

**CITY OF SHOREVIEW
MINUTES
REGULAR CITY COUNCIL MEETING
June 18, 2012**

CALL TO ORDER

Mayor Martin called the regular meeting of the Shoreview City Council to order at 7:00 p.m. on June 18, 2012.

PLEDGE OF ALLEGIANCE

The meeting opened with the Pledge of Allegiance.

ROLL CALL

The following members were present: Mayor Martin; Councilmembers Huffman, Wickstrom and Withhart.

Councilmember Quigley was absent.

APPROVAL OF AGENDA

Mayor Martin noted that an executive session regarding the Sharkey lawsuit will be called at the end of the regular meeting.

MOTION: by Councilmember Wickstrom, seconded by Councilmember Withhart to approve the June 18, 2012 agenda as revised.

VOTE: Ayes - 4 Nays - 0

PROCLAMATIONS AND RECOGNITIONS

There were none.

CITIZEN COMMENTS

There were none.

COUNCIL COMMENTS

Mayor Martin:

The Farmers' Market opens Tuesday, June 19, 2012, at 3:00 p.m. The Farmers' Market will be open every Tuesday through the summer until October.

On Wednesday, June 20, 2012, there will be an Emerald Ash Borer demonstration for treatment to ash trees. Anyone interested is welcome to attend. It will be from 10:00 a.m. to Noon in the Shoreview Commons area.

Staff has initiated a Facebook site for both the City and Community Center. All are encouraged to visit the sites where residents will find much information and interesting photos.

The Concert in the Commons Series will continue Wednesday, June 20, 2012, at 7:00 a.m. Last Wednesday there were over 500 in attendance. This week "Six Appeal," an a capella group, will perform their own music that ranges from oldies to current.

Councilmember Wickstrom:

A Beyond the Yellow Ribbon picnic will be held on July 15th, for families with loved ones overseas. The picnic will be at the Arden Hills Armory, from 11:30 to 3:00 p.m. Volunteers are needed to set up, clean up or bring bars or cookies. Anyone interested in volunteering, please contact MrBill_2000_55119@yahoo.com.

Councilmember Withhart:

Thank you to the Shoreview Community Foundation for providing ice cream at the first Concert in the Commons last Wednesday. Also, thank you to Mayor Martin who did an admirable job of dedicating the pavilion to retired Park and Recreation Director Jerry Haffeman.

CONSENT AGENDA

Mayor Martin noted that the Finance Report shows that Shoreview's spending per capita is 36.1% below the average of cities of its size. Great efforts are made to keep spending down. Yet Shoreview is able to maintain an excellent quality of life.

Councilmember Wickstrom:

Noted that she should be listed as attending the Economic Development Authority (EDA) meeting in the EDA minutes of May 14, 2012.

Asked what is meant by Shoreview Business Council mentioned in the Economic Development Commission (EDC) minutes of May 15, 2012. Mr. Simonson explained that the Shoreview Business Council is a new effort by the Twin Cities North Chamber of Commerce to meet with local businesses monthly. It is another mechanism for the City to be in contact with local businesses.

MOTION: by Councilmember Withhart, seconded by Councilmember Huffman to approve the Consent Agenda for June 18, 2012, and all relevant resolutions for all item Nos. 1 through 9:

1. June 4, 2012 City Council Meeting Minutes
2. Receipt of Committee/Commission Minutes:
 - Economic Development Authority, May 14, 2012
 - Economic Development Commission, May 15, 2012
 - Human Rights Commission, May 23, 2012
 Bikeways and Trails Committee, June 7, 2012
3. Monthly Reports:
 - Administration
 - Community Development
 - Finance
 - Public Works
 - Park and Recreation
4. Verified Claims in the Amount of \$1,049,495.72
5. Purchases
6. License Applications
7. Developer Escrow Reductions
8. Authorization to Purchase Replacements for Unit 312 and the Sanitary Sewer Easement Jetter
9. Acceptance of Quotes for Trail Rehabilitation—CP 12-07

VOTE: Ayes - 4 Nays - 0

Item No. 12 on the agenda was moved to be considered at this time.

REQUEST FOR CONTRIBUTION—TURTLE LAKE SCHOOL PLAYGROUND REPLACEMENT

City Manager Schwerm explained that a letter was received from the Principal of Turtle Lake School requesting a contribution from the City of \$5,000 toward replacement of the school playground. The existing playground was built in 1994, and the City contributed at that time. In 2001, the City adopted a policy to treat all schools equitably by contributing an amount of \$5,000 for replacement of playgrounds as long as such replacement did not occur more than once within a 10-year timeframe. The Park and Recreation Commission has reviewed this request and recommends approval of the \$5,000 contribution from the City.

Mr. Darin Johnson, Principal, introduced Jen Sprain, Project Chair and Heather Meyer, Resource Development Chair. Turtle Lake serves approximately 1000 students. The playground facilities are used for community education and City parks and recreation programs, as well as school programs. Users of the adjacent trail along Lexington Avenue also use the school facilities.

The proposed plan is designed to maximize accessibility with a solid surface for access to equipment by individuals with mobility challenges. Equipment will include graduated levels of play with a ramp system. The desire is for all students with different mobility skills to be able to play together and use the equipment. This is an opportunity to bring an inclusive playground design to Shoreview that is not found in the entire North Metro area.

Mr. Johnson introduced Daria Fallgatter, Design Committee Chair, who stated that her son has spina bifida. As he grows, she is unable to lift him to use the equipment. There are other students with mobility challenges who will be included in use of the playground with the new equipment.

Councilmember Wickstrom asked about the gates and easier parking for those who have wheelchairs. Also, when the gate is open for the field by the trail, those on the trail cannot get around to access the field. Ms. Jen Sprain, stated that accessibility on weekends and gate issues will be addressed.

MOTION: by Councilmember Withhart, seconded by Councilmember Huffman to approve a \$5,000 contribution to the Turtle Lake Elementary School project, consistent with the City's adopted policy.

ROLL CALL: Ayes: Huffman, Wickstrom, Withhart, Martin
Nays: None

PUBLIC HEARINGS

PROPOSED ECONOMIC DEVELOPMENT ASSISTANCE (BUSINESS SUBSIDY) FOR DPS-SHOREVIEW, LLC/STONEHENGE USA FOR RED FOX ROAD RETAIL PROJECT - AUTHORIZATION EXECUTION OF FIRST AMENDMENT TO TAX INCREMENT FINANCING DEVELOPMENT AGREEMENT

Presentation by Tom Simonson, Asst. City Manager/Community Development Director

Last year the City Council approved Tax Increment Financing (TIF) assistance in the amount of \$1,345,000 for the Stonehenge retail development on Red Fox Road. The Development Agreement terms are \$845,000 for certain improvements upon completion of the Phase 1 of the retail center. Phase 1 is currently under construction with an opening anticipated after Labor Day. This TIF assistance is possible through temporary authority granted by the legislature. The City is contributing public funding to support creation of new jobs, tax base growth and new retail services to the community.

The developer has been negotiating with a specialty market anchor tenant for the site. Should the developer achieve location of this preferred anchor on the site, the City has agreed to provide an additional \$500,000 in TIF assistance. The City is being asked to add \$200,000 to the original \$500,000 amount to assist the developer in meeting the lease rate proposed by the preferred anchor. This amendment would mean a maximum of \$700,000 in TIF assistance for Phase 2 of this development, subject to City approval of the anchor tenant. The Development Agreement terms for the \$500,000 in TIF assistance from TIF District No. 5 do not allow supplemental assistance. Therefore, it is proposed that the \$200,000 be provided from existing TIF District No. 1, which can support this request. No general City tax dollars are being used.

Staff believes the preferred anchor would bring many benefits to the community. An economic payback is projected to increase future taxes generated within 11 years. The EDA discussed these benefits and unanimously recommended that the City Council approve the proposed Amendment.

Mayor Martin opened the public hearing. There were no comments or questions from the public.

MOTION: by Councilmember Wickstrom, seconded by Councilmember Huffman to close the public hearing at 7:40 p.m.

VOTE: Ayes - 4 Nays - 0

Councilmember Huffman, President of the EDA, stated that this is a great project that invests money already saved with a payback to the City in less than 11 years.

MOTION: by Councilmember Huffman, seconded by Councilmember Withhart to approve Resolution 12-47, approving the business subsidy for economic assistance DPS Shoreview, LLC, also known as Stonehenge USA, for the Red Fox Road project and authorize execution of a First Amendment to the Development Agreement for an additional \$200,000 in tax increment financing support for Phase 2, in accordance with the terms and conditions outlined.

Discussion:

Councilmember Wickