodic physical appraisal of properties. Quality features are re-examined at that time, along with other characteristics of the house. During the revaluation process, staff continually looks for markets within the geographic districts that can be studied individually to improve accuracy. The current revaluation process is done on a five-year cycle to ensure each property is physically looked at every five years at a minimum.

Staff uses the LOGIS property data system (PDS) computer-aided mass appraisal (CAMA) system to determine the market value for each residential property. This PDS system allows the appraisal staff to revalue each residential property individually on an annual basis. By revaluing both land and improvements on an annual basis, it adds to the accuracy and equity of the assessment process.

Recent Changes

The LOGIS (Local Government Information Systems) consortium continues to make updates as needed. Searching capabilities and data analysis continue to be improved allowing the appraisers to do their work in a more timely fashion. LOGIS is currently in the process of developing an application for electronic notebooks and other mobile devices to increase productivity in the field.

Residential Sale Data

While a larger sample set generally provides greater precision in calculating the market value, staff carefully consider all factors that could affect current market conditions and make adjustments accordingly. While on average, all residential sub-markets increased in value, not every parcel changed the same amount. Because of all of the factors that affect market value, some parcels increased in value above the average, while some increased at a much lower rate. A small percentage of parcels declined in value, typically due to changes in a particular submarket or parcel specific characteristic changes during quintile and/or permit reviews.
As illustrated below, despite the decline in AY 2015, the increased number of sales in AY 2016 and AY 2017, represent a higher total sales volume than pre-recession years. This indicates that single family residential sales have returned to a more typical level for the Minnetonka market.

When the sales are compared by different ranges of sale prices, it becomes clear that the increase in sales since the economic recovery has been driven in large part by higher value homes. As the charts below show, three percent of the sales had a sales price of less than $200,000. The largest proportion of sales (46%) had a sales price between $200,001 and $350,000. This is down from around 54% during the recession. 36% of sales had a sales price between $350,001 and $600,000, and 15% had a sales price higher than $600,001. The two higher priced strata of sales combine to account for 51% of sales over the study period. This indicates that not only have the number of sales returned to pre-recession rates, but also generally the distribution of home sales is in the higher valued homes.
This graph illustrates the breakdown of sales for AY2017 by sales price. Sales of homes from $200,001 to $600,000 make up just a little over 80 percent of the sales.

In the residential market highlighted by the chart below, the largest percent increase in values occurred in the Condo market. Single-family residential showed modest gains while the townhome market also showed significant increases in value. Staff believes this is due to the aging of the Minnetonka community and that demographics show an increasing desire to live in a maintenance free property.
Residential market data throughout neighboring jurisdictions are encouraging as well. After conferring with assessing offices throughout the west metro, residential real estate increased in the range of 1.3% to 6.6%. Minnetonka’s increase of 2.3% is below the average of neighboring jurisdictions at 4.1%.

### RESIDENTIAL MARKET ADJUSTMENTS*

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bloomington</td>
<td>6.0%</td>
<td>2.7%</td>
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<tr>
<td>Maple Grove</td>
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<td>1.9%</td>
<td>5.6%</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>3.4%</td>
<td>1.9%</td>
<td>4.1%</td>
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*Values based on “R” class single family residential market adjustments

New construction in the residential market has picked up significantly and will continue to do so over the next few years. The biggest project is Legacy Oaks, the former Jondahl property, which is being developed into single family, townhomes, and condominiums. Some of the townhomes and single family homes have been completed. One of the condominium buildings is nearly complete and should be ready to house residents sometime in 2017. There are a number of smaller developments still in the early stages of planning or construction that should be completed within the next year, continuing the residential new construction trend.

For the sixth calendar year in a row, the number of foreclosures is down. As shown in the graph below, the number of foreclosed sales in Minnetonka peaked in 2008. Starting in 2012, the number of foreclosure sales began to approach pre-recession levels and in 2016 the number of foreclosures was lower than the total in 2006. With the increases in value over the last couple of years, fewer homes have negative equity, so the rate of foreclosures should remain stable in the near future.
The Apartment Market

The apartment market led all property types with values increasing a gross amount (includes new construction) of 17.8%. The apartments make up just over 12% of the property value of all housing in Minnetonka. This compares to 11% from last year.

