

Minutes of the Proceedings of the Economic Development Authority of the City of Champlin in the County of Hennepin and the State of Minnesota Pursuant to Due Call and Notice Thereof

Work Session  
July 13, 2015  
Municipal Center

- Call to Order                   The Champlin Economic Development Authority met in a Work Session and was called to order by President ArMand Nelson at 5:30 p.m.
- Roll Call                        Present were President ArMand Nelson and Commissioners Ryan Karasek, Eric Johnson, Bruce Miller and Kara Terry (arrived at 5:40 p.m.).
- Absent: none.
- Also present were Executive Director John Cox, Deputy Director Bret Heitkamp, City Clerk/EDA Secretary Roberta Colotti, City Planner Scott Schulte, City Engineer Tim Hanson and City Attorney Scott Lepak.
- Approval of Agenda  
(July 13, 2015)  
Motion                         Motion by Commissioner Johnson and seconded by Commissioner Karasek to approve the agenda for the July 13, 2015 Work Session as presented. Voting in favor were President Nelson, Commissioners Karasek, Johnson, and Miller. Voting against: none. (Terry absent) Motion carried.
- Mississippi Crossings:  
Doran Companies  
Preliminary  
Development Proposal       Executive Director John Cox stated that the EDA Board has an agreement with Doran Companies providing them exclusive rights to prepare plans, and negotiate a purchase agreement for an 8-acre parcel adjacent to the Anoka-Champlin bridge. The agreement expires August 5, 2015. The purpose of this evenings meeting is to receive the preliminary development plan and proposal form Doran Companies.
- The Executive Director stated that Kelly Doran was not able to be in attendance this evening. He introduced the representatives of Doran company present including Melissa Pahl, Director of Development, Curt Martinson, Director of Business Development, Ryan Johnson and Vice President/Finance, Ryan Freese. He stated that the City's real-estate representative Mr. Jim McCaffrey of DTZ was in attendance. He noted that David Bouchard is a resident of the Mississippi Crossings neighborhood was also in attendance.
- Ms. Pahl submitted a letter of introduction from Doran Companies. She presented the company background, leadership team, recent projects sample interiors, landscapes and testimonials from past projects,
- Commissioner Miller questioned if Doran Companies saw their Brooklyn Park project as competing with the Champlin project for tenants.
- Ms. Pahl stated that while they have not prepared a formal market study comparing the two sites, they have prepared a study on the Maple Grove site and they do not see that as competition. Even without a formal study she did not anticipate competition between the Brooklyn Park and Champlin projects given the large scale of the Brooklyn Park project and relatively smaller scale of the Champlin project as well as the different draws to each location.
- President Nelson asked if the drawings of the Maple Grove site were final site plans and if the project was planned to include commercial development as shown on the drawings.
- Ms. Pahl stated that the Maple Grove site plan shows place holders for now and is not final.
- Commissioner Miller asked if there was an existing Doran Companies project that was representative of the planned Champlin project.
- Ms. Pahl stated that the Mill & Main project in Minneapolis has a similar interior but not exterior to the Champlin project.

Mr. Freese stated that the closest project that would reflect the proposed exterior is the Brooklyn Park project if you changed the roof line from a flat roof to a gabled roof and reduced the height to three-stories.

Ms. Pahl stated that the proposed Champlin site plan takes into account the existing infrastructure. As a result the existing roadway would be used and two new round-a-bouts would be installed. The sewer main and water easements were also designed into their plan. They are proposing two buildings with a street down the center that includes on-street parking. The clubhouse would be a third building. One apartment complex would have 84 units and the other 129 units. They may construct some of the units as walk-ups to create a greater community feel to the project. The clubhouse is proposed to be a 6,000 to 10,000 square foot building with a business center, pet spa, private dining room and party room. There will be a pool included in the development. They will also construct a dock on the Mississippi River.

Ms. Pahl stated that they plan to construct a trail along the riverside that would be designed to connect to future City trails.

Mr. Freese highlighted that the planned project street is intentionally separated from the through street to the existing neighborhood.

Commissioner Miller asked if the clubhouse meeting space and proposed dock would be open to the public.

Mr. Martinson stated that while docks placed in Minnesota waterways are generally treated as public they would need to research this with their attorney and their intent is that the dock would be for tenant use. He stated that they will not be providing individual dock slips given the river current but would be offering a large single dock for daytime use.

The Deputy Director stated that the City is considering the construction of a public dock in the Mississippi Commons area.

Mr. Freese stated that in regard to the clubhouse it would be for tenants and their guest(s) only.

Commissioner Karasek asked how many parking spaces were planned per unit.

Ms. Pahl stated that parking is one issue that limits their development plan. She stated that 1.3 to 1.4 parking spaces per unit is ideal. The Champlin project has 204 underground parking spaces and 56 street level parking spaces for a ratio of 1.22. She stated that typically those renting a 2-bedroom apartment have 2 cars and those renting a 1-bedroom apartment have 1 car. However, in the case of retirees they frequently have 1 car even when renting a 2-bedroom apartment. The proximity to amenities also predicts the number of cars per unit.

