

MOUND CITY COUNCIL MINUTES
August 12, 2020

The City Council of the City of Mound, Hennepin County, Minnesota, met in a rescheduled regular session (due to Primary Election) on Wednesday, August 12, 2020 at 7:00 p.m. in the Westonka Schools Performing Arts Center in Minnetrista.

Members present: Mayor Ray Salazar; Council members Phil Velsor, Jeff Bergquist, Paula Larson, and Sherrie Pugh

Members absent: None

Others present: City Manager Eric Hoversten, Community Development Director Sarah Smith, Consulting Planner Rita Trapp, Administrative Assistant Jen Holmquist, Fire Chief Greg Pederson, Brad Schafer, Ed Ring, Nichole Spiess, Don and Betsy Kohes, Pat Berg, Frank Docherty, Nena Pounder, Jason Arseneau, Douglas Soholt, Roni Soholt, Dianne Lachenmayer, Robert Stevens, Ann Eberhart, Jameson Smieja, Gretchen and Gene Abegglen, Dee Nelson, Christopher and Pamela Getz, Kate Anthony, Sindi Dorsett, Janessa Quinn, Leah Swanson, Jennifer and David Thompson, Kathleen Hunt, Jane Anderson, Joanie and Steve Zielinski, Rob Ar, Johann Chemin, Gary Steven, Jeremy Bloms, Doug Dahm, Michelle Henrick, Jaosn and Katie Holt, Elizabeth Hustad, Tim Powers, Dan Saatzer, Tori and Tate Anderson, Trevor Martinez, Schafer Richardson; Helen and Larry Melsness, Jim Murphy, Lili Herthone, Merrick Morlan, Kevin Johanson, Ashlee Corning, Barton Halling, Kelli Gillespie-Coen; Sandi and Carey Manson, Nancy Starr, Pat Buffington, Chris Carlson, Dan Hendrix.

Consent agenda: All items listed under the Consent Agenda are considered to be routine in nature by the Council. There will be no separate discussion on these items unless a Councilmember or citizen so requests, in which event it will be removed from the Consent Agenda and considered in normal sequence.

1. Open meeting

Mayor Salazar called the meeting to order at 7:01 p.m.

2. Pledge of Allegiance

3. Approve agenda

Hoversten noted additional public comments for Item 7 have been provided.

MOTION by Bergquist, seconded by Velsor, to approve the agenda as amended. All voted in favor. Motion carried.

4. Consent agenda

MOTION by Bergquist, seconded by Larson, to approve the consent agenda. Upon roll call vote, all voted in favor. Motion carried.

A. Approve payment of claims in the amount of \$335,370.37.

B. Approve minutes: 07-28-20 regular meeting.

C. RESOLUTION NO. 20-70: RESOLUTION AUTHORIZING ACCEPTANCE OF THE 2020 CORONAVIRUS RELIEF FUND ASSISTANCE

D. Approve Pay Request No. 2 in the amount of \$42,108.51 to Widmer Construction for the 2019 Fernside Forcemain Improvement & Bay Ridge Sewer Service City Project PW 19-03 and 19-09

E. Approve Pay Request No. 1 in the amount of \$107,869.03 to Widmer Construction for the 2020 Lift Station Improvement Project City Project No. PW-20-05

5. Comments and suggestions from citizens present on any item not on the agenda.

None were offered.

6. Mound Fire Chief Greg Pederson requesting action on a resolution to formally accept a federal Assistance to Firefighters Grant (AFG) in the amount of \$151,758.10

Pederson outlined the grant awarded to the Mound Fire Department.

MOTION by Velsor, seconded by Bergquist, to adopt the following resolution. All voted in favor. Motion carried.

