

**MINUTES
OF THE WORK SESSION OF THE
EDINA CITY COUNCIL
HELD AT CITY HALL
FEBRUARY 3, 2014
5:04 P.M.**

Mayor Hovland called the work session of the Edina City Council to order at 5:04 p.m.

ROLL CALL

Answering roll call were: Members Bennett, Brindle, and Mayor Pro Tem Swenson. Member Sprague entered the meeting at 5:07 p.m. Mayor Hovland entered the meeting at 6:10 p.m.

Edina City Staff attending the meeting: Laura Adler, Water Resource Coordinator; Ross Bintner, Environmental Engineer; Annie Coyle, City Manager Fellow; Jamie Cynor, Engineering Technician; Karen Kurt, Assistant City Manager; Cindy Larson, Residential Redevelopment Coordinator; Debra Mangan, City Clerk; Chad Millner, City Engineer; Scott Neal, City Manager; Bill Neuendorf, Economic Development Manager and Cary Teague, Community Development Director. Mark Ruff and Nick Anhut, Consultants from Ehlers Associates were in attendance.

RESIDENTIAL REDEVELOPMENT UPDATE

Cindy Larson, Residential Redevelopment Coordinator made a presentation covering various aspects of redevelopment including common concerns, remedies, effective changes and next steps. She presented a pie chart illustrating a breakdown of common concerns received to date as follows: general questions-29%, street congestion-23%, drainage questions/concerns-9%, street conditions-8%, construction hours allowed questions/violations-8%, addition/remodel concerns-5%, health & safety-5%, property damage-3%, neighborhood meeting-2%, encroachment questions-2%, tree removal concerns-2%, dust-2%, noise volume-1% and erosion-1%.

Ms. Larson outlined the remedies employed to date such as communication with permit holders on code compliance, parking restriction by Edina PD, coordination of various City departments answering questions and remedying issues, scheduling meetings between builders and residents, and issuing parking tickets, stop work orders and collecting escrow funds. She reviewed the effective changes and outlined proposed next steps. Council members commented on feedback to date, areas of concern and issues to be concentrated upon in the upcoming construction season. Next steps discussed were: enforcement clarifications, noting that an ordinance amendment will allow the redevelopment coordinator to issue tickets, enforcement guidelines to be implemented, critical topic handouts under development, website presence for residents and permit holders, code clarifications, i.e. shoring plans, or dust control, and drainage policy review. City Engineer Millner explained current regulations and ordinances. He noted what has been working as well as problem areas noting stormwater ordinance revisions requiring engineer designed plans. Additionally, Mr. Millner explained changes in his department including an expanded checklist and longer review time. He acknowledged areas of challenge and outlined some possible changes. The Council and staff discussed potential areas to change. It was noted that some ordinance changes are still being drafted; the possibility of developing an approach incenting compliance and penalizing infractions was suggested.

PENTAGON PARK TIF

Economic Development Manager Neuendorf noted that several consultants were in attendance to participate in the discussion and asked the group to introduce themselves. Those in attendance included: Scott Tankenoff of Hillcrest Development and several of his team: Charlie Nestor, Hillcrest Development; Tom Whitlock, Damon Farber Associates; Bob Close, Bob Close Studio; Kristina Smitten, Smitten Group; Mark Rauenhorst, Marren Properties; Tony Gleekel, Siegel Brill, PA; Heather Burns and Bob Strachota, Shenehon Company; and Jim Nelson, Eberhardt Advisory, LLC

Mr. Neuendorf and Consultant Mark Ruff (Ehlers Associates) outlined the general rationale for establishing a new tax increment financing (TIF) District that could assist in the redevelopment of the Pentagon Park area. They noted several reasons why a TIF District would be considered: existing buildings are outdated and substandard, major reinvestment needed to transform blighted area, high costs due to new storm water standards, high costs of soil stabilization, and the need for public roadway improvements. Mr. Ruff noted that the potential TIF District satisfies the essential provisions of state law: (more than 50% substandard buildings that were reasonably distributed throughout the district). He also noted that all parcels would be within a single district, the district would have a 26-year term and newer buildings had been included due to potential public improvements and storm water needs. The redevelopment would be phased with initially 495,000 square feet office with a small amount of retail, a 425 room hotel, upgrades to 77th street and potential storm water improvements. Future phases would include an additional 800,000 – 900,000 square feet of additional office and supportive retail, along with new public roadways and parking. When completed the estimated total project cost would approach \$500,000,000.

Mr. Ruff explained the anticipated Redevelopment Agreement would follow the pay-as-you-go concept and therefore, the City would not be issuing any bonds or assuming significant risk. Staff reviewed how the incremental taxes could be invested such as green streets, integrated stormwater retention, pedestrian improvements to West 77th Street, trail connections west to east, multimodal transportation connections and shared parking. Staff recommended the focus of the anticipated Redevelopment Agreement be on extraordinary redevelopment costs. They presented an initial proposal for the investment of the incremental taxes. Items to be included in a term sheet were discussed. Council discussed their views on the proposal of establishing a TIF District to assist the Pentagon Park Redevelopment. It was noted that the City Council would conduct a public hearing February 18th on the possible establishment of the district, modifications to Southeast Edina Redevelopment Area and a TIF Plan. Staff indicated they anticipated a term sheet to be in its initial stages by March 18th with a redevelopment agreement to follow pending the outcome of the February 18th City Council hearing.

Mayor Hovland adjourned the meeting at 7:06 p.m.

Respectfully submitted,

Debra A. Mangen, City Clerk

Minutes approved by Edina City Council, February 18, 2014.

James B. Hovland, Mayor