The City Planner asked what the parking/apartment unit ratio was for the Brooklyn Park project.

Ms. Pahl stated that the ratio is 1.4.

Mr. Freese pointed out that when developing the Brooklyn Park site they had an area of land that had no other use than parking, thereby increasing the number of surface parking spaces.

Mr. Martinson reiterated that the challenge is parking on this project. He stated that as they finalize the design they may find space for additional parking or reduce the number of apartment units. He noted that as a three-story building when units are reduced they are removed by three. He stated that the goal is achieve a ratio of 1.3 for this project; however they do not need to have 1 space per bedroom as there will be some renters who do not have a car.

Commissioner Miller stated that overflow parking onto the neighboring streets is the concern of existing residents.

Mr. Martinson stated that is why the round-a-bout is being designed without connecting to the through

street. He added that because Doran Companies will be managing the project after construction they will be available to address any neighborhood issues.

Mr. Johnson, Vice-President/Finance, presented a financial overview of the project. He stated that for years Doran Companies has tried to build in the suburbs He stated that in the downtown areas they can achieve rents of \$2 to \$2.50 per square foot which they cannot achieve in the suburbs. As a result they require Tax Increment Financing (TIF) or a reduced land price to make the project viable. Their current budget calls for \$1.45 to \$1.55 per square foot in rent. They will be required to meet the appraiser's valuation of the project in order to move forward. He noted that they handle their own property management. He stated that construction costs are estimated at \$85 to \$90 per square foot for a total of \$39 million in development costs. He stated that 10% of the development cost is required in parking. A 25 or 10 year TIF district is requested.

Deputy Director Bret Heitkamp stated that based on the current agreement schedule the EDA Board has July 29<sup>th</sup> on the calendar to discuss the project financing. He stated that the EDA Board is committed to meeting the August 5<sup>th</sup> deadline for responding to this project proposal.

The Executive Director stated that staff has not shared the project financing numbers with the Board and will be doing so later this evening and in more detail on July 29<sup>th</sup>. He also suggested that the Board members tour the existing Doran Companies apartment buildings if they haven't already.

Mr. Martinson stated that because the current road structure is not being changed there will be less impact on the existing neighborhoods.

Ms. Pahl stated that a traffic analysis could be prepared. She noted that if the project demographic is identified to be primarily retirees there will not be a rush hour. She asked how many apartment units were on this site prior to acquisition and demolition by the City.

The Executive Director stated there were 144 apartment units and a handful of homes previously on this site.

Ms. Pahl noted that the proposed project is 213 units as compared to the 144 units + homes that were previously on the site.

The Executive Director stated that the City's consulting engineering firm WSB prepared a traffic analysis for the project area that could be updated to reflect the current project plan.

Recess/Reconvene

President Nelson thanked Doran Companies for their attendance and presentation and recessed the meeting at 6:29 p.m. until immediately following the Regular Council meeting scheduled for 7 p.m. this evening.

President Nelson reconvened the meeting at 7:25 p.m.

Mississippi Crossings:  
Doran Companies  
Preliminary  
Development Proposal

The Executive Director presented a project overview, including a project cost of \$39 million, land sale value of \$8,000/unit equal to \$1.7 million, TIF financing request of 25 years equal to \$5.8 million (present value) requested to cover the gap between market rate rents and construction costs, and other City revenues associated with the project. He noted that the City of Brooklyn Park has a "look back" provision allowing them to re-negotiate the project funding if rents are set higher than projected.

The Executive Director requested that the EDA Board identify any issues that would cause a Board member to want to walk away from the project, any issues or questions for discussion at the July 29<sup>th</sup> meeting and if they were interested in taking a tour of the Mill and Main project in Minneapolis.

Commissioner Karasek reviewed the breakdown of the project funding. Noting that interest rates could significantly impact the project financing.

Commissioner Johnson questioned what other City costs were anticipated.

The Executive Director stated that the restaurant pad, general parking and any mixed use development

costs are all possible future project costs.

Commissioner Johnson questioned how close the past pro-forma for this project was to the current project pro-forma.

The Executive Director stated that he would have to report on that at the July 29<sup>th</sup> meeting. He stated that staff will look at the Doran Companies project along with the proposed restaurant, public docks, etc. that are proposed at the south end of the development.

Commissioner Johnson asked how the sale of the Mill Pond Gables fits in with the EDA budget, specifically in relation to the parking garage that was previously envisioned for this site.

The Executive Director stated that the revenues from the Gables could assist with the cost of a parking garage.

The Deputy Director stated that on July 29<sup>th</sup> staff will present both the physical site design and financial pro forma for consideration of the EDA Board. To assist the Board in determining if this project is viable.

Commissioner Miller asked if the presentation would show how the Doran Companies project adds/detracts from the vision for the Mississippi Crossings project.

The Deputy Director stated that the report will show how the proposal fits into the resident vision for the area defined in the 1999 Master Plan and the 2004 Open House information, presented to the community. He noted that the force main and other realities of the site have an impact on construction options for the site. He stated that the reason an apartment building is proposed is because it generates TIF revenue.