RESOLUTION NO. 20-71: A RESOLUTION TO FORMALLY ACCEPT A FEDERAL ASSISTANCE TO FIREFIGHTERS GRANT (AFG) IN THE AMOUNT OF \$151,758.10

7. Planning Commission Recommendation

Planning Case No. 20-07

Commerce Place Redevelopment Project – 102 Unit Apartment Project

2200-2238 Commerce Boulevard

Applicant: Schafer Richardson

Public Hearings and Review/Consideration of the Following Applications:

- Zoning text amendment to allow medium and high density in the Destination Planned Unit Development District
- Rezoning of properties from B-1 and R-3 to Destination Planned Unit Development District
- Vacation of Fern Lane right of way and drainage and utility easements in Commerce Place
- Major subdivision-preliminary plat and site development plans of Commerce Place 2nd Addition
- Conditional Use Permit (CUP) for Planned Unit Development

Trapp presented a Power Point outlining the proposed project, including demo of the current mall, building of a 3-story apartment building with Wells Fargo remaining as is.

Trapp noted the anticipated unit and community amenities and showed the parcels that are being combined.

Trapp said the requests are for a zoning text amendment, rezoning from B-1 and R-3 to Planned Unit Development District, Vacation of Fern Lane right of way and drainage and utility easements, Major Subdivision-preliminary plat, Conditional Use Permit (CUP) for a Planned Unit Development.

Trapp noted that the 2040 Comprehensive Plan was adopted last year and identifies this area as mixed use which includes commercial, multi-family residential and townhomes, with a density intended to be 12-30 units per acre, noting this project is 25 units per acre.

Trapp said the zoning text amendment would modify Section 129-140 to the Destination Planned Unit Development District purpose to acknowledge appropriateness of medium and high density residential adding multifamily as a permitted use. This was the intent of the Comp Plan and this amendment addresses the inconsistency between the Zoning Code and the Comprehensive Plan.

Trapp said the site is currently zoned B-1 Central Business and R-3 Multiple Family Residential. The rezoning to Destination Planned Unit Development District (DEST-PUD) would fit the designation in the Comprehensive Plan. Trapp said a portion of Fern Lane is proposed to be vacated, noting the applicant owns both sides of that portion of Fern Lane. Trapp said the reason for requesting vacation of drainage and utility easements is to facilitate the proposed redevelopment since those easements serve the current mall and are not needed.

Trapp said the preliminary plat is 3.35 acres with Lot 1 including the apartment and parking in rear and Lot 2 including the surface parking to the west and around Wells Fargo shared parking. Trapp noted there is also 0.04 acres of ROW dedication.

Trapp said the Conditional Use Permit (CUP) establishes the PUD and will provide an opportunity for the developer and the city to establish appropriate dimensions and design standards for a project. Trapp noted the review relied on technical and/or third-party experts to evaluate parking, traffic and stormwater to ensure what is being proposed meets current trends.

Trapp said proposed building height is 42 feet and 4 inches which is less than the maximum height limit, noting Shoreline Drive is a wide ROW of about 100 feet. Trapp said the impervious surface cover is proposed to be 73% which is less than existing conditions on the site. Trapp noted utilities are established and will change but there were no issues identified from staff.

Trapp described the unit sizes and the number of each unit size, noting the density matches what is appropriate for this area.

Trapp noted three current access points are being eliminated, which should improve circulation within the project. Trapp noted traffic and parking was evaluated by a third party and gave a summary of how the traffic study was completed, the variables used and the findings. Trapp said the project will have 272 parking spaces, including 84 covered, underground spaces. Trapp said the applicant believes the proposed parking spaces are sufficient, noting bicycle parking will also be available

Trapp outlined the building materials to be used, landscape screening and the proof of parking/reserve area. Trapp noted there will be trees on the site except where underground utilities don't allow it.

Trapp reviewed the Planning Commission recommendations from previous meetings and outlined the procedures for moving forward, including holding a Public Hearing, considering the policy-related requests and project-specific requests. Trapp says it would make sense to take them separately.