The fundamental indicators for apartment properties showed a solid multi-family market in 2016. Vacancy rates remained very low, market rents continued to increase, and interest rates remained historically low.

Minnetonka apartment values increased a net amount (not including new construction) of 15.7% for the 2017 assessment. The Woodlands Apartment complex sold in August of 2016 for $176,000 per unit. The Woodlands is a Class B (mid-class) quality apartment complex located in the northeastern part of Minnetonka, just west of Highway 169. The complex includes 4 apartment buildings, a clubhouse, and an outdoor pool.

Three new market rate apartments completed construction in 2016 and a fourth is near completion. The first was the Carlson Island Apartments, which is located in the heart of Carlson Center, at the interchange of I-394 and I-494, and is on an island in the middle of Carlson Center Lake. It is a 174-unit Class A, luxury apartment complex with 5 stories above ground and two levels of underground parking. The second was The Overlook, a 100-unit apartment located in the southwest quadrant of Hwy 169 and Minnetonka Boulevard. The third was Chase on the Creek, a 4-story, 106-unit development located at 5709 Rowland Road. A fourth, which was still in progress as of assessment date, is 1700 Plymouth (formerly Highland Bank), located on Plymouth Road across from the Ridgedale Mall. This project will be 115 apartments over retail space. Construction has also begun on Cherrywood Pointe, a 99-unit senior rental on Plymouth Road.
Two Cooperatives new to Minnetonka this year were Applewood Pointe, an 89-unit senior cooperative on Minnetonka Boulevard, and Zvago, a 54-unit cooperative on Stewart Lane (still under construction as of the assessment date).

Several new apartment projects are slated to begin construction in 2017. One such project is a 322-unit apartment complex approved for construction this year called the RiZe located at Opus Park.

According to Colliers International 2016 Fall Market Report, the Twin Cities multifamily investment landscape has witnessed a significant shift from core/core+ to value-add in terms of transaction activity and investor interest. Apartments in the core/core+ category would be typical apartment projects while the apartments in the value add category would be those typical or new projects that have been remodeled, renovated or built new with a broader number amenity packages like fitness facilities, laundry and other concierge services. While 2015 included a number of notable new build and pre-sale transactions to institutional and private equity investors, 2016 would be best characterized as a flock to value-add deals. Cap rates have compressed noticeably on these types of deals. Investors have seen widespread success through implementing value-add programs on older product. Whether the older product calls for in-unit and common area refreshing, or a heavy construction plan to renovate the entire property, buyers are able to push rents to match the required return on investment for the capital outlay.
The Commercial Market

While only four percent of the assessed parcels in Minnetonka are commercial or industrial, these property types have historically comprised a significant share of the tax base. For assessment year in 2017 (taxes payable in 2018), their share is just over 34%. This is down from 35% for the 2016 assessment.

The primary commercial sectors in Minnetonka are office, retail, industrial, and hotel. The chart below shows the makeup of the commercial market.

![Market Value by Commercial Sector Chart]

Changes in market values for these real estate sectors vary due to a number of factors. The different sectors within commercial real estate typically move together, but they can move at different rates depending on demand within the sector. Also the quality and location of the buildings can play an important role in changes in value. Commercial real estate can be more sensitive to socio-economic trends as the general outlook of real estate investors is based on the anticipation of relatively shorter term gains. After the weakened commercial market reflected in the 2009 and 2010 assessments, the assessed values from 2011 to 2013 were stable. Both AY 2014 and AY 2015 saw strong growth in the office and retail sectors, with the industrial market seeing more aggressive gains. AY 2016 saw a more stable market with less growth, and this continued into AY 2017.

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<tr>
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<td>3.0%</td>
<td>1.7%</td>
<td>2.1%</td>
<td>1.5%</td>
</tr>
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</table>
**Office Market**

Continuing the trend from last year, companies are decreasing their overall physical footprints. This reduction is not always reflective of decreasing employee counts, but rather it involves the effort to reduce their real estate occupancy levels and costs, create more collaborative spaces, and respond to changing work styles. Instead of considering the cost per square foot of real estate, businesses are often looking at the cost per employee, as the change in office space design is proving to have more efficient floor plans than traditional spaces. This space efficiency bias has contributed to continued demand for multitenant Class A (the highest quality) office space while reducing the demand for the Class A single tenant space.

In 2016, the City saw Class A values remain level. The small increase on the chart below is attributed to the new construction at the Cargill headquarters. The main growth in the office sector was driven by significant increases in the smaller Class B and Class C offices. Many of the smaller offices saw increases of 10 percent or more. This has a limited effect on the final growth numbers as the amount of value in the Class A properties that did not change tends to temper the overall growth numbers.

There were seven office market transactions in Minnetonka that were included in the analysis for the 2016 valuation. These included the sale of:

- 10301 Wayzata Blvd
- 10159 Wayzata Blvd
- 17717 State Hwy 7
- 13911 Ridgedale Drive

The new construction in the office sector for 2016 was mostly limited to tenant improvements and the remodeling of existing buildings. The Cargill office campus is in the middle of a significant renovation which should add considerable value for the 2018 assessment.
As we look into 2017, we expect a similar trend with new construction. There are no new significant office projects in process at this time although prospects of a new 801 Tower at Carlson Center has been reported in the news. The overall office market is strong and looks to continue into 2017.

**Industrial Market**

Minnetonka is part of the Southwest Industrial sub-market and according to Cushman & Wakefield Northmarq Compass Report, this market segment saw strong activity in 2016. The sales activity was active in all markets, especially the southwest where the older, less functional properties saw new highs. It was the older industrial properties in Minnetonka that pushed the growth to 9.6 percent.

The City is experiencing a strong industrial market with an increasing absorption rate and slightly decreasing vacancy rate. Landlords with less functional space, lower ceiling heights and inferior locations, are seeing strong rents and lower vacancy. As the properties age and the community evolves, the City will likely continue to see redevelopment and creative changes in use of its industrial properties. Functional and well located industrial properties are still in demand by investors.

**Retail Market**

According to Colliers International, overall absorption rates are positive, rental rates are up, and vacancy rates remain flat in the retail property market. Rental rates continue to climb to all-time highs, and national retailers are willing to pay these rates. Overall costs will continue to rise as operating expenses (CAM) and taxes increase. Many assets have changed hands at high prices, leading to higher assessed values and pushing up the tax burden landlords pass on to tenants. National tenants and grocers compete for space, while struggling retailers close stores. Sports Authority and Hancock Fabrics closed seven and three stores in the metro area, respectively. Outside of these store closings, the area continues to be a magnet for new retailers ready to backfill the spaces left behind, especially in prime trade areas.

With online retail popularity, brick-and-mortar retailers are seeking new customer attraction options in order to increase foot traffic. The shopping experience is changing and food and entertainment concepts are playing a significant role in creating a destination. Malls are creating outlots in areas of underutilized parking, and adding restaurants with exterior access to further create a sense of destination. Ridgedale Center has made great strides with the addition of Redstone, Kona Grill, and others in the planning stages.

Minnetonka’s retail market values increased about 1.7% overall in 2016. The hotel sector experienced a much higher increase of about 11.6%, due mostly to the remodel of the Marriott Southwest, and partial construction of the Home 2 Hotel on Clearwater Drive.

The average growth of seven adjacent cities surveyed for the 2017 assessment was 4.0%. Minnetonka’s commercial growth was 1.6%, which is at the low end of the other communities. Plymouth and Edina saw the highest commercial growth of our neighboring cities at 7.1% and 6.5%, respectively.
The purpose of the assessment process is to make an accurate estimate of the market value of each parcel of property, every year. As assessors, we uphold the Uniform Standards of Professional Appraisal Practice, which state, “An appraiser must promote and preserve the public trust inherent in appraisal practice by observing the highest standards of professional ethics”. The assessing office takes pride in serving the City of Minnetonka not only as public employees, but as appraisers striving to provide impartial, objective, and independent values.

In order to serve the public, there are many quality control processes in place. These quality checks include verifying data during property visits, using statistics to check the accuracy and equitability of our assessment, and working with taxpayers during a review or an appeal.

