

Adopted Minutes Regular Council Meeting February 22, 2011

Mayor Slavik called a Regular Meeting of the Plymouth City Council to order at 7:00 p.m. in the Council Chambers of City Hall, 3400 Plymouth Boulevard, on February 22, 2011.

COUNCIL PRESENT: Mayor Slavik, Councilmembers Bildsoe, Willis, Johnson, Murdock, Black, and Stein.

ABSENT: None.

STAFF PRESENT: City Manager Ahrens, City Attorney Poehler, Recreation Superintendent Evans, Fire Chief Kline, Administrative Services Director Portner, Public Works Director Cote, Police Chief Goldstein, Community Development Director Juetten, Housing Manager Barnes, Human Resources Director Kone, Assistant City Engineer Renneberg, Senior Planners Drill, Doty, and Darling, and City Clerk Engdahl.

Plymouth Forum

No one was present to speak at the Plymouth Forum.

Presentations and Public Information Announcements

(4.01) Announcement of "State of the City" on March 2

Mayor Slavik announced "State of the City" on March 2 at 7:30 a.m. at City Hall.

Approval of Agenda

Motion was made by Councilmember Johnson, and seconded by Councilmember Murdock, to approve the agenda. With all members voting in favor motion carried.

Consent Agenda

By request of staff, the Council removed item No. 6.01.

The Council removed item No. 6.04 and placed it under General Business as item No. 8.005.

Motion was made by Councilmember Willis, and seconded by Councilmember Bildsoe, to adopt the Consent Agenda that included the following items:

- (6.01) (This item was removed from the agenda).
- (6.02) Resolution Approving Disbursements ending February 12, 2011 (Res2011-045).
- (6.03) Resolution Approving Grant for Northwest Greenway Bridge over Vicksburg Lane (Res2011-046).
- (6.04) (This item was removed from the Consent Agenda and placed under General Business as item No. 8.005).
- (6.05) Resolution Receiving Preliminary Engineering Report, Ordering Preparation of Plans and Specifications, and Calling for a Public Hearing for the Sun Court Mill and Overlay Project (11006 – Res2011-047) and a Resolution Approving Plans and Specifications, and Ordering Advertisement for Bids for the Sun Court Mill and Overlay Project (11006 – Res2011-048).
- (6.06) Resolution Receiving Preliminary Engineering Report and Ordering a Public Improvement Hearing for the 2011 Mill and Overlay Project (11007 – Res2011-049).
- (6.07) Resolution Approving Plans and Specifications and Ordering Advertisement for Bids for 2011 Street Sweeping Program (11024 – Res2011-050).
- (6.08) Resolution Accepting Utilities for Continual Maintenance for Taryn Hills 9th Addition (2010012 – Res2011-051).
- (6.09) Resolution Approving 2011 Engineering Guidelines and Standard Detail Specifications (Res2011-052).
- (6.10) Resolution Approving a Final Plat and Development Contract for D.R. Horton, Inc. for “Steeple Hill” for Property located at 15920 County Road 47 (2010098 – Res2011-053) and a Resolution Adopting Assessments for Trunk Sanitary Sewer and Water Main for Steeple Hill Addition (2010098-F – Res2011-054).
- (6.11) Resolution Approving a Final Plat and Development Contract for Pulte Homes for “The Willows Second Addition” for Property located at the Southwest Corner of Juneau Lane and County Road 47 (2011003 – Res2011-055) and a Resolution Adopting Assessments for Trunk Sanitary Sewer and Water Main for the Willows 2nd Addition (2011003-F – Res2011-056).
- (6.12) Resolution Approving the ICWC Program for Contract Services from July 1, 2011 through July 1, 2013 (Res2011-057).
- (6.13) Resolution Approving Agreement between the Metropolitan Council and Plymouth Metrolink for Transit Convenience/Prepaid Fare Reimbursements (Res2011-058).

(6.14) Resolution Approving the Labor Agreement and Associated Letters of Agreement between the City and Clerical, Technical, Professional Employees Represented by AFSCME, Council 5 for the Calendar Years 2011 through 2012 (Res2011-059).

(6.15) Resolution Approving a Three-Month Extension of the Final Plat for "Bassett Creek Office Centre" for Property located North of Highway 55, between South Shore Drive and Revere Lane (2006111-F – Res2011-060).