Velsor asked about how the resolutions are grouped. Trapp recommended they be considered as presented because they are linked.

Salazar asks if there were any more questions for Trapp and hearing none he invited the developer to share his presentation.

Brad Schaffer, CEO and co-founder of Schaffer Richardson (SR), acknowledged there are a lot of rumors he would like to address. Schaffer described the existing conditions at the site, saying it is 26% occupied, not including Wells Fargo, which SR does not own, noting SR first approached the city about redevelopment in 2011. Schaffer says they have built similar apartment projects in surrounding cities and this is the smallest one.

Schaffer outlined the \$20M investment in the city, Park Dedication funds of \$125 - \$175K, projected property taxes of \$300 - \$340K, noting this project will diversify the housing stock in the city and add a luxury option. Schaffer noted the city needs more residents to encourage retail, and that this project would add a combined total household income of \$6.5M, or approximately \$65K per unit. Schaffer said 2/3 of the new building will bring in new families from outside of Mound.

Schaffer said he feels the current design is appropriate for Mound and outlined the reason traffic will go down compared to a full commercial center. Schaffer said the parking is sufficient and he does not expect to rent all garage stalls because they don't want to pay the extra when a free option is available.

Schaffer discussed the change in retail, noting the market is not the same as it used to be because we shop differently, which has left too much retail and retail space. Schaffer said Mound does not have enough households to support new retail comparing it to other

communities where they own that are 93% occupied and also noting the rents at Commerce Place are far lower than those other communities and it still has a far higher vacancy rate. Schaffer said SR offered a renovation proposal to the medical clinic but they already signed their new lease. Schaffer noted there is no visibility for retailers in the current location and the surplus of adjacent retail space makes it hard to rent.

Schaffer said this is not an affordable project, it is luxury, noting the building will cost \$20M when an affordable status would drop the value to \$8 million which is why government subsidies are necessary to fund the affordable project. Schaffer acknowledged community members believe this will be switched after but he said the sole intent is to provide luxury housing option that does not currently exist.

Schaffer then asked how big is too big, noting this proposal is less than code allows because he didn't believe a larger building was wanted even though it would be allowed.

Schaffer asked if there were any questions for him. Salazar asked how many retail shopping centers SR owns. Schaffer said they have 7 properties with 1400 units, and 10-12 apartment buildings. Salazar asked Schaffer to repeat the unit square feet and rents and said the prices sound like luxury, but the amenities and parking don't follow suit.

Salazar asked for other questions from the Council, and upon receiving none, opened the public hearing.

Jane Anderson, 5060 Edgewater Drive, said she remembers a proposal for luxury townhomes with retail below and does not think the target renter math makes sense nor will those people want these apartments. Anderson said the amenities are not luxury and she doesn't believe the traffic study. Anderson called for another study because she believes the residents will take alternate routes on roads that aren't designed or built to support that traffic. Anderson said she and other residents received 327 signatures from people who are against this project. Anderson said people want a gym, a high-end restaurant and a coffee shop. Anderson said she hopes the Council will pause and form a committee with resident input to decide what other options there are.

Yohan Chemin, 6039 Beachwood Road, said he is opposed to the redevelopment and he thinks the design is ugly. Chemin said he thinks this will brand us as the eye-sore of the lake and noted because the grills are in the parking lot, he doesn't believe residents will want that. Chemin said just because SR has built similar projects, doesn't mean we have to accept it here. Chemin said the rents are too high and he doesn't think young families will move here with high rents. Chemin said he doesn't believe our city is about taxes and park space, it is about what we want for the city. Chemin is not concerned with the applicant's losing money and he doesn't understand how 272 parking spaces will create less traffic. Chemin asked if we want our city to be a big parking lot adding 102 families will mean more kids and more schools. Chemin said have to pay for the schools with our taxes and he thinks only SR wins with this proposal.

Dave Thompson, 6601 Bartlett Blvd, said he moved here for the small community from a city that was small but built similar projects. Thompson said the result were higher taxes, higher crime and too many schools.

Chris Carlson, 5950 West Branch Road, said he walked the neighborhood and everyone moved here for the quiet small town, noting this is not a positive change. Carlson said he spoke to Bob Stevens, Ridgeview CEO, who said the clinic didn't want to leave Mound but the negotiations fell apart. Carlson said he doesn't believe the owner tried to maintain the mall, noting the mall Ridgeview moved to is beautiful. Carlson said he thought the applicant drove out their anchor tenant and he can't understand why SR would not keep it up, asking how can someone who allowed the property to fall into such disrepair now try to drive the character of Mound.

Merrick Morlan, 4842 Dale Road, and owner of a gym at Stone Gate Plaza said he watched that building deteriorate and that he did talk to Schaffer Richardson before opening his gym, but the cost was too high. Morlan said Mound has way too much retail and that it's likely too late now, but there needs to be something else at the project site. Morlan said other owners, like the building he rents, are spending money to attract tenants and he is hoping to open more retail space but he needs more customers in town. Morlan said this owner isn't incentivized to build retail space and he recognizes that it is their building. Morlan said it's not worth the money to them to continue as a commercial space and that he understands that retail probably isn't viable there. Morlan said the residents should have some say in what residential will look like on that site.

Robert Stevens, 5471 Lost Lake Lane, said he is the retired CEO of Ridgeview Medical Center and that by Ridgeview moving out of Mound, it lost ambulance service area and incurred higher costs. Stevens said he's against this project because 100 pounds of potatoes don't fit in a 10-pound sack and he wonders why this property doesn't have better amenities. Stevens said other properties have retail that is working and that he thinks the applicant is giving Mound a second rate proposal that could be better, noting they have proven they can do better. Stevens said SR can make a better design and we should expect better.

Kevin Johanson, Basswood Lane, said he knows this is private property but wonders where we want Mound for the next 40 years. Johanson asked someone to explain how 102 units divided by 3.35 acres becomes 25 units per acre.

Robert Ar, 6045 Chestnut, said he moved here for the lower density. He thinks this project does not fit the community and doesn't believe this matches the plan for creating a destination for anyone other than someone who lives there, noting the city has a cohesive city core. Ar noted outlying communities would represent additional demand if retail were provided so don't give up this key property as residential only is a lost opportunity for what downtown Mound can be.

Michelle Herrick, 2630 Westedge Blvd., said she has collected signatures, gone door to door and had a table at the farmers' market. Herrick asked for a show of hands of who is in favor of rezoning Commerce Place noting there were no hands. Herrick then asked how many are not in favor of rezoning and noted there were several hands.

Sindi Dorsett, 6232 Red Oak Road, said she records the meetings for LMCC and she has seen every proposal in Mound for 20 years and she thinks the council struggles to do what is best for Mound. Dorsett said she appreciates the council's work and recognizes it's difficult, but asked that they don't get persuaded by developers and, instead, listen to the residents. Dorsett said down town should provide amenities and services for public use and she doesn't think this is the right project, in addition to the senior development, that will make the intersection more congested and dangerous for people trying to walk to the retail spaces. Dorsett asked the council to respect the residents of Mound.

Chris Carlson, 5950 West Branch Road, said he would like to take an exception to the idea that this is private property and the residents can't decide what they do with it when the developer is asking for the property to be rezoned. Carlson said we shouldn't do it just because the owners want it.

Nina Pounder, 2126 Fern Lane, said everything is changing and developers are re-thinking their lay outs because people want home offices, noting she thinks the large number of 1 bedrooms will be an issue in attracting the target demographic.

Lilian Herthone, 5441 Spruce Road, said she rents in Mound and moved here from Minnetonka, noting she feels this project is inconsistent with the younger age group because they are not looking for this type of housing.

