

- Call to Order The Champlin City Council met in Worksession and was called to order by Acting Mayor Eric Johnson at 5:45 p.m.
- Roll Call Present were Mayor ArMand Nelson (arrived at 5:47 p.m.), Councilmembers Eric Johnson, Ryan Karasek and Bruce Miller.
- Excused Absent: Councilmember Kara Terry.
- Staff Present: City Administrator Bret Heitkamp, Community Development Director John Cox, City Planner Scott Schulte, City Clerk Roberta Colotti and City Attorney David Schaps.
- Approval of Agenda
(February 9, 2015)
Motion Motion by Councilmember Miller and seconded by Councilmember Karasek to approve the agenda for the February 9, 2015 Worksession as presented. Voting in favor were Acting Mayor Johnson, Councilmembers Karasek and Miller. Voting against: none. Motion carried.
- Mississippi Crossings
Marketing Update: James
McCaffrey Mr. James McCaffrey reported that his firm Cassidy Turley had merged with TDZ. He noted that the sign advertising the Mississippi Crossing project is in the process of being replaced with a new sign with the TDZ name. He reported that TDZ is now the 3rd largest real-estate firm in the world.
- Mr. McCaffrey stated that this evening he wanted to give the Council an overview of the current real-estate market and an update on the Mississippi Crossings project.
- Real-estate Market
- Multi-Family remains strong in the downtown and uptown areas. New units continue to be built. Very few signs of weakening, except a high-rise in Minneapolis that isn't renting well. Rents are averaging \$2.00 per square foot in the downtown areas. A record pricing of \$269,000 per unit was registered. The developer looking at the multi-family project in the City of Brooklyn Park is looking at developing a hybrid project targeted toward baby boomers looking to downsize. The same developer is looking at the Mississippi Crossing project. Previously the suburbs were not a target area for multi-family developers.
 - The office market is flat.
 - The retail market is stale with the exception of grocery stores which are expanding and seeking additional market share.
 - The industrial market is coming back very strong.
- Mr. McCaffrey reported that he has been talking with six different developers/brokers. In addition Dominion is continuing to track the development progress. The developers are interested in multi-family, townhome and senior buildings on this site. He noted that the City has not identified senior housing for this site. One developer, the Beard Group has submitted two plans for staff consideration but not yet submitted a financial plan.
- Mr. McCaffrey stated that right now they are working on securing a housing developer although retail is still in the mix for potential development.
- Mr. McCaffrey stated that this is the year to get the vision for this project in the pipeline, approved and moving forward.
- Mr. McCaffrey noted that all of the developers have asked about the incentives available for this project. He stated that at this time the incentives remain to be structured based on the needs of the final project.
- The Community Development Director outlined a few items for Council consideration as this project

moves forward including:

- Originally the City looked to be the master developer for the full project area; however, there are a number of developers that have expressed interest in developing just a piece of the project.
- The pieces of the development puzzle should be considered movable, for example the number of apartment units needed to be changed to be viable for one developer. The project may need to develop in a different pattern.
- Incentives are a part of the current multi-family development market. Currently suburban multi-family is going for \$1.50 per square foot compared to the urban rate of \$2.00 per square foot.
- Right now the plan calls for market rate apartment units, however, the Council may want to consider a mixed income building as that opens up the opportunity for other financing for the developer.
- The Livable Communities Grant that the City has been earmarked to receive from the Metropolitan Council expires in September of this year if the City does not move forward with the planned parking garage and park facilities identified in the grant application. The City can re-apply for this funding if the project is not completed in time to receive this initial award.
- The developers the City has recently spoken with have not identified the need for a parking garage. If a garage is not needed that would reduce the project cost by \$5 million.

Mayor Nelson requested that staff bring forward the Beard Group development proposal prior to submittal of the financial report for the consideration of the Council.

Councilmember Miller asked Mr. McCaffrey if there was anything else the City could do to assist in the development process.

Mr. McCaffrey stated that a current engineered plan for the site would be helpful as currently there is an older plan and that plan does not show the parts as interchangeable. He frequently is asked about the buildable area and an engineered study would help answer that.

Council Consensus

To authorize staff to pursue an engineered plan for the Mississippi Crossings development area.

The Reserve at Elm Creek
Development

The City Planner introduced developers Dave Gonyea and Jack Washburn as well as builder Dean Hanson.

The City Planner stated that in on May 5, 2014 the City Council approved the preliminary plat for a 101-lot single family residential development known as The Reserve at Elm Creek. The developer, Gonyea Companies, has not moved forward with final plat of the project citing a variety of concerns, including that the housing market is tenuous and unstable with new home sales significantly down in 2014. There is also concern with new legislation that will materially increase pricing on new homes. One piece is the new energy code which is expected to add about \$10,000 to every new home and the other is the sprinkler system mandate for all new homes exceeding 4,500 square feet which will cost from \$11,000 to \$20,000 depending on the home size.

The City Planner stated that Gonyea Companies has identified several changes to the plan to make it viable in the current market. They are requesting City Council support prior to investing in engineering work required to submit a revised final plat. Their goal is to prepare plans for the Planning Commission's review in March and City Council review in April. They believe that a project would need to be approved by mid-April to make it a 2015 project.

Mr. Washburn stated that they will need the housing market to be at least as strong as it was in 2014 in order to proceed with the development even with the requested changes.

Gonyea Companies requested support for the following changes:

- Lot Sizes: The revised development plan shows 80 lots ranging in width from 68 feet to 80 feet. The remaining 29 lots would be 80 feet wide or wider. The larger lots would be along the Park Reserve and in the cul-de-sac. The revised plan includes 109 lots.

Further, Gonyea requests seven foot side yard setbacks on each side of the home or six and eight foot setbacks with living space allowed above and behind the garage on the six foot side.

- Phased Development: They would grade the entire site out of necessity and would develop the subdivision in two or three phases. Each phase would include both lot types.
- Homes: Packages on the 70 foot lots would start at \$500,000 and homes on the 80+ foot lots would start at \$600,000 going up to \$750,000 or \$800,000.
- Builders: Hanson Builders would be the chief builder along with other local custom home builders. There are no plans to include a national builder in this development at this time.
- Layout: To address earlier Council concerns, the revised layout introduces a curvilinear, meandering road as the main road along the park extending west.
- Amenity: The development will be served by a pool, large sun deck, bath facilities and playground on a one-acre parcel near the entrance to the development.

The City Planner stated that Gonyea Companies is also requesting \$100,000 in development assistance.

Mr. Hanson presented the Council with a sample home layout for this development. He noted that he is not part of the development team and is instead one of the builders that would look to build in this development.

Mr. Hanson stated that his company's sister company, Johnathan Homes, is also interested in building in this development.

The City Council discussed the requested changes and due to time constraints adjourned the Work Session and announced that this item would be further discussed at the Work Session this evening immediately following the regular meeting.

Adjournment

The Champlin City Council adjourned the Worksession at 6:56 p.m.

ArMand Nelson, Mayor

Attest:

Roberta Colotti, CMC, City Clerk