(6.16) Resolution Approving Agreement for Services with Hennepin County from the 2010 Recount (Res2011-061).

(6.17) Resolution Awarding Auditing Services to Malloy, Montague, Karnowski, Radosevich and Co., P.A. (Res2011-062).

With all members voting in favor, the motion carried.

Public Hearings

(7.01) Project Hearing for Annapolis Lane Street Reconstruction Project (11002)

City Engineer Renneberg reported on the proposed project. He stated construction would begin middle May and the heavy construction completed in July 2011. Assessment hearing would be held in October.

Mayor Slavik opened the public hearing.

Mayor Slavik closed the public hearing.

Motion was made by Councilmember Stein, and seconded by Councilmember Bildsoe, to adopt a Resolution Receiving Preliminary Engineering Report, Ordering Improvement and Preparation of Plans and Specifications for Annapolis Lane Street Reconstruction Project (11002 – Res2011-063) and a Resolution Approving Plans and Specifications and Ordering Advertisement for Bids for Annapolis Lane Street Reconstruction Project (11002 – Res2011-064). With all members voting in favor, the motion carried.

(7.02) Creation of Tax Increment Financing Redevelopment for a Multi-Family Apartment Project (Quest Development, southwest corner of Highways 169 and 55)

Community Development Director Juetten reported that this item and item No's. 8.01 and 8.02 under General Business are related to the same project. Staff is recommending the Mayor open and close the public hearing and discuss the planning applications before action is taken on any of the items, as the developer has indicated that if the Council doesn't support the tax increment financing (TIF) request, he would withdraw the planning applications.

Housing Manager Barnes reported on the proposed request for TIF for a 157 apartment development at this site. He stated of those units, 64 would be workforce housing units. These units would be available to households that earn at or below 60% of the area median income. The applicant has submitted an application for TIF in the amount of \$2,500,000 to assist with the development of the workforce units. The funds would be used to assist with site acquisition, site improvements, including soil corrections, and on site parking. The applicant has indicated that TIF is needed to provide adequate garage parking for a midrise building design that is required to achieve reasonable economic density and the desired mass on this site, which generates significant costs. In addition, the extensive soils correction required, together with demolition of the existing substandard structure, foundations and utilities add to the cost impact. The applicant will be seeking financing from the sale of low income housing tax credits, MHFA and Hennepin County deferred financing, and owner equity. They would also anticipate requesting an issuance of tax exempt housing revenue bonds for their primary financing. He stated that the creation of the TIF district doesn't in and of itself create a financial impact to the City. The new taxes that are generated as a result of the improvements are captured and will be used to pay the developer for the pay-as-you-go note.

Mayor Slavik opened the public hearing.

Kerry Kammann, 448 Union Terrace Lane North, stated he is unsure of how TIF works, but he doesn't support this project. He stated this project doesn't fit with this area and the high density it will create.

Philip Hughes, 317 Union Terrace Lane, stated he also is unfamiliar with TIF, and he doesn't support this project. He noted that the property for this development is swamp land.

Housing Manager Barnes explained how TIF works and the new taxes generated from this development to be applied to a pay-as-you-go note. He added that the applicant will be seeking funding from other sources as well.

Mayor Slavik requested the applicant to discuss how they intend to fund the \$3 million gap for this project.

Jim Waters, from Quest Development, applicant, stated that gap would be filled with development equity. They have applied with HUD for their 221D4 Program, which is a low income credit fund application. He clarified that Quest Development has a purchase agreement to purchase the two parcels where this development would be. Quest Development will be the developer of the property, but they have to form a single entity for financing purposes with the lenders. He stressed Quest Development will continue to own and manage the property after its developed.

Mayor Slavik closed the public hearing.

Councilmember Black reiterated that the TIF in this case is for removing the current structure and foundation at the site as well as soil corrections. She stated it's likely that any developer/entity that would be interested in developing this site would be requesting TIF. Therefore, these types of requests aren't unusual given the circumstances.

Councilmember Johnson stated that the Council needs to decide if the proposed development that is before them this evening is the desired type of development for this site.

General Business

(8.005) Annual Updates to the Zoning Ordinance and City Code (2010070)

Councilmember Willis stated staff is proposing to reduce the parking requirement for apartment developments from 2.5 spaces per dwelling unit to 2.0 spaces per dwelling unit. He noted that staff would be reviewing parking spaces for apartments this summer, which would include an analysis of the overall size of a complex as well as a breakdown of 1, 2, and 3-bedroom units within a building. Therefore, he suggested not amending that section of the Zoning Ordinance at this time until after study is completed.

Motion was made by Councilmember Willis, and seconded by Councilmember Bildsoe, to adopt an Ordinance Amending Chapter 21 of the Plymouth City Code entitled the Plymouth Zoning Ordinance (2010070- Ord2011-05) with no changes to the current parking spaces requirement for apartments, Ordinance Amending Chapters 1, 4, 5, and 13 of the Plymouth City Code (2010070 – Ord2011-06), and a Resolution Approving Summary Publication of Ordinance No's. 2011-05 and 2011-06 (Res2011-065). With all members voting in favor, the motion carried.

(8.01) Comprehensive Plan Amendment to Add a New Land Use Classification (LA-5) and Zoning Ordinance Text Amendments to Add a Complementary Zoning District (RMF-5) (2010088 – City of Plymouth)

Senior Planner Darling reported on the proposed Comprehensive Plan amendment to add a new land use classification (LA-5) and Zoning Ordinance text amendments to add a complementary zoning district (RMF-5). She showed six sites that staff has identified in the city that would be eligible for this guiding classification. Four of the locations are at the I-494 and Highway 55 and interchange, and the other two sites are at the west side of the Highway 55 and Highway 169 interchange. She stated that the current land designation for these six parcels wouldn't change until a development plan is presented to the Council.

Councilmember Willis asked if one of the sites at Highway 55 and Highway 169 is the Quest property that the Council is discussing this evening. Senior Planner Darling replied yes.

Councilmember Stein asked why the City would be limiting these sites to high density housing. Community Development Director Juetten replied staff is looking for some control of these sites without a whole lot of flexibility. If there would be developments proposed for these sites for

something different than LA-5, the Council can decide if they would approve the land use classification.

Councilmember Stein stated if the six parcels have been identified as gateways to the City, and the City is basically giving bonus densities to the developers of these parcels, the City should have higher architectural standards for those developments. He stated for the Quest development that is before the Council this evening, he would like something of higher architectural design.

Community Development Director Juetten commented that through a planned unit development process, the City could request higher architectural standards in tradeoff for the reduction in parking spaces.

Councilmember Bildsoe voiced his concern in giving a placeholder to these six sites for maximum density housing when these sites have a tighter fit and less traffic flow. There would need to be pretty costly and remarkable traffic engineering to get people in and out of the developments.

Mayor Slavik asked if staff would be recommending the LA-5 classification if it wasn't for the Quest development. Community Development Director Juetten replied no.

Mayor Slavik stated she doesn't support the proposed LA-5 land use classification. She has heard comments from residents as to why the City would approve high density housing near major roadways, such as The Reserve development that's adjacent to I-494. She stated she struggles with density; however, she doesn't feel that this is a good fit for the community at this time. If this was a good concept for the City, staff would've brought it forward without the Quest development being presented to the City.

Councilmember Bildsoe asked if the Council has to create a LA-5 classification for the Quest development. Community Development Director Juetten replied this development wouldn't comply with the LA-4 classification, which is 20 units per acre. Therefore, a new district would need to be created to allow the Quest development.

Councilmember Johnson stated that the LA-5 classification is doable, but it has to be in the right place and time. This type of guiding fits better with more urbanized communities where there is more density and transit options. She would be willing to entertain the guiding on the Quest site, but she's uncomfortable in pre-determining other sites in the community. She agrees with Councilmember Stein that there needs to be higher architectural standards for these areas.

Councilmember Black stated there are some appropriate places for LA-5 zoning in the community. This evening the Council is only being asked to place this guiding at the proposed Quest site. The Council would have the opportunity to evaluate the other five sites independently if the LA-5 classification is approved. She also agreed that there should be higher architectural standards for these gateways to the City.

Motion was made by Councilmember Black, and seconded by Councilmember Bildsoe, to adopt a Resolution Adopting a Modification to the Development Program for Development District No. 7 and Establishing Tax Increment Financing District No. 7-8 Therein and Adopting a Tax Increment Financing Plan.

Councilmember Willis stated he wouldn't be supporting the motion. He stated the value of the property should reflect the cost to cure the problems that are there with the free open market without the use of TIF. He stated with the density that is being proposed, there should be enough cash rather than having the public participate in the land cost.

Mayor Slavik agreed with Councilmember Willis.

Councilmember Johnson stated when the economy was better, councils voted to change the guiding and zoning for gateway projects. She stated there was a time when the market favored other options. She noted that the density level is needed to make the site work economically as well as something bigger versus condominium units. She acknowledged that this is a challenged site, and no matter what type of development is proposed for this site, it will require the use of TIF. The Council needs to decide if the project this evening is what the Council desires on this site. She commented that residential traffic is a lot better than office traffic.

Councilmember Stein voiced his concern with the density even though he understands that there is a need for it, and the City has been waiting for a long time for something to develop on this property. He stated he's concerned about traffic in this area even though he agreed that residential traffic is better than office traffic. He reiterated his concerns regarding the architectural design of the current development proposal. He stated he would support the use of TIF as this will help the taxpayers of the community.

Councilmember Black stated she doesn't like the high amount of TIF being requested even though she understands why. She reiterated that this is a difficult site to develop.

Councilmember Bildsoe stated he would support the TIF since this development would spur and supplement some of the other developments in the area.

Councilmember Murdock stated that this is a very difficult site to develop; therefore, she will be supporting the TIF request. She agreed with the comments expressed regarding having higher architectural standards for the LA-5 parcels.

The Council voted on the motion and with all members voting in favor but Willis and Slavik, the motion carried.

Councilmember Johnson requested to discuss item No. 8.02 before action is taken on item No. 8.01.

(8.02) Comprehensive Plan Amendment, Rezoning and PUD General Plan for Apartment Development at Highways 169 and 55 (2010086 – Quest Development)

Senior Planner Darling reported on the applications for a Comprehensive Plan amendment to amend the Land Use Guide Plan from LA-4 to LA-5 and to rezone the property from RMF-4 to PUD General Plan for 157 apartments in one structure. She stated if the Council desired to approve the application for the LA-5 guiding, action would need to be taken on item No. 8.01 first.

Councilmember Bildsoe asked how many daily average trips would be expected from this development. Senior Planner Darling replied 848 average daily trips are proposed. Previously this site was reviewed for a hotel use which would've generated 887 average daily trips.

Councilmember Johnson asked when the Council can anticipate any improvements at Revere Lane and Highway 55. Public Works Director Cote replied he's unsure as there are a number of obstacles preventing this intersection from operating at full capacity, such as the need to condemn properties, removal of homes to relocate north and south frontage roads, etc.

Councilmember Stein asked if there are any temporary lower-cost repairs that could be made for Revere Lane and Highway 55. Public Works Director Cote noted the traffic signal timing which is always an issue for every intersection on Highway 55. Staff hasn't been very successful in lobbying MN/DOT in increasing the timing of the signals for the side streets.

Mayor Slavik stated she has concerns regarding the product that would be used on the apartment building. She noted that there have been failures with some the proposed materials. Senior Planner Darling stated staff has received recommendations/assurances from the manufacturer on the materials to be used. If there would be failure in those materials, the property owner would be responsible for correcting the situation.

Paul Meyer, Paul Meyer Architect, stated the materials that they have selected are stable, and they're using a spray texture finish as that's more durable. The products are a good combination, and they'll be durable. By request of Councilmember Stein, he discussed the building elevations from Highway 169.

Councilmember Stein commented that he liked the elevation at Nathan Lane and Highway 55, and he suggested they create a similar element as one is coming north on Highway 169.

Councilmember Johnson asked the applicant if funding doesn't come through, at what point would they not be able to proceed with the project.

Jim Waters, from Quest Development, stated risks always exist for developments. There could be a key part in the financing that might not materialize. However, they have an excellent track record in putting together their financing. This by far is the most complex project they have put together in Plymouth. Therefore, they are confident that they have a very competitive project as far as financing. They have met with HUD, and they like the project. He stated it's conceivable, but he doesn't think it's likely that the key element couldn't work out. If that would be the case, they would need to reassess the project. An alternative plan could be a much smaller apartment

project with perhaps less TIF and less tax credits. That type of development certainly wouldn't have the elevation of their proposed project.

Mr. Waters commented about the sound on this site as it relates to traffic. They recognize that this could be a concern, especially on the Highway 55 side. They are paying close attention to the type of windows, insulation, etc that are used. Regarding the traffic, he accesses an office building adjacent to Revere Lane so he understands the traffic concerns in this area. He stated with a residential development as opposed to commercial development, tenants are leaving in the morning and returning at night which is the opposite of the current situation in this area. The roads are being used in alternative times. He believes the traffic will balance itself out.

Philip Hughes, 317 Union Terrace Lane North, stated one of his concerns is the congestion on Highway 169. If they expand the width and add more highway lanes, will that come into the adjacent creek near this development. He asked if anyone has contacted MN/DOT regarding development in this area and what it would cost taxpayers if MN/DOT has to purchase this property for improvements to Highways 55 and 169. He suggested turning this property into a park and wait for MN/DOT to purchase it for road improvements.

Kerry Kammann, 418 Union Terrace Lane North, stated their development just west of this site has about 100 homes with nice size lots. Houses in their development can't sell, they have lost considerable property values, and their road is deteriorating. He asked what happens when construction vehicles use the area roads and create further damage. Who will pay for the repairs to those roads. He stated the front design of the building looks nice but the rest of the building doesn't look good. He asked how the developer would keep silt runoff to Bassett Creek. He stated if the Council wants to push a gateway concept for this property, it certainly doesn't match up to what's on the other side of Highway 55. This development will have a negative impact on their neighborhood.

Darrell Kaelke, 323 Union Terrace Lane North, stated this is too big of a development for this property. Additional traffic would be impacting a roadway that has already exceeded its capacity. He noted stereotypical society problems that can occur with apartment developments.

Mayor Slavik addressed the following questions and concerns:

1. The City is interested in seeing improvements for Highways 55 and 169 but is aware that there isn't funding available.
2. The City isn't interested in purchasing the property and putting in a park. It's "buyer beware," and the developer is aware of what corrections are needed for this site to make it buildable.
3. The purchase price will be reflective of the improvements to the site. It's not in any of the City plans.
4. Regarding construction traffic, any damage to area roads would be paid by the developer.
5. Silt fences would be installed to prevent runoff into Bassett Creek. The developer needs to be in compliance with the regulations.

6. The gateway concept for this property is subjective, but everyone agrees that this is an entrance to the City. The challenge is agreeing to what type of development is a good fit for a gateway.
7. Society problems affect all types of citizens and neighborhoods.

Mayor Slavik stated the density level continues to be a concern for her even though she recognizes that this is a difficult site to develop. She could be more comfortable with the applicant's alternative plan if the proposed development isn't approved (smaller apartment building and less in TIF). She asked staff what the restrictions are on the 64 affordable units and how long do they remain. Housing Manager Barnes replied affordable is 64% of the median income. With the proposed financing the applicant would have, the work force housing would in place for at least 30 years.

Councilmember Johnson asked why lower density levels aren't being considered for this site. Mr. Waters replied density is what they need to get to the economy of scale. He stated it costs so much to do all the components of the project. He commented they could consider a smaller building. If the Council is unsettled this evening as to what should be on this site, they think it behooves them to find clarity on this project from them and staff to have the right fit on this site. He stated he's heard a diversity of views regarding the issue of density which could be the biggest issue tonight. Also, they can certainly address the issue of the building. He stressed that their goal is to get the best project for the site. If the Council determines that they are unable to fully support this project tonight, he would like to request that the review period be extended indefinitely. He cautioned that they could consider a smaller building, but there would need to be other compromises.

Councilmember Johnson asked if the Council didn't take any action this evening, would that impede their funding requests. Mr. Waters replied there has already been some delay with their funding applications. The deadline for some of the funding is February 24, but there is another funding cycle. The low income tax credit application is due in June. He indicated his desire an appropriate amount of time to find a project that fits for the Council and for them economically.

Councilmember Black asked how much of the plans can be changed before Mr. Waters would have to go back through the planning process. Community Development Director Juetten replied if the plan doesn't change too much, it wouldn't have to go back through the planning process. If the Council isn't proceeding with the project tonight, the Council should rescind the TIF approval, and the Mr. Waters needs to provide a written request to continue the review period indefinitely.

Councilmember Johnson commented that she likes the contemporary look and feel of the proposed apartment building, but she doesn't want to reduce it so much that it looks like a 1980's apartment complex.

Mr. Waters stated that the density level will clearly have an impact on them. He desires to maintain the design and integrity of the building.

Motion was made by Councilmember Bildsoe, and seconded by Councilmember Willis, to rescind the motion approving the TIF financing. With all members voting in favor but Johnson and Black, the motion carried.

The Council took no action on item No.'s 8.01 and 8.02. Mr. Waters presented a written request to the City to continue the review period indefinitely.

(8.03) Comprehensive Plan Amendment to the Sanitary Sewer Plan to Revise Sanitary Sewer Districts and Development Staging Plan (2010096 – Gonyea Company)

Senior Planner Doty reported on the request to approve a Comprehensive Plan amendment to the sanitary sewer plan to revise the City's sanitary sewer districts and development staging plan for properties at the northeast and southeast corners of County Road 47 and Dunkirk Lane and properties east of Dunkirk Lane. By request of Councilmember Willis, he showed how the O'Donnell property would be split. He added that no lift stations would be required.

Judy Luedke, 17910 County Road 47, whose property is on the west side of Dunkirk Lane, voiced her frustration that the Council is allowing amendments to the Comprehensive Plan that was approved by the Council and the residents in the area in 2008. It shouldn't be the east property owners versus the west property owners. She stated the recent development has been going from the east to the west versus west to east that was forecast in the Comprehensive Plan, but development is determined wherever someone decides to put it. She questioned how many amendments the Council is going to allow to the Comprehensive Plan and would she be allowed to amend the plan. She stated there's no reason to have a Comprehensive Plan if it isn't being followed and amended. She stated she isn't allowed to develop their property, and they have sewer on their property. They don't have water, but they have to get it from the west. She stated all the property in the Northwest Plymouth area needs to develop sooner rather than later.

Mike Janousek, 5630 Dunkirk Lane, stated the Comprehensive Plan dictated that the east side of Dunkirk Lane would develop at a higher density, and the west side would be staged as more rural. For them, it's a better situation for their sewer to go to the north. They have had no contact with the applicant, but the reality is that the development is coming. He stated the development is happening all around them, and they don't want to become an island. Therefore, they requested the Council's approval for this item.

Steve Roell, 5915 Dunkirk Lane, stated a lot of the problems are with the properties on the north and south sides of County Road 47 from Dunkirk Lane to Lawndale Lane, and the City is putting that area on hold. He stated in order to bring sewer down to County Road 47, it would cost \$147,000 so it's easier to hook into Steeple Hill. He stated he doesn't support the request before the Council this evening, and he wanted to make sure that Council was aware of the issues with the property owners on County Road 47. *(His correspondence dated February 4, 2011 that outlined his concerns to the Planning Commission was included in the packet materials).*

Dave Gonyea, applicant, stated they might plat and develop half of O'Donnell' property this summer.

Councilmember Willis referenced the proposed amended sanitary sewer service agreement with Maple Grove for extension of the trunk sanitary sewer (item No. 8.03.A), and he asked if this has been provided to the City of Maple Grove. Public Works Director Cote replied yes, and they have received all the data.

Motion was made by Councilmember Willis, and seconded by Councilmember Johnson, to adopt a Resolution Approving a Comprehensive Plan Amendment to Chapter 9 to Revise Sanitary Sewer Districts and Development Staging Plan (2010096 – Res2011-067). With all members voting in favor, the motion carried.

(8.03.A) Sanitary Sewer Service Agreement with the City of Maple Grove for the Extension of Trunk Sanitary Sewer (3106)

Motion was made by Councilmember Black, and seconded by Councilmember Willis, to adopt a Resolution Approving Amendment to Sanitary Sewer Service Agreement with Maple Grove for the Extension of Trunk Sanitary Sewer (3106 – Res2011-067). With all members voting in favor, the motion carried.

Reports and Staff Recommendations

(9.01) Legislative Update

Administrative Services Director Portner briefly updated the Council on the legislative update that was provided to the Council this evening.

Adjournment

Mayor Slavik adjourned the meeting at 10:40 p.m.



Sandra R. Engdahl, City Clerk