Joanie Zielinski, 5000 Edgewater Drive, said she moved here because it was a lovely lake community with beautiful green space and shops coming to town. Zielinski said she went to Excelsior recently and it was booming with full restaurants, people walking down the street and enjoying the green space and asked if Wayzata and Excelsior can figure it out, why can't we? Zielinski asked is this what fits for the bigger picture in Mound. Zielinski said she wants green space developed in a way that encourages people to want to visit.

Nicole Spiess, 4379 Wilshire Blvd, said she doesn't buy luxury with three grills and not on the lake, noting she thinks Mound is better than Edina. Spiess said she believes a 1-bedroom doesn't work for a family with one person working from home and building residential is a fire threat. Spiess said this needs to be slowed down noting she's running for council.

Jason Arseneau, 2126 Fern Lane, said he lives right behind the proposed site and that this would impact him directly. Arseneau said open windows won't be likely due to increased noise, noting he worries about extra traffic and over flow parking on his street. Arseneau said they moved from a 700 sq. ft. apartment, noting they didn't have a car because they could

walk everywhere. Arseneau said they moved here for small town feel and they are hoping to start a family and send their child to a good school. Arseneau said he doesn't want the applicant to tell us what we need, he wants the residents to tell us what we need.

Kellie Gillespie-Coen, 5360 Baywood Shores Drive, asked the council to separate fact and emotion, noting she is a resident, property owner and land lord who has met with many people. Gillespie-Coen acknowledged we all want more retail, but in order to support that we need more people and she supports this project. Gillespie-Coen said Wells Fargo doesn't want to be in the conversation but noted it is prime real estate for boutique retail. Gillespie-Coen said we need to get the ball rolling and that she would not open a business in this site. Gillespie-Coen said she loves the town but steps need to be taken and noted business owners aren't going to come speak to the Council if it offends customers, but noted she can't grow her business or start a new business without more people. Gillespie-Coen said the business community wants this project and will benefit from it.

Jamison Smieja, 1700 Baywood Shores, said he agrees that the proposed building is fine but he thinks we're putting it in the wrong spot because residents' expectations are higher than what's being proposed. Smieja said he recognizes the tax revenue is attractive but we're doing fine and we don't need this. Smieja said no commercial will be a bad legacy that people will talk about forever.

Robert Stevens, 5471 Lost Lake Lane, said he wishes to address Schaffer's assertion that this will never be affordable housing and he read the description from NOVA Apartments. Stevens said this is Schaffer Richardson's fourth affordable housing project with 99 units including studio, 1 and 2 bedroom units and it includes commercial space on the ground floor. Stevens said the amenities are very similar to the one they are proposing and that it is a low income building.

Sandy Manson, 5104 Edgewater Drive, said she has deep roots in Mound and that this project looks like a horrible idea for this property. Manson said retail is the best way to go and the building could be rented today if the property is maintained. Manson said she believes the drawings show more green space than she thinks is possible with all the parking.

Dave Thompson, 6601 Bartlett Blvd, said he agrees that building residential would mean more people and that would help the businesses that are already here but he thinks the location is wrong. Thompson said taxes in his previous home went up 45% after high density came in and that's what happens when you have to add more police, fire and utilities. Thompson said we need to do things differently and high density is not the answer because too many problems come with high density. Thompson noted once it's built you can't go back.

Ashley Corning, 2190 Langdon Lane, said she asks the applicant what was offered recently for retail.

Schafer says the potential tenant was youth ice hockey club looking for dry-land training space but that the club had a limited budget and limited time line.

Corning asked if month to month is offered only and Schafer said no. Corning said she wonders if there is a possibility that Starbucks could be in the space, noting she works with professionals and the amenities that the applicant describes is not what young professionals want. Corning said she believes the traffic is an issue.

Janessa Quinn, 5982 Bartlett Blvd., said she challenges her neighbors when they disqualify affordable housing renters and asks why.

Salazar closed the public hearing by saying he has some comments. Salazar thanked the citizens for the communication and said the Council is listening. Salazar also thanked the planning commission and city staff. Salazar said he admits when he saw the proposal he thought it would work because the shopping center was in dire straits and the apartments would fill a gap that Mound needs. Salazar said he doesn't believe this project is luxury and he researched closely after all of the public comments. Salazar said he personally is used to a lot of traffic and people but he also likes the small town, quiet, safety and living on the lake. Salazar said we could use more business. Salazar said the City built a new public safety building looking to the future to store all the equipment, allowed for training rooms, emergency medical, and staff, noting it was done right. Salazar said the City built new for the future, noting it will be paid off next year.

Salazar said this project is in the heart of our downtown and it's the last of the 4 corners at that intersection. Salazar said that area was buzzing with commerce and we can bring commerce back. Salazar said we have heard the residents, noting Council loves the town want to do what's right. Salazar said we deserve better than this proposal and he thinks we should go back to the drawing board. Salazar said he proposes establishing an economic development committee, consisting of 2 council members and 3 professional residents who will work to find good businesses and clean up Mound. Salazar said we don't want vacant buildings, noting it will take time but we can make Mound great again.

MOTION by Bergquist, seconded by Larson, to approve the resolutions in 7B1, 7B2 and 7B3 to deny the requests. All voted in favor. Motions carried.

~~A. Resolutions to Approve Land Use, Vacation and Subdivision Applications~~

~~A1. RESOLUTION TO APPROVE ORDINANCE NO. 20-___ AMENDING CITY CODE CHAPTER 129 AS IT RELATES TO USES ALLOWED IN THE DESTINATION PLANNED UNIT DEVELOPMENT DISTRICT AND THE MOUND OFFICIAL ZONING MAP~~

~~A2. RESOLUTION TO APPROVE VACATION OF FERN LANE RIGHT OF WAY AND DRAINAGE AND UTILITY EASEMENTS IN COMMERCE PLACE AND APPROVING THE MAJOR SUBDIVISION PRELIMINARY PLAT OF COMMERCE PLACE 2ND ADDITION~~

~~A3. RESOLUTION GRANTING APPROVAL OF CONDITIONAL USE PERMIT FOR A PLANNED UNIT DEVELOPMENT FOR COMMERCE PLACE 2ND ADDITION~~

B. Resolutions to Deny Land Use, Vacation and Subdivision Applications

B1. RESOLUTION NO. 20-72: RESOLUTION TO DENY REQUEST TO REZONE PROPERTIES IN COMMERCE PLACE 2ND ADDITION AND REQUEST FOR A ZONING TEXT AMENDMENT TO CITY CODE CHAPTER 129 AS IT RELATES TO USES ALLOWED IN THE DESTINATION PLANNED UNIT DEVELOPMENT DISTRICT

B2. RESOLUTION NO 20-73: RESOLUTION TO DENY VACATIONS OF FERN LANE RIGHT OF WAY AND DRAINAGE AND UTILITY EASEMENTS IN COMMERCE PLACE AND DENYING THE MAJOR SUBDIVISION-PRELIMINARY PLAT OF COMMERCE PLACE 2ND ADDITION

B3. RESOLUTION NO. 20-74: RESULTION TO DENY CONDITIONAL USE PERMIT FOR A PLANNED UNIT DEVELOPMENT FOR COMMERCE PLACE 2ND ADDITION

8. Information/Miscellaneous

A. Comments/reports from Council members/City Manager: Hoversten notes that we will continue to meet in person at the PAC through November 10. Velsor asked if the city has heart safe signs to display. Hoversten says he will find out and display them.

9. Adjourn

MOTION by Bergquist, seconded by Pugh, to adjourn at 8:51p.m. All voted in favor. Motion carried.

Mayor Raymond J. Salazar

Attest: Catherine Pausche, Clerk