Commissioner Terry asked for information on the total amount invested in the project to date.

The Deputy Director stated that \$16 million has been invested over all of which \$8 million has been directed at the 8-acre site.

Commissioner Karasek questioned the availability of using TIF to construct a restaurant.

The Executive Director stated that a lesser amount of TIF would be generated by a restaurant as compared to a multi-family building.

Commissioner Karasek questioned the balance between developing the apartment building and a restaurant.

The Executive Director stated that Ehlers & Associates has a subsidy comparison that will be shared with the Board on July 29<sup>th</sup>.

The Executive Director stated that the EDA Board meeting packet for the July 29<sup>th</sup> meeting will be distributed on the same day as the July 27<sup>th</sup> Regular Meeting packet. He noted that it could be sent electronically to any member out of town at the time of distribution.

The Executive Director asked the Board to comment on any issues that would be “walk-away” issues for them.

Commissioner Johnson stated that the proposed building blocks the view of the river for visitors. From an architectural standpoint he is not sure a gabled roof is the best choice given its 1980’s throwback look.

The Executive Director reported that Doran Companies has stated that a flat roof does not look as good on a three-story building as a gabled roof and that a flat roof is better suited for taller buildings.

The Deputy Director noted that the existing strip mall, with a gable roof, blocks the view of the river

from the same vantage point as the proposed apartment building.

The Deputy Director stated that if the City can open up the park and re-orientate the residents to the river the City could have something more than they even currently envision for this site.

Commissioner Miller stated that one of the things the Board has discussed in relation to Doran Companies is the uniqueness of their developments. He does not want the Brooklyn Park apartment design just picked-up and placed in Champlin.

The Deputy Director asked if the restaurant and trail were “walk-away” issues for the Board.

Commissioner Miller confirmed the restaurant is a priority.

President Nelson confirmed the restaurant is a priority, noting that locating it at either the north or south end of the project is acceptable.

Commissioner Miller stated that it’s also important to open up the river through the project.

The Deputy Director stated that every dollar the City spends on park improvements will improve the value of the proposed Doran Companies project.

The Deputy Director stated that City financial support may be required to attract a restaurant to the site.

The Executive Director stated that at a future meeting the Board will hear a presentation from a restaurant broker on the current restaurant market. He stated that the City can prepare a restaurant pad to attract a restaurant but cannot artificially create a restaurant market.

Commissioner Karasek suggested that money from the development of the northern half of the project should be used to finance a restaurant on the south half of the project.

The Deputy Director stated that impact fees (i.e. park dedication fees) should be spent in the Commons area to improve Mississippi Point Park and Chandler Park.

Commissioner Karasek expressed concern with the depth of the Doran Companies proposal submitted this evening.

The Executive Director stated that Doran Companies will prepare a full market study once they have an understanding of the financing terms offered by the City. He noted that they are still early in the project development process.

Commissioner Miller stated that he wants to see a unique project constructed in Champlin. He stated that he is not interested in touring the Mill and Main project if that is not the type of building we are going to get in Champlin.

Commissioner Karasek stated that in addition to the financials he is concerned with the parking plan for this project. He stated that typically living in the suburbs means commuting which would place a greater demand on parking. He added that visitors to the building will add additional parking demand.

The Deputy Director stated that he is confident Doran Companies can design both an interior and exterior that the City will be satisfied. He agreed that parking is a concern for this site.

Commissioner Johnson stated that he frequently sees two-car garages with only one car in the townhome development in his Ward.

The Executive Director suggested that the Board review numbers for area suburban apartment building parking for comparison.

President Nelson stated that his concerns with the project that he would like to put up for consideration at the next meeting include: parking, the uniqueness of the building, and the financial commitment of

the City.

Commissioner Terry stated that a “walk-away” issue for her is if a public park area is not part of the site development plan.

Commissioner Miller stated that he would like to see at least the restaurant pad developed if not the full restaurant with the current development plan.

The Deputy Director stated that a restaurant pad will come at a cost to the City.

Commissioner Karasek asked the Board if they had considered other possible uses for the \$5.8 million in financing instead of the proposed apartment building.

The Executive Director stated that the Board needs to say yes or no to the current apartment proposal. He stated that the City went out for RFP’s for a restaurant without successes in the recent past.

Commissioner Karasek stated that he was just keeping an open mind and asking what other possibilities were out there.

The Deputy Director stated that staff can present a list of who they have talked to in the past regarding this project.

Commissioner Johnson confirmed that the Board needs to set its direction.

Commissioner Karasek stated that the proposed City financing impacts how we look at the project.

Commissioner Miller noted that the City was previously willing to financially support the construction of a parking structure which is no longer required.

Commissioner Terry stated that another “walk-away” issue for her would be if the development does not have something for the current residents.

The Deputy Director reviewed the direction given this evening and stated that the report presented on July 29<sup>th</sup> will be drafted in response to this evenings discussion.

Adjournment

The Champlin Economic Development Authority adjourned the Work Session at 8:23 p.m.

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ArMand Nelson, President

Attest:

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Roberta Colotti, CMC, City Clerk/  
EDA Secretary