**Property Data**

The Minnetonka assessing division maintains a record of every real estate parcel in the city, including its size, location, physical characteristics, and condition. This record is verified and updated every five years during re-inspection, permit inspections, and when a physical review is requested by the property owner. This information is electronic, allowing statistical comparisons of properties by type and location.

It is important to know that assessors use a mass appraisal process for valuing residential property. Mass appraisal uses different techniques than the appraisals used by banks, mortgage companies and others. The mass appraisal system used in Minnetonka involves the comparison of thousands of properties with the residential sales of homes throughout the city.

While differences exist between individual fee appraisals and mass appraisals, they are based on the same fundamental theories of value. Furthermore, any appraisal is only as good as the data the appraiser has available. One primary difference between individual appraisals and mass appraisal is that the individual appraiser typically views the interior of the home. This provides the appraiser with a better sense of the quality and condition of the home, and makes it easier to compare multiple

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homes. We encourage citizens to work with the assessment staff to view the interior of homes whenever possible, providing for a fair assessment for all.

Sales Data

Having the local assessment system operate effectively requires as much information about the local real estate market as possible. The assessing division makes a record of all property sales, using the Certificate of Real Estate Value (CRV) filed with the State of Minnesota for each property sale. When necessary, appraisers call the buyers or sellers in a transaction to gain more information about the circumstances of the sales.

In all cases, the sales information collected by the assessing division is closely scrutinized. Evidence that suggests a forced sale, foreclosure, a sale to a relative, or anything other than an arms-length transaction requires the sales to be discarded from the sales study. This is important, because the real estate sales information constitutes the database for the statistical comparisons necessary to make the property assessment.

Sales Ratio Standard

The accuracy of the assessing division’s estimated market values is measured by the sales ratio, which is simply the assessor’s estimated market value divided by the actual selling price. For example, a house having its estimated market value assessed at $285,000 and an actual selling price of $300,000 results in a sales ratio of 95 percent ($285,000 / $300,000 = 0.95). For all jurisdictions in the state, the accepted range for the median sales ratio measurement is 90 to 105 percent. In other words, the median (or midpoint) of the sales ratios for all properties sold should fall within 90 to 105 percent. Minnetonka’s 2017 assessment results in a sales ratio of 95.2 percent.

With some changes to the sales ratio methodology set by the Department of Revenue, the median target ratio has a range to allow for slight variations if necessary. A sales ratio of slightly less than 100 percent is desirable in order to avoid having many properties valued at more than their actual market value. If the median sales ratio were at 100 percent, it would mean that half the properties were assessed at less than market value and half were higher. On the other hand, a sales ratio of 95 percent means half the properties are below 95 percent of actual market value, while the other half remain above that 95 percent threshold. Therefore, the acceptable range is 90 to 105 percent, with a target of approximately 95 percent.

A measure of the equity of the property assessment is the coefficient of dispersion (COD). The COD measures the average deviation from the median or midpoint. The more closely the assessor’s values are grouped around the midpoint, the more equitable the assessment. This is true because relatively few properties have been valued too high, or too low, compared to actual selling prices. For older or heterogeneous areas like Minnetonka, a coefficient of dispersion between five percent and fifteen percent is deemed acceptable with a lower COD indicating a more uniform assessment. Minnetonka’s 2017 assessment reflects a coefficient of dispersion of 6.6 percent.

Review Process

The review process is a key aspect of the mass appraisal system. Because some properties receive statistic-based adjustments to market value, the review allows the assessing staff the opportunity to individually examine certain properties. Where there is evidence a property has been overvalued or valued inequitably, its market value can be readjusted to an appropriate amount.
The Appeals Process

The property appraisal system depends upon an effective opportunity for appeals by individual property owners. Minnetonka’s assessment procedures provide this opportunity through inquiries to and reviews by the assessing staff, and formal appeals to the Local Board of Appeal and Equalization, County Board of Appeal and Equalization, and Minnesota State Tax Court.

Key steps in the market value appeals process are:

1. **Staff Review** – It is important for anyone having questions about their market value or the assessment process to contact the assessing staff. The large majority of property owners’ concerns can be resolved through this administrative review. The last day in which the assessing staff can make changes without having Local Board approval is March 31, 2017.

2. **Local Board of Appeal and Equalization (LBAE)** – The Local Board of Appeal and Equalization will meet on April 10 and April 24, 2017. Staff will attempt to provide complete information regarding each property that is the subject of appeal. This process is greatly helped if property owners contact the assessing division in advance of the meeting if they intend to make an appeal. The Minnetonka City Council appoints local real estate professionals as advisors to the LBAE. A property owner who is not satisfied with the assessing staff’s review may make an appeal to the board. Property owners can reach the assessing division by phone at 952.939.8220 or by email at assessor@eminnetonka.com. Property owners are requested to contact the assessing division by April 1, 2017, in order to notify staff of their intent to appeal.

3. **County Board of Appeal and Equalization (CBAE)** – Property owners may appeal the decision of the LBAE to the County Board of Appeal and Equalization which meets on June 12, 2017. The property owner must appeal to the Local Board first in order to appeal to the County Board. Owners must call in advance to get on the agenda. The deadline for making an appointment with the CBAE is May 17, 2017, and the number to call is 612.348.7050.

4. **State Tax Court** – Property owners may appeal the decision of the CBAE to the State Tax Court. Petitions regarding the 2017 Assessment must be filed by April 30, 2018. Petitioners may choose to appeal directly to the Minnesota Tax Court, and it is common practice for commercial/industrial property owners to take this approach due to the complexity of the issues. For more information, contact the Minnesota Tax Court at 651.296.2806.

In order to provide a more complete understanding about the appeals process, the assessing staff has posted information on the City of Minnetonka website to assist property owners. Staff may be contacted at 952.939.8220.

**Appeal History**

In Assessment Year 2013, there were changes instituted by the Minnesota Department of Revenue with regards to the way changes to the assessment were handled. All changes to property values of parcels that sold during the sales period are required to go before the Local Board of Appeal and Equalization. Previously these values could be changed without going to the Local Board, provided that they were made prior to ten days before the Local Board. The new requirements increase transparency and discourage misuse of the appeals process.
Below is a recap of recent results of market value inquiries and appeals. As shown, the number of properties involved has been a relatively small number of the total parcels in the city. Approximately one-half of a percent of the total number of parcels had changes to the values after the assessment. The overall number of appeals to the local boards increased due to the previously mentioned administrative changes made by the Department of Revenue beginning in 2013.

### LOCAL BOARD APPEAL HISTORY

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<td>2/0</td>
<td>N/A</td>
<td>1/0</td>
</tr>
</tbody>
</table>

*Administrative change instituted by Minnesota Department of Revenue

### Tax Court

In the past seven years, over $7.5 billion of cumulative property value in tax petitions on Minnetonka properties have been filed with the Minnesota Tax Court. These petitions require a substantial amount of time and resources to resolve. Although the time frame has been shortened in recent times, many of these cases may remain on the tax court calendar for multiple years. During the interim, the property owners must continue to pay taxes. If a reduction in value is stipulated, typically more than one year after the initial petition is filed, they receive a refund plus interest.
Commercial Petition Activity

As the commercial market continues to strengthen, staff expects the number of petitions filed to stabilize. Property owners tend to file less petitions when the market is increasing. As the chart above shows, this has been the trend over the past two years.

Residential Petition Activity

While there have always been fewer residential than commercial petitions filed, the number of residential petitions continues to decrease. Often homeowners file on their property because they have missed the LBAE and CBAE process. Many of Minnetonka’s cases are stipulated to an agreed value with the staff appraisers. Like negotiations with commercial properties, development of judicial-ready appraisals for tax court is critical.

The charts below show the distribution of tax court petitions based on the number of petitions, as well as the value of those petitions. Although the vast majority of cases are commercial, apartment petitions do make up a substantial amount of value under appeal.
Despite the large amount of value under petition, the assessing division continues to seek ways to increase productivity in handling the tax court process. The number of closed cases for the 2016 calendar year is down 11% much of which is due to the declining number of cases filed over the last two years. The goal is to resolve cases sooner to ease the scheduling burden and ultimately reduce any refunds given back to the petitioners.

As the graph below shows, the staff’s aggressive posture of closing cases has not sacrificed quality or led to greater reductions in property values. The line in the graph below represents the percent of value retained on an appeal. If staff stipulates a $1,000,000 property to $900,000, the City retained 90% of the value, giving back 10%. The goal of the assessing division is to minimize the amount of value given back, which in turn improves the stability of the tax base for the city. As the line graph shows, staff continues to limit the amount of value given back which translates into fewer refunds and greater stability.
Public Information and Citizen Relations

The city provides public information in a number of ways to keep Minnetonka residents informed about the market value process, methods for appeal, and current property tax rates. Staff regularly updates the city’s web page with current information and annually posts the assessment report on the City of Minnetonka website. Information regarding the Property Tax Refund, the Senior Citizens Property Tax Deferral, as well as information on foreclosure prevention counseling can be found on the City’s website.

The assessing division staff uses several methods to ensure that all who contact the city about market values or property taxes receive a prompt, courteous response. A record-keeping system tracks inquiries about market values to see that those inquiries are appropriately guided through the review process. Every property owner that requests a staff review of their market value receives a response from the city assessing staff.

The assessing staff has worked diligently to provide clear information to property owners about a property tax system that is complex and often difficult to understand. Each spring, assessing staff sends introductory letters to residents in reappraisal neighborhoods. These have been well received by property owners and help increase the number of reappraisals the assessing division is able to conduct in these neighborhoods.

Assessing Staff

The assessing staff consists of the City Assessor, one Commercial Appraiser, two Principal Appraisers, one Residential Appraiser and one Assessment Specialist.

Colin Schmidt- City Assessor  Colin has been with the City of Minnetonka for two and a half years and has 29 years of experience in the assessment field. As the City Assessor he is responsible for finalizing and approving the assessments every year along with overseeing and directing the assessing staff. He also works to resolve tax court cases as they are scheduled. Colin currently holds the Senior Accredited Minnesota Assessor designation as awarded by the Minnesota State Board of Assessors. It is the highest designation awarded to assessors by the Minnesota State Board of Assessors.

Michele Gelo- Commercial Appraiser  Michele has been with the City of Minnetonka for the past 14 years. As the Commercial Appraiser, she works primarily with apartments, retail and cooperative properties. Within the last year, Michele has attained the Senior Accredited Minnesota Assessor designation from the State Board of Assessors by successfully completing the Income Case Study Exam.

Amy Weber- Principal Appraiser  Amy has been with the City of Minnetonka for the past 17 years. Her primary role is the appraiser of single family residential, condos and townhomes throughout the city. Amy currently holds the Certified Minnesota Assessor designation but is in the final steps towards attaining her Accredited Minnesota Assessor designation as awarded by the Minnesota State Board of Assessors.
A Thor- Principal Appraiser  A has been with the City of Minnetonka for about one and a half years. A has a total of three and a half years of experience in the assessing field. His primary role is the valuation of single family residential, condos and townhomes throughout the city. A recently received the Accredited Minnesota Assessor designation from the Minnesota State Board of Assessors by completing all of the requirements including an oral exam administered by the members of the Minnesota State Board of Assessors.

Melanie Putz- Residential Appraiser  Melanie just started with the City of Minnetonka, but prior to joining the staff at Minnetonka, she was working in Swift County, Minnesota as an Appraiser. Her primary role will be the valuation of single family residential, condos and townhomes throughout the city. She was recently awarded her designation of Certified Minnesota Assessor by the Minnesota State Board of Assessors in the fall of 2016. Melanie is planning to take continuing education classes towards the goal of obtaining her Accredited Minnesota Assessor Designation.

Denise Ostlund- Assessing Specialist  Denise has been with the City of Minnetonka for the past 19 years and has worked in the assessing division for the last 10 years. Her role in the assessment office is the handling and coordinating of all the special assessments, homesteading and other administrative functions regarding special property tax classifications. Although she does not value properties for the City of Minnetonka, she currently has a Certified Minnesota Assessor designation as awarded by the Minnesota State Board of Assessors.

Along with each designation, the Minnesota State Board of Assessors requires certain standards are met with respect to the amount of continuing education hours based on our designations. Certified Minnesota Assessors are currently required to complete 40 hours of continuing education while Accredited Minnesota Assessors and Senior Accredited Minnesota Assessors are required to complete 50 hours of continuing education. This ensures that each appraiser is continually learning more about the profession, staying current with market trends and valuation expectations.
Appendix: Statutory Requirements

General

Minnesota law establishes specific requirements for the property tax system, including the assessment of property (M.S. Chapter 273). Starting with the 2011 pay 2012 assessment, the homestead credit was eliminated and replaced with the homestead market value exclusion. The homestead market value exclusion reduces the taxable market value for each eligible property instead of providing a direct credit against the taxes owed. Because the exclusion is a reduction in the value subject to tax, it also affects tax rates of all properties. Since this change, there is no state paid credit and the entire local property tax levy is funded by property taxpayers in the jurisdiction. The law now requires the following:

1. All real property is to be valued at market value, which is defined as the usual or most likely selling price. Special qualified exclusions such as the homestead market value exclusion and the veteran’s exclusion are subtracted from the market value to arrive at the taxable value.

2. Property is classified according to state law, and the tax capacity is calculated based on the following tax capacity rates.
Tax Capacity Rates for Property Taxes Payable in 2017

Residential Homestead:
- First $500,000 of value 1.00%
- Amount over $500,000 1.25%

Rental Housing:
- First $500,000 of value 1.00%
- Amount over $500,000 1.25%
- 4 or more units 1.25%

Commercial/Industrial Preferred:
- First $150,000 of value 1.50%
- Amount over $150,000 2.00%

Seasonal Residential:
- First $500,000 of value 1.00%
- Amount over $500,000 1.25%

3. The tax capacity is multiplied by the tax rate (the total of county, school, city and miscellaneous levies) to determine the amount of property tax.

4. Finally, any credits, such as those for agricultural preserve, are then subtracted to yield net taxes due.

The annual property assessment focuses on the very first step of this process – establishing an estimated market value for each parcel of property. Market values are assessed locally by the city or township assessor, if there is one, or by the county assessor. The work of the local assessor is monitored by the county assessor, whose work in turn is monitored by the Minnesota Department of Revenue. The Minnesota Department of Revenue is authorized by law to adjust the property assessment to help ensure county-wide and state-wide equalization of property assessments.

As a result, Minnetonka and other Hennepin County cities must regularly report to the county assessor, who has established the standard that local property assessments reach at least 95 percent target ratio of actual market values to sale prices. At times, local assessments have been adjusted by the county assessor or the State of Minnesota to meet this standard.

State law also requires that each individual property be inspected by the assessor at least once every five years. As a result, Minnetonka and other cities set up rotating appraisal schedules to ensure that this requirement is met.
Veterans Exclusion

The 2008, the State legislature amended the homestead law that provides a market value exclusion for all or a portion of property owned and occupied as a homestead by a military veteran who has a service-connected disability of 70 percent or more (M.S. 273.13 subd. 34). To qualify, a veteran must have been honorably discharged from the United States armed forces and must be certified by the United States Veterans Administration as having a service-connected disability. A veteran who has a disability rating of 70 percent or more qualifies for a $150,000 market value exclusion, and must reapply annually, if not considered permanent.

A veteran, who has a total (100 percent) and permanent disability, qualifies for a $300,000 market value exclusion. To receive this valuation exclusion, a property owner must apply to the assessor by July 1 of the assessment year. The exclusion is a one-time application, and the property continues to qualify until there is a change in ownership. If a disabled veteran qualifying for a valuation exclusion predeceases the veteran’s spouse, and if upon death of the veteran, the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion carries over to the benefit of the veteran’s spouse for eight additional assessment years or until such time as the spouse remarries, sells, transfers, or otherwise disposes of the property, whichever comes first.

For the 2017 assessment year, there were 70 properties in Minnetonka that received this exclusion, totaling $14,595,300 in value being excluded for taxes payable in 2017.

This Old House

Since 1993, state law has provided for a deferral of a portion of the market value added to older homes through new improvements (M.S. 273.11 subd. 16). Since its inception, the “This Old House” law underwent many revisions. The law was phased-out beginning with the 2003 assessment, and no additional properties can be enrolled in “This Old House.” All excluded values have been phased in for the 2017 assessment and there will be no more parcels receiving this exclusion going forward.