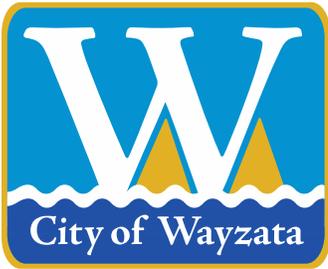


Wayzata City Council Workshop Meeting Agenda
Wayzata City Hall Community Room, 600 Rice Street
Tuesday, April 5, 2016

WORKSHOP TOPIC FOR DISCUSSION:

1. Discuss Concept Plans for Redevelopment of 201-259 Lake Street E. Page 2
(5:00 PM)



City of Wayzata
600 Rice Street
Wayzata, MN 55391-1734

Mayor:
Ken Willcox

City Council:
Bridget Anderson
Johanna McCarthy
Andrew Mullin
Steven Tyacke

**Interim City
Manager:**
Doug Reeder

Date: April 1, 2016

To: Mayor Willcox and City Councilmembers

From: Jeff Thomson, Director of Planning and Building

Subject: Redevelopment Project Concept – 201-259 Lake Street East

Proposed Concept Plans

The property owners have submitted concept plans for redevelopment of the properties at 201, 235, 253 and 259 Lake Street East. In 2015, the City Council held several workshops with the property owners. The 2015 concept plans included three story buildings with office and commercial uses on Lake Street and structured parking on the back of the buildings.

The revised concept plans include the construction of four new buildings, three buildings along Lake Street, and one new building on the back of the Coldwell Banker Burnet site. The three buildings along Lake Street would be four stories in height, and would include a mix of office, retail, and residential units on the first level, and apartments and condominiums on the upper levels. The building on the Coldwell Banker Burnet site would be a two story office building. The revised proposal includes internal parking within the buildings, surface level parking, and one level of structured parking above.

The revised concept plans also include a potential phase 2 project. Phase 2 would be a future redevelopment of the properties on the corner of Lake Street and Barry Avenue. It is important to note that the applicants do not currently own these properties, so they are included only for site planning purposes. The concept plans show that the parking structure could be expanded in the future to provide additional parking if redevelopment of the phase 2 properties occurs.

Tax Increment Financing

The property owners would like to discuss City public financing assistance on the project in the form of Tax Increment Financing (TIF) for the purposes of building structured parking in the rear portion of the properties. The parking would be utilized for the business tenants during the work day, but could have a public easement over it to allow public usage of the parking in the evening and on weekends. Given the proximity of these parcels to the both the Dakota Rail Trail and the City Beach and Marina, potential public parking in this area could provide a benefit as the City continues the implementation of its Lake Effect Design Framework, which includes additional parking on the west end of Lake Street.

City Council Review

The purpose of the workshop is to update the City Council on the revised concept plans and receive feedback on the concept plans and the potential public financing assistance. If the City

moves forward with the project, the property owners would formally apply for TIF assistance, the City would review it, and if agreed to, would draft a Letter of Intent with the property owners outlining responsibilities, timelines, and parameters of public financing participation. The HRA would then be asked to initiate the creation of a TIF District for the project.

Attachments

- Attachment A: Revised Concept Plans
- Attachment B: Business Subsidy and Public Financing Policy
- Attachment C: 2013 City of Wayzata Redevelopment Plan
- Attachment D: Section from Lake Effect Design Framework on West End of Lake Street

WORKSHOP PROPOSAL:

This is the third workshop that the development team has attended. The first workshop reviewed only the Hughes, Hoyt and Flagship properties - located at 235 Lake St, 253 Lake St and 259 Lake St, respectively. At that time, the proposal was for a three-level parking ramp with office/commercial buildings fronting Lake Street. The second proposal including the Zitzloff (Burnet building) property and parking was proposed as one level of structured parking above an at-grade parking layout. It also included office buildings.

This current proposal includes the four properties and allows for a future phase two on the corner property currently owned by the Asao family. Since our last submittal, the Hughes and Flagship properties have formed teams and developed preliminary proposals for those parcels. They are preliminary and are included in this submittal for your review.

We are not asking for architectural review of the proposal at this time, as the building designs are still in progress. What we are asking for at this time is the Council's approval of allowing staff and consultants to spend time with us to determine the scope of TIF for this project. The Council did this after the last workshop; however, the current proposal has changed the uses to residential and office, as opposed to an all-office proposal.

THE TEAM:

The development team is headed by Triton Management, LLC (Brad Hoyt). Joining the team is a proposal by Pat Hughes and Flagship Bank. Flagship is currently working with developer Gatehouse Properites LTD (David Carlson) for the site they control. The team is made up of the following:

- The overall site design, parking layout, site coordination and TIF analysis is being handled by Triton Management with their consultant, Weber Architects & Planners. The same team is designing the building for the Hoyt property at 253 Lake Street East.

- The Hughes property at 235 Lake Street East will be developed by Pat Hughes. His architect of record will be Momentum Design Group.

- The Flagship property, located at 259 Lake Street East, is a boutique condo project conceived by David Carlson. Consultants are ESG Architects for concept design and Weber Architects & Planners as architect of record.

The Zitzloff participation initially involves the sharing of off-peak parking and the ability to develop a small office building in the northwest portion of the Burnet Building property as shown on the site plan. The building provides its own parking; therefore, it doesn't affect the parking calculations of the rest of the project.

The Asao property could be a future phase, purchased by Mr. Zitzloff. Phase two of this project would allow the completion of the structured parking to accommodate parking for the corner piece when it is developed.

THE PROJECTS:

235 Lake Street (Hughes property)

This project is a mixed-use project with approximately 4,100 sq ft of office space and 22 rental apartments on four levels. Parking required is 61 total spaces with 48 enclosed. The building will step back from Lake Street to reduce any visual impact.

253 Lake Street (Hoyt property)

This project is 65 units of rental apartments on four levels. It will require 130 parking spaces.

259 Lake Street (Flagship property)

This project is a 10 unit condominium on four levels with approximately 4,000 sq ft of office on the main level. The building will step back on the upper levels to reduce any impacts on Lake Street. The project requires 36 spaces and 22 are enclosed within the building.

PARKING:

We propose to enclose the required residential parking either within each proposed building or parked on the structured level of the ramp. This will leave the surface parking for the easement and office parking. The project will provide 248 total spaces for public parking (including the 85 car easement) during evening and weekend hours when there is peak demand.

CONCLUSION:

The development of this block in downtown Wayzata will be complicated, involving multiple owners, shared parking, structured parking, tax increment financing, environmental review and architectural design issues. It is our goal to create a successful solution that will provide the City of Wayzata with the peak parking it needs on the west end of downtown. We believe this redevelopment will be a great asset to neighboring businesses, and the additional parking will support the Wayzata Lake Effect project.

We appreciate your review of this proposal and look forward to working with the Wayzata City Council to make this project a reality. We believe the next step would be to determine the value of the proposed project and the amount of TIF that might be available to assist in developing the public parking ramp.

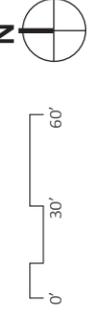


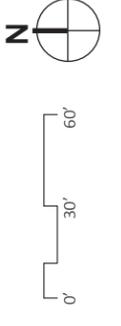
SITE PLAN











FOURTH FLOOR PLAN





SITE AREA ANALYSIS

Site	Total Area	Wetland	Net	Gross Building Area	Parking Structure	Total Structure	FAR
235 Lake (Hughes)	54,960	23,650	31,310	70,165	11,760	81,925	1.490
253 Lake (Hoyt)	52,533	9,216	43,317	76,805	21,000	97,805	1.860
239 Lake (Flagship)	54,624	5,950	48,674	42,192	16,800	58,992	0.772
Zitzloff (Burnet)	119,083	6,630	112,453	41,000		41,000	0.344
TOTAL	281,200	45,446	235,754	230,162	49,560	279,722	0.995

PROJECT DATA SUMMARY

	Site A (235 Lake St E)	Site B (253 Lake St E)	Site C (259 Lake St E)	Total
Dwelling Units	22	65	10	97
Parking Stalls	48	10	29	87
Commercial/Retail SF	4,100		4,075	8,175

PARKING SUMMARY

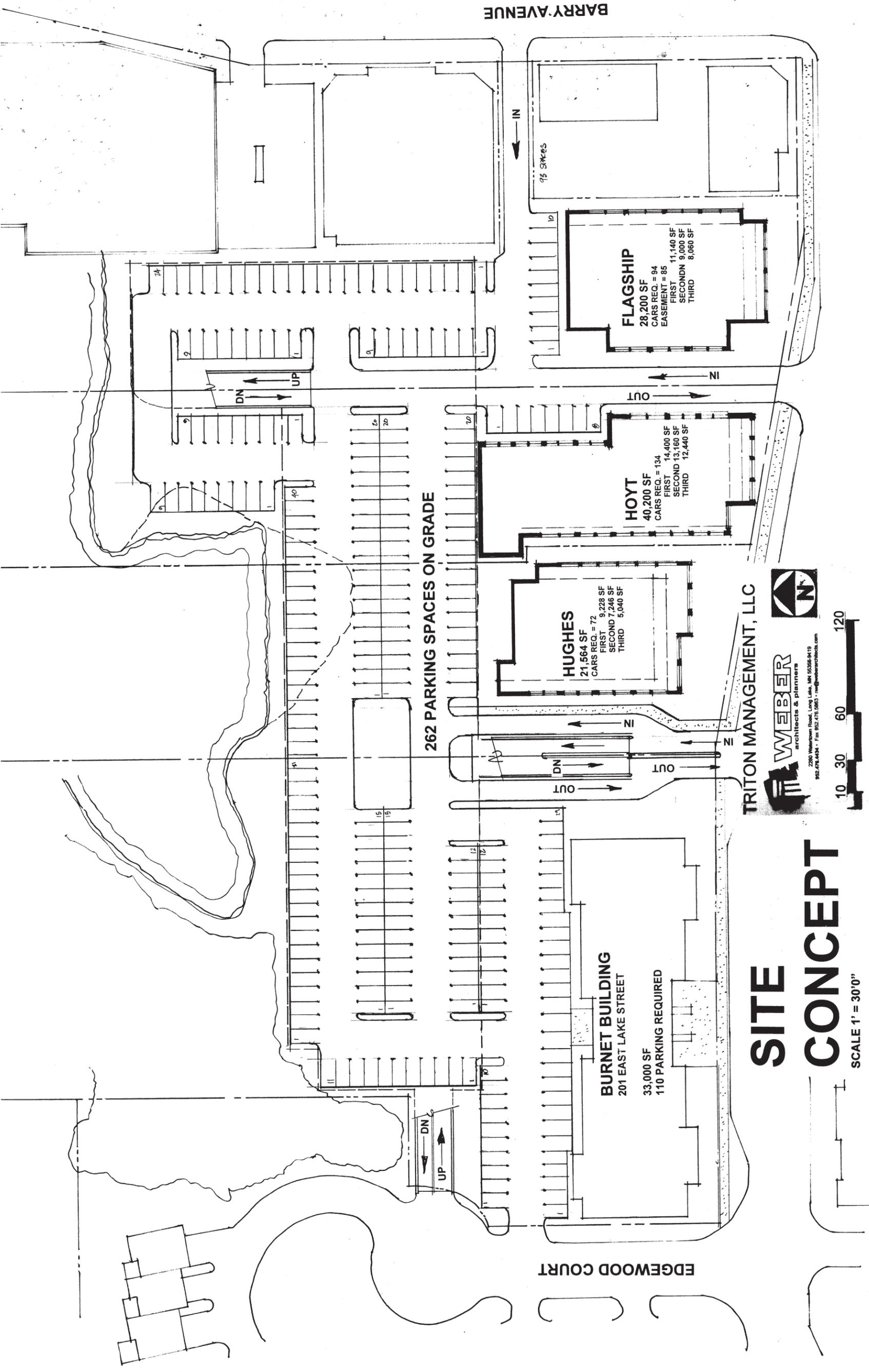
Site	Parking Required	Provided w/in Building	Demand on Site	
			Office	Residential
235 Lake (Hughes)	61	48	13	
253 Lake (Hoyt)	130	10		120
239 Lake (Flagship)	36	22	14	
Zitzloff (Burnet)	110		110	
Easement	85		85	
TOTAL	422	80	222	120

Parking Provided (Beyond new Building Footprints)

Ground Level	248
*Structured Level	126
SUBTOTAL	374
**Ground Level Easement	248
	85
***Net Public Parking	163

Notes:

- * Residential Parking occurs at structured level of the ramp (2nd Floor)
- ** Office/Easement Parking on Ground Level = 248 spaces available nights/weekends
- *** Subtracting the 85 easement stalls = 163 public stalls

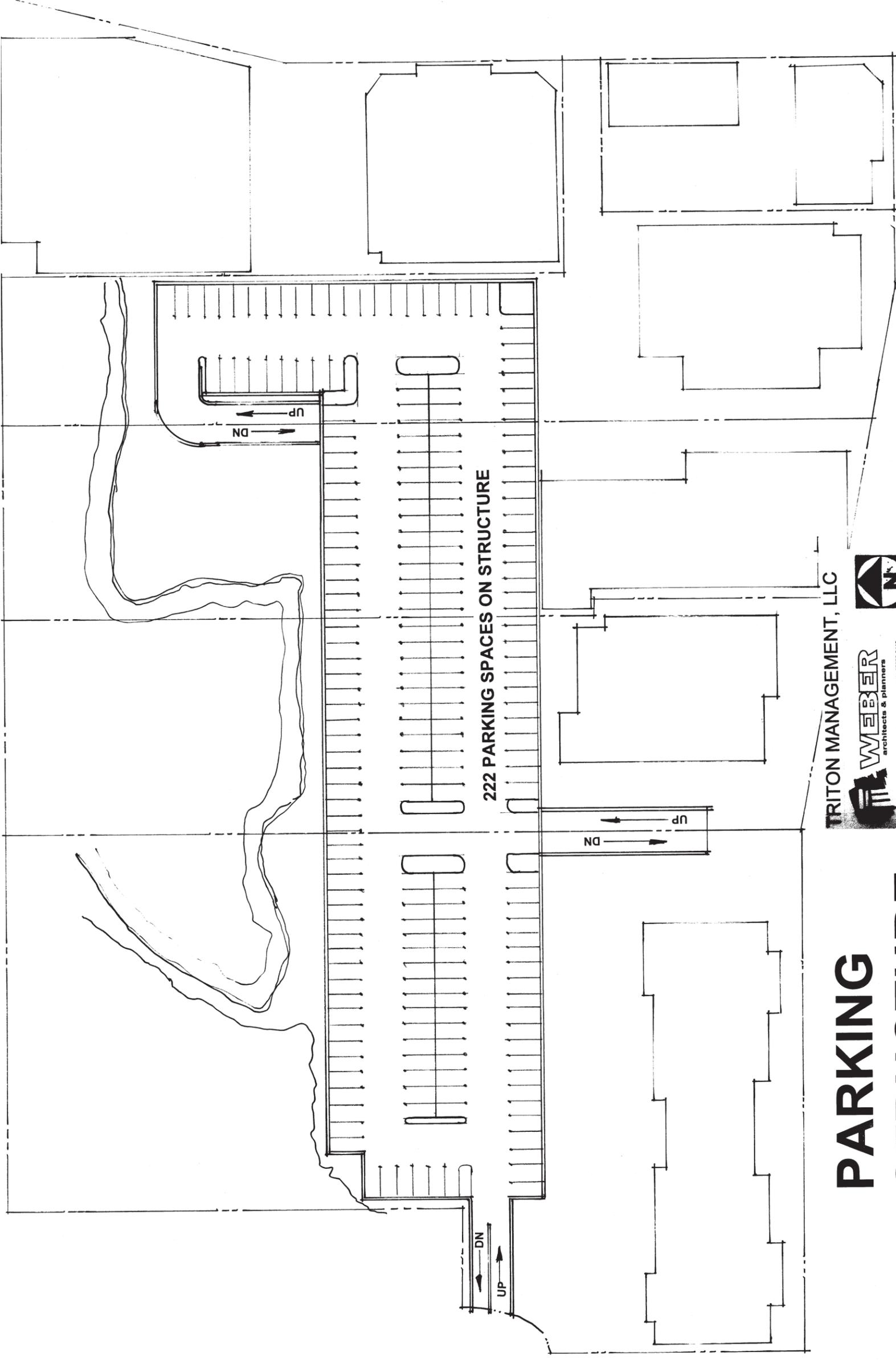


SITE CONCEPT

SCALE 1" = 30'0"



FOR REFERENCE
 PREVIOUS PROPOSAL - 2015



222 PARKING SPACES ON STRUCTURE

PARKING STRUCTURE

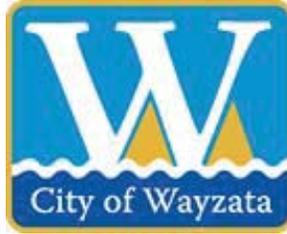
TRITON MANAGEMENT, LLC



2280 Waterdown Road, Long Lake, MN 55368-8419
952.478.6484 • Fax: 952.478.5885 • info@weberarchitects.com



FOR REFERENCE
PREVIOUS PROPOSAL - 2015



**City of Wayzata
Business Subsidy Criteria and Public Financing Policy
October 7, 2014**

INTRODUCTION:

This Policy is adopted for purposes of the business subsidies act, which is Minnesota Statutes, Sections 116J.993 through 116J.995 (the “Statutes”). Terms used in this Policy are intended to have the same meanings as used in Statutes. Subdivision 3 of the Statutes specifies forms of financial assistance that are not considered a business subsidy. This list contains exceptions for several activities, including redevelopment, pollution clean-up, and housing, among others. By providing a business subsidy, the city commits to holding a public hearing, as applicable, and reporting annually to the Department of Employment and Economic Development on job and wage goal progress.

1. PURPOSE AND AUTHORITY

- A. The purpose of this document is to establish criteria for the City of Wayzata for granting of business subsidies and City public financing for private development within the City. These criteria shall be used as a guide in processing and reviewing applications requesting business subsidies and/or City public financing.
- B. The City's ability to grant business subsidies is governed by the limitations established in the Statutes. The City may choose to apply its Business Subsidy Criteria to other development activities not covered under this statute. City public financing may or may not be considered a business subsidy as defined by the Statutes.
- C. Unless specifically excluded by the Statutes, business subsidies include grants by state or local government agencies, contributions of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient of the subsidy, any reduction or deferral of any tax or any fee, tax increment financing (TIF), abatement of property taxes, loans made from City funds, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.
- D. These criteria are to be used in conjunction with other relevant policies of the City. Compliance with the Business Subsidy Criteria and City Public Financing Guidelines shall not automatically mean compliance with such separate policies.

- E. The City may deviate from these criteria by documenting in writing the reason(s) for the deviation. The documentation shall be submitted to the Department of Employment and Economic Development with the next annual report.
- F. The City may amend this document at any time. Amendments to these criteria are subject to public hearing requirements contained in the Statutes.

2. BUSINESS SUBSIDY PUBLIC PURPOSE REQUIREMENT

- A. All business subsidies must meet a public purpose with measurable benefit to the City as a whole. Public purpose may include, but not be limited to: diversification of the local economy, creating needed services or facilities not currently available, redeveloping and removing blight and encouraging redevelopment in the commercial areas of the City in order to encourage high levels of property maintenance and private reinvestment in those areas, retaining local jobs, increasing the job base, and providing diversity in that job base, enhancing existing jobs through increased wages, encouraging additional unsubsidized private development in the area, either directly, or through secondary “spin off” development, offsetting increased costs of redevelopment over and above those costs that a developer would incur in normal urban and suburban development, and meeting other uses of public policy, as adopted by the Council from time to time including the promotion of quality urban design, quality architectural design, energy conservation, decreasing the capital and operating costs of local government, etc.
- B. Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable. The City shall document the information used to determine the nature of the job loss.
- C. The creation of tax base shall not be the sole public purpose of a subsidy.
- D. Unless the creation of jobs is removed from a particular project pursuant to the requirements of the Statutes, the creation of jobs is a public purpose for granting a subsidy. Creation of at least one Full Time Equivalent (FTE) job is a minimum requirement for consideration of assistance.
- E. The wage floor for wages to be paid for the jobs created shall be not less than 150% of the State of MN Minimum Wage. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy. Wage goals may also be set to enhance existing jobs through increased wages, which increase must result in wages higher than the minimum under this Section.
- F. After a public hearing, if the creation or retention of jobs is determined not to be a goal, the wage and job goals may be set at zero.

3. SUBSIDY AGREEMENT

- A. In granting a business subsidy, the City shall enter into a subsidy agreement with the recipient that provides the following information: wage and job goals (if applicable), commitments to provide necessary reporting data, and recourse for failure to meet goals required by the Statutes.

- B. The subsidy agreement may be incorporated into a broader development agreement for a project.
- C. The subsidy agreement will commit the recipient to providing the reporting information required by the Statutes.

4. CITY’S OBJECTIVE FOR THE USE OF PUBLIC FINANCING

- A. As a matter of adopted policy, the City may consider using public financing which may include tax increment financing (TIF), tax abatement, bonds, and other forms of public financing as appropriate, to assist private development projects when such assistance complies with all applicable statutory requirements to:
 - 1. Remove blight and/or encourage redevelopment in designated redevelopment/development area(s) per the goals and visions established by the HRA and City Council.
 - 2. Diversify the local economy and tax base.
 - 3. Encourage additional unsubsidized private development in the area, either directly or through secondary “spin-off” development.
 - 4. Offset increased costs for redevelopment over and above the costs that a developer would incur in normal urban and suburban development (determined as part of the But-For analysis).
 - 5. Facilitate the development process and promote development on sites that could not be developed without this assistance.
 - 6. Retain local jobs and/or increase the number and diversity of quality jobs
 - 7. Meet other uses of public policy, as adopted by the City Council from time to time, including but not limited to promotion of quality urban design, quality architectural design, energy conservation, sustainable building practices, and decreasing the capital and operating costs of local government.

5. PUBLIC FINANCING PRINCIPLES

- A. The guidelines and principles set forth in this document pertain to all applications for City public financing regardless of whether they are considered a Business Subsidy as defined by the Statutes. The following general assumptions of development/redevelopment shall serve as a guide for City public financing:
 - 1. All viable requests for City public financing assistance shall be reviewed by staff, and, if staff designates so, a third party financial advisor who will inform the City of its findings and recommendations.

Attachment B

2. The City shall establish mechanisms within the development agreement to ensure that adequate checks and balances are incorporated in the distribution of financial assistance where feasible and appropriate, including but not limited to:
 - a. Third party review of the “but for” analysis
 - b. Establishment of “look back provisions”
 - c. Establishment of minimum assessment agreements
3. TIF and abatement will be provided on a pay-as-you-go-basis. Any request for upfront assistance will be evaluated on its own merits and may require security to cover any risks assumed by the City.
4. The City will set up TIF districts in accordance with the maximum number of statutory years allowable. However, this does not mean that the developer will be granted assistance for the full term of the district.
5. The City will elect the fiscal disparities contribution to come from inside applicable TIF district(s) to eliminate any impact to the existing tax payers of the community.
6. Public financing will not be used to support speculative commercial, office or housing projects. In general the developer should be able to provide market data, tenant letters of commitment or finance statements which support the market potential/demand for the proposed project.
7. Public financing will not be used in projects that would give a significant competitive financial advantage over similar projects in the area due to the use of public subsidies. Developers should provide information to support that assistance will not create such a competitive advantage. Priority consideration will be given to projects that fill an unmet market need.
8. Public financing will not be used in a project that involves a land and/or property acquisition price in excess of fair market value.
9. In most cases, public financing will not be generally utilized exclusively for the construction of new rental housing units. The City may consider public financing for the preservation and reinvestment in the existing housing stock. The goal of such financing would be to preserve and promote affordability and/or alleviate blight conditions.
10. The developer will pay all applicable application fees and pay for the City and HRA’s fiscal and legal advisor time as stated in the City’s Public Assistance Application.
11. The developer shall proactively attempt to minimize the amount of public assistance needed through the pursuit of grants, innovative solutions in structuring the deal, and other funding mechanisms.

6. PROJECTS WHICH MAY QUALIFY FOR PUBLIC FINANCING ASSISTANCE

- A. All new applications for assistance considered by the City must meet each of the following minimum qualifications. However, it should **not** be presumed that a project meeting any of the qualifications will automatically be approved for assistance. Meeting the qualifications does not imply or create contractual rights on the part of any potential developer to have its project approved for assistance.

6.1 MINIMUM QUALIFICATIONS:

- A. In addition to meeting the applicable requirements of State law, the project shall meet one or more of the Public financing objectives outlined in Section 4; and shall either:
 - 1. Remove blight and/or encourage redevelopment in the City in order to encourage high quality development or redevelopment and private reinvestment in those areas; OR
 - 2. Facilitate the development process to achieve development on sites which would not be developed without this assistance.
- B. The developer must demonstrate to the satisfaction of the City that the project is not financially feasible “but for” the use of tax increment or other public financing.
- C. The project must be consistent with the City’s Comprehensive Plan and Zoning Ordinances, Design Guidelines or any other applicable land use documents.
- D. Prior to approval of a financing plan, the developer shall provide any requested market and financial feasibility studies, appraisals, soil boring, private lender commitment, and/or other information the City or its financial consultants may require in order to proceed with an independent evaluation of the proposal.
- E. The developer must provide adequate financial guarantees to ensure the repayment of any public financing and completion of the project. These may include, but are not limited to, assessment agreements, letters of credit, personal deficiency guarantees, guaranteed maximum cost contract, etc.
- F. Any developer requesting assistance must be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed. Public financing will not be used when the developer’s credentials, in the sole judgment of the City, are inadequate due to past history relating to completion of projects, general reputation, and/or bankruptcy, or other problems or issues considered relevant to the City.
- G. The developer, or its contractual assigns, shall retain ownership of any portion of the project long enough to complete it, to stabilize its occupancy, to establish project management and/or needed mechanisms to ensure successful operation.

6.2 DESIRED QUALIFICATIONS:

- A. Projects providing higher than a 3 to 1 ratio of private investment to City public investment will receive priority consideration. Private investment includes developer cash, government and bank loans, conduit bonds, tax credit equity, and land if already owned by the developer.
- B. Proposals that significantly increase the amount of property taxes paid after redevelopment will receive priority consideration.
- C. Proposals that encourage the following will receive priority consideration:
 - 1. Implementation of the City’s values and vision for its lakefront, as detailed in the Lake Effect Design Framework
 - 2. Adding needed road, access and multi-modal improvements
 - 3. Contributes additional public parking
 - 4. Alleviates the need for additional public parking
 - 5. Provides significant improvement to surrounding land uses, the neighborhood, and/or the City
 - 6. Attracts or retains a significant employer within the City
 - 7. Provides significant rehabilitation of an existing apartment complex or significant rehabilitation and/or expansion of existing office or commercial facility
- D. Preference will be given to projects that meet good public policy criteria as determined by the City Council, including:
 - 1. High project quality (e.g. sound architectural design, quality construction and materials, sustainable building practices)
 - 2. Projects that meet financial feasibility criteria established by the City
 - 3. Projects that provide the highest and best desired use for the property

7. PUBLIC FINANCING PROJECT EVALUATION PROCESS

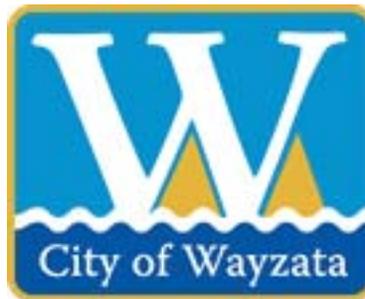
- A. The following methods of analysis for all public financing proposals will be used:
 - 1. Consideration of project meeting minimum qualifications
 - 2. Consideration of project meeting desired qualifications
 - 3. Project meets “but-for” analysis and/or statutory qualifications
 - 4. Project is deemed consistent with City’s Goals and Objectives

Attachment B

Please note that the evaluation methodology is intended to provide a balanced review. Each area will be evaluated individually and collectively and in no case should one area outweigh another in terms of importance to determining the level of assistance.

Adopted by the Wayzata HRA August 8, 2014

Adopted by the Wayzata City Council October 7, 2014



City of Wayzata

Redevelopment Plan

May 2013



Prepared by: EHLERS & ASSOCIATES, INC.
3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105
(651) 697-8500 fax: (651) 697-8555 www.ehlers-inc.com

Introduction

The City undertook a strategic planning session in 2012 and produced a document titled “A Blueprint for the Future,” which is a five-year vision for the Community. Within that document, one of the goals was to identify economic development opportunities with a consistent strategy. To develop this strategy, the City Council and HRA conducted a strategic planning/goal setting work session on April 4, 2013. The purpose was to talk about economic development/redevelopment and to set the stage for the City’s future role. Participants included the City Council, HRA, City Manager, Finance Manager, Communications Specialist and Financial Consultant/Facilitator from Ehlers.

Work Session Goals and Expectations

- Define what economic development means for the City of Wayzata
- Determine role the City and HRA in economic development and redevelopment
- Define level of risk the City and HRA are willing to assume
- Review existing programs and policies
- Identify top development, infrastructure and redevelopment priorities and reuse and timing of projects
- Provide direction to staff on where to spend their time and efforts
- Determine level of risk the City is willing to undertake
- Create a futuristic mindset
- Provide staff direction to prepare appropriate polices, new and/or refine existing financing programs that are available; and develop work plan as appropriate

Cornerstone of Effective Communities

*A vision without a plan is just a dream....
A plan without a vision is a nightmare*

Strategic Plan

A strategic plan outlines goals (and strategies required to achieve goals) necessary to progress toward achieving the shared community vision. To be effective, the Plan must include a manageable and measurable set of goals with clearly defined strategies. The strategies should include timetables and the resource requirements (time and money) required to achieve goals. The commitment of elected officials to monitor, adjust, and guide the Strategic Planning process is critical to achieving goals.

Operating System

The operating system refers to the structure that accomplishes governance (including advisory boards and commissions), provides day-to-day service delivery, and implements the Strategic Plan. It encompasses personnel and budget systems, departmental operating procedures, personnel policies, public policy development, financial plan, public participation and communication, customer service systems, and service evaluations. It is the methods and tools used to get things done (and done right) within the community.

Discipline of Effective Communities

1. **Strategic discipline** – maintaining clear vision, values and strategy to achieve vision
2. **Financial discipline** – developing and maintaining a long-term financial plan that serves as a framework for financial decisions (including annual budget decisions)
3. **Decision-making discipline** – adhering to a structured decision-making process that provides clear and differentiated roles for elected officials and staff
4. **Communications and marketing** – developing a communications plan that provides timely information to enhance public participation in critical community decisions and markets the value of city services and amenities

Defining Economic Development

Economic development may mean different things to people. Simply stated, economic development is a series of policies, programs and processes that individual agencies adopt to promote certain ends such as:

1. Increase tax base
2. Provide new or enhanced businesses or services
3. Job creation/retention
4. Investment in infrastructure
5. Encourage community reinvestment
6. Enhance quality of life

Participants were asked to define what economic development means to them to set a baseline for the discussions. Following are some of the comments:

- Being able to create positive development and redevelopment in a community
- Proactive involvement in development/redevelopment
- Help enhance and market Wayzata as a destination point and help facilitate desired developments that mesh with city priorities
- The ability to be involved early in a project so we can help guide/encourage the outcome in order to create a consistent result
- The development of steps for a long-term, strategic, positive, paced, proactive plan for the economic revitalization, historic preservation, environmental conservation and recreational creation for Wayzata with economic sustainability as the guiding principle
- Providing a platform and tools to allow for a city to respond to its dynamic needs of its community
- Proactive approach which involves some "skin in the game"
- Consciously shaping public policies to encourage desired outcomes and providing specific assistance when needed to reach desired outcomes

Overall, comments reflected a view that economic development is a proactive endeavor that entails policies, financing and marketing to meet changing community needs. Since Wayzata is a fully built community, its opportunities for future growth in tax base, services and housing options lie in redeveloping existing sites. End land uses have an impact on the City's overall tax base, thus taxes paid by residents and businesses. Having knowledge that end land use/development is an operational cost assists cities in determining what may **NEED** to be developed versus what they **WANT** to be developed.

Current housing, retail and office market conditions

Housing:

Currently the City has a total of 2,058 housing units (does not include the Promenade). Of these, 1,354 are owner-occupied and the remaining 704 are rental units (84% in multi-family). The tenure of the housing is split with 66% being owner occupied and 34% being rental. When The Promenade opens and those 413 units are taken into consideration (350 senior rental and 63 condos), this split changes to 57% owner and 43% rental

According to 2009 data (which is likely significantly unchanged), approximately 582 units or 28% of the housing stock is affordable to persons at or below 60% of the Area Median Income (AMI), which for 2012 is \$73,900 (2013 data not yet available). To put it in perspective, the AMI for a family of 4 is approximately \$50,000.

Of the 1,354 owner occupied housing, units, 87 or 15% is considered to be affordable and the remainder of affordable housing units is located within various apartment communities. There was an acknowledgement by the group that there was not too much that they could do to change lack of affordability in owner-occupied housing since land prices were market driven. Any future affordable housing units would likely be apartments.

Office:

Currently the City has approximately 285,500 sq/ft of office space as follows:

WAYZATA OFFICE BUILDINGS				
Building Name	Class	NRA	SF Vacant	Vacancy Rate
109 Bushway Rd	C	7,114	1,996	28.06%
15600 Wayzata Blvd	A	19,962	3,902	19.55%
201 Building	A	33,220	0	0.00%
217 Minnetonka Ave	C	2,800	1,000	35.71%
301 Broadway Ave S.	C	3,426	3,426	100.00%
305 Minnetonka Ave	B	7,520	3,760	50.00%
315 Lake St E.	A	28,000	1,300	4.64%
328 Barry Ave S.	A	11,000	4,426	40.24%
407 Lake St E.	B	4,000	1,333	33.33%
Anchor Bank Building	B	33,000	0	0.00%
Boatworks Building	A	70,975	35,795	50.43%
Executive Suites Wayzata	A	13,333	5,716	42.87%
Steiner Office Building	A	10,278	0	0.00%
641-681 Lake Street	B	40,865	2,043	5.00%
		285,493	64,697	
			Vacancy Rate	22.66%

The 4th quarter vacancy rate within the I-394 corridor according to CBRE MarketView, is approximately 14.5%. Although the City's vacancy rate is higher than this, if you look at the properties highlighted in the chart above with more than a 40% vacancy factor, several of them are small unique office space that would typically accommodate a single user. If you took these into consideration, the City's vacancy rate would be less skewed. In addition, Boatworks is a building in transition of ownership and will likely see a significant decrease in the vacancy in 2013.

Retail:

Currently the City has approximately 364,000 sq/ft of retail space as follows:

Market Total	Total SF	Vacant SF	Vacant %	Total Count	Vacant Count
Anchored Shopping Centers	91,323	2,138	2.34%	17	1
Unanchored Shopping Centers	173,786	5,099	2.93%	79	4
Single-Tenant Shopping Centers	98,690	5,238	5.31%	20	1
TOTAL	363,799	12,475	3.43%	117	7

Source: Cushman Wakefield, June 2012

As noted, there is a very low vacancy within the retail market and that the City’s retail base remains strong. This shows there is likely a very strong demand for additional retail space within the City.

With continued development of The Promenade, there is approximately 130,000 sq/ft of retail proposed to be constructed over the next couple of years. By 2013, it is anticipated that approximately 31,500 sq/ft of this retail will come on line and that by 2014 an additional 40,000 sq/ft will come on line. Currently 70 percent of the first phase is leased and they anticipate fully leasing that phase within the next 12 to 18 months. They are currently marketing the second phase and have a few letters of intent signed. They anticipate it will also take approximately 18 months to fully lease this phase. They will begin construction on the third phase this summer (approximately 59,000 sq/ft) and anticipate an 18-month lease up period after construction is completed.

Role of the City in Economic Development and Redevelopment.....

Participants were asked to respond the role the City should take in economic development and redevelopment – Do Nothing, Reactive or Proactive.

Overwhelmingly the participants determined that the City should be proactive and that any of the following roles would be appropriate for the City:

Role	Activity
Master Developer	Actively go out and seek developers to develop City's vision for area
Financing	Assist and/or actively pursue grants
	Provide public assistance and determine risk level willing to undertake, if any (pay-as-you-go and/or up front funding)
Land Acquisition	Assemble parcels as they become available
	Actively pursue key or difficult acquisitions
Facilitation	Act as a facilitator between developers and land owners
Planning	Set goals/vision for City redevelopment sites

Currently the City has “played” some of the roles listed above in recent redevelopment projects, in limited fashion. If the City were to take a more active role in land acquisition or becoming a master developer, it is understood that either one or both of the governing bodies of the City would have final approval of any land

acquisitions and or financial assistance provided to developers. Staff would be charged with bringing forth the project and outlining the risks and benefits of undertaking the particular issue at hand.

The Future of Wayzata – Legacy

Cities across the metro and out state are challenged with making difficult decisions that can have long-term impacts on their respective communities. These vary from need and quality of public facilities, construction and financing of roads and utility systems to draw desired development, development of publicly owned facilities to change markets, providing public subsidies to obtain certain end users or to create a market that doesn't currently exist. The group reviewed several communities that took significant risks and made difficult public policy decisions to change their communities. These types of goals and decisions will vary from community to community due to their individual circumstances. Although the City may not be faced with the same circumstances, these sample projects illustrated the need for policy makers to balance short term, tangible results with long-term visions/gains.

Participants were asked to think about what Wayzata would look like in 25 years and to articulate their vision in one to two sentences. Following is a listing their vision for Wayzata:

- Maintain the City's small charm and character through positive development and redevelopment. This will make Wayzata a destination from not just those in the seven county metro area but from all over the country as being a progressive city.
- Robust public space on lake edge.
- Thriving downtown and healthy single family neighborhoods. Superior walking accommodations and attractions with ample, convenient parking to access lakefront activities and vibrant commercial sector.
- A small community that has discovered a new identity that the key to its future is in its past, where remembering what made it great is its historical elements, small town atmosphere and established small town main street(s), with neighborhoods and not developments and everything is within walking distance so there are not massive seas of parking lots. Where the lake is viewable, clean and can be accessed by putting your hand in the water for all and its urban forest has been respected, maintained and allowed to flourish. A community that embraces the balance of all ages of its community by restoring itself as a lake community while seeing that modern amenities for families and visitors is a must for its vitality YEAR ROUND. Where quality of its buildings and materials used along with design matters. Where visitors who come see that the town has taken the time to remember itself and is proud based on what it has maintained. The community needs to set the expectation. It should be the poster child for a 21st century HAMLET.
- More sail boat and motorized boat access to downtown. The Yacht Club could drive more visitors in the summer and create more of a nautical culture for the town.
- A strong small town lakefront community with a balance of residences and commercial areas.
- A well-balanced residential community supported by a vibrant retail/service base of healthy commerce.
- Vibrant "small town" with a broad socio-economic range of residents. Beautiful parks and quiet, wooded spaces. Easy access to the Lake (passive and active). Active downtown businesses.

Common elements that arose from the long-term visions for the City were:

- **Retain “small town” lake community character/feel**
 - Walkability
 - Quality buildings, scale, design and architecture
 - Parks, sidewalks, trail accommodations
- **Strong, vibrant downtown**
 - Active businesses
 - Allow boat access to attain more visitors
 - Convenient parking
 - Destination oriented year round
- **Accessibility to lake and lake quality**
 - Public space
 - Viewable and clean
 - Easy to get to
- **Well balanced residential**
 - Healthy single-family neighborhoods
 - Modern amenities for all ages
 - Broad range of residents (age, race, income)

How the City undertakes planning, decision making, and providing staff and financial resources will determine if the City can achieve the common elements listed above. The participants did a quick brainstorming on what the City could do to achieve them:

- **Small Town Charm**
 - Building scale and design
 - Balance existing buildings with new and provide a variety
- **Assure Downtown remains relevant**
 - Provide retail options lost over the years
 - Rework retail concepts into the 21st Century
 - Provide adequate parking
- **Branding/Marketing**
 - Easy access and signage from freeway to downtown
 - More boat activity
 - Implement Lakefront vision
 - Create economic development/housing programs and market them
 - Scenic byway
 - Come up with twist/angle on remarketing a small historic town
- **Lake quality**
 - Maintain urban forest
 - Work with conservation/watershed districts
 - Storm water management
- **Public/Open Space and Lake Access**
 - Docks/boat access and launch facility
 - Parking
 - Signage
 - Walking access/view/ public space

Key Decisions.....

We asked participants to state what legacy decision they could make today that a resident or City Council member would complement them on. Key decision or projects revolved around:

1. Redeveloping of various vacant and/or obsolete buildings
2. Assuring the Lake Front vision is implemented and provides for a desirable waterfront
3. Providing adequate public parking
4. Creating a new City identity and positive branding image
5. Establishing sustainability policies (financial, environmental, planning, etc.)
6. Engaging community involvement
7. Assuring variety of commercial shops that will bring people to town
8. Improving roads, access and public transportation

Economic Development/Redevelopment Priorities.....

Limits on time and resources constrain the amount and types of economic development and redevelopment activity in which the City can engage. To accomplish redevelopment objectives, the City must make a commitment to follow through with identified projects and identify and establish policies and programs to assure their end. Central to this commitment must be the development of a strong financial partnership between the City and the Housing and Redevelopment Authority.

Faced with these resource limitations, the City is forced to make choices with respect to redevelopment projects. Prioritizing redevelopment projects in the City began with the group submitting their top three (3) priorities for redevelopment. This generated many ideas as noted below:

1. Meyer Brothers Dairy
2. Legion Site
3. City lot at superior and lake
4. West End of Lake Street
5. Properties on north side of lake west of Barry Avenue
6. Boatworks – both sides of street stated
7. Sunsets lot
8. Village Shops
9. Water tower/cellular tower w/ ground equipment
10. The Nature Center & areas that back up to it
11. Lakefront
12. Mill Street and parking
13. Koch East Lake LLC
14. Wayzata Bay Carwash (by Meyers)

Many of these ideas were combined or condensed and then each member was given 5 dots to place by their top five (5) priorities. Based upon that process and significant discussion, following are the top seven (7) redevelopment priorities

Redevelopment Priorities

1. Meyers Dairy (9)
2. Lakefront Initiative (8)
3. Boatworks (6)
4. Mill Street and Parking(6)
5. Village Shops (5)
6. City Lot at Lake and Superior Street (4)
7. Development plan for west end of Lake Street**

*** Note: Item # 7 was discussed by the group after the prioritization as to the need for a comprehensive redevelopment plan/vision for this area. Although it initially received only 3 votes, staff has added it as a redevelopment priority for consideration.*

Economic Development/Redevelopment Strategic Plan.....

Through prioritization of these many projects, staff has attempted to balance the need for economic development and redevelopment with the need for other related policies and resources to assure their success. The interdependency of these economic development and redevelopment elements necessitates the need for a balanced allocation of resources.

Elected and appointed officials and the residents of the community must understand that the goals can change, but that the City has to consider, balance and change the same factors – priorities, resources, and policies – to understand the effect of making those change(s) and how to mitigate and negative or offsetting issues.



Based upon the information obtained from the group through written questionnaire and participation and the retreat, staff has identified four (4) areas of priority and corresponding goals to prepare the City for economic development and redevelopment to meet their future vision for the City as follows:

Redevelopment/Development

1. Prepare redevelopment plan for top redevelopment priorities and corresponding financing plan
2. Identify key aspects of Lakefront initiative and develop plan to finance and implement
3. Develop plan for construction and financing of a City-owned parking ramp on Mill Street
4. Define needed road, access, and multi-modal improvements

Policies

1. Prepare redevelopment policy and framework
2. Update Business Subsidy policy
3. Prepare conduit financing policy
4. Update Tax Increment Financing policy
5. Define sustainability and prepare policies as appropriate

Public Relations/Marketing

1. Consider City brand and develop branding/marketing campaign
2. Update the City's website
3. Prepare communications plan for various City projects/initiatives
4. Develop plan for way finding signage for downtown

A strategic plan is central to the commitment to undertake economic development and redevelopment. The strategic plan will help guide the decision-making process and allocation of time and resources as the City engages in ongoing development and redevelopment activity.

On the following page is a listing of the goals, actions, responsible party and timing to begin undertaking the necessary steps to implement these goals and assist the City in being successful in its economic development/redevelopment efforts.

Attachment C

Number	Goal	A/P/I A=Assess P= Plan I=Implement	Action	Responsible Party	Timing
Redevelopment					
1	Prepare redevelopment plan for top redevelopment priorities and corresponding financing plan	P/I	Prepare Strategic Plan	Heidi/Bryan/Ehlers	3rd Q 2013
2	Identify key aspects of Lakefront initiative and develop plan to finance and implement	A	Review of final plan from task force and bring back to Council for discussion on priorities and direction	Heidi/Brian/SPRC	4th Q 2013
3	Develop plan for construction and financing of a City-owned parking ramp on Mill Street	P/I	Develop financing and annual maintenance costs and identify benefitting property owners and bring back to Council for further discussion and direction	Heidi/Bryan/Ehlers	3rd Q 2013
4	Define needed road, access, and multi-modal improvements	A	Review of all City plans and determine level of improvements required and bring back to Council for discussion and further direction	Bryan, Mike, Dave	1st Q 2014
Policies					
5	Prepare redevelopment policy and framework	A/I	Prepare policy for Council approval	Heidi/Ehlers	3rd Q 2013
6	Update Business Subsidy policy	A/I	Prepare policy for Council approval	Heidi/Ehlers	3rd Q 2013
7	Prepare conduit financing policy	A/I	Prepare policy for Council approval	Heidi/Ehlers	3rd Q 2013
8	Update Tax Increment Financing policy	A/I	Prepare policy for Council approval	Heidi/Ehlers	3rd Q 2013
9	Define sustainability and prepare policies as appropriate	A	Have further discussions with Council and HRA to better define sustainability	Heidi/Bryan	4th Q 2013
Policies					
10	Consider a new City brand and develop branding/marketing campaign	A/P	Prepare level branding options available and cost analysis to undertake them with 3rd party assistance and bring back to Council for discussion	Heidi/Communications Specialist	1st Q 2014
11	Update the City's website	A/I	Determine what needs to be updated and prepare plan to implement updates	Communications Specialist	On-going
12	Prepare communications plan for various City projects/initiatives	P	Determine what types of projects need to be communicated and to whom and prepare plan for implementation as projects commence	Heidi/Communications Specialist	1st Q 2014
13	Develop plan for way finding signage for downtown	A/P	Determine signage needs and prepare cost analysis for Council review	Bryan, Mike, Dave	4th Q 2013

Goals No. 2, 3, 10 and 13 have been identified as part of the City's Blueprint for the Future. These goals have already been actively undertaken and specific action steps, responsible party and timing has been identified. Goals No. 11 and 12 are very important to any projects the City undertakes and will be on-going as projects commence over time within the community and appropriate levels of communication are identified.

Staff will prepare more detailed information on process and timing for Goals No. 1 and 4. Goals listed under policies (No. 5-8) will be reviewed and developed by staff as appropriate and brought back the HRA and City Council for discussion and formal approval within the next six (6) months. In addition, staff will work with Council on goal No. 9 to better define what sustainability means so appropriate policies can be developed.

Overall, these goals will set the framework for redevelopment within the community for the next several years and should be reviewed annually and changes made as appropriate. Many of the goals will be implemented within the next twelve (12) to eighteen (18) months. However, it should be noted, that implementation of the redevelopment of the seven (7) areas identified (Goal No. 1), and implementation of Goal No. 2 will take many years due to their complexity of issues and timing of available resources and financing for the projects.



WEST END

The west end of Lake Street is primed for redevelopment. In particular, the community would like to see retail activity continue along Lake Street past Minnetonka Avenue

MEYER BROTHERS DAIRY REDEVELOPMENT
The Meyer Brothers Dairy facility and adjacent properties would be developed by private sector agents to meet market demands. The city's role in these projects would be to facilitate development that fulfills the community's vision as expressed through this framework document. Community suggestions ranged from a brew-pub to artist lofts to a movie theater.

MUNICIPAL PARKING RAMP
As development occurs in this area, the city could exercise the option to build another parking structure in this area to accommodate

additional vehicular traffic.

TCF REDEVELOPMENT RELATED TO BOATWORKS

Surface parking lots adjacent to the TCF building are opportunities to develop a denser, more walkable retail and commercial district in the West End. Part of this development would include structured parking to ensure that there is no net loss of parking in the area.

INTEGRATED PEDESTRIAN BRIDGE TO SHAVER PARK AND RAND BEACH

This bridge would take pedestrians safely over the railroad tracks, strengthening walkability and improving lake access for recreational users and weekend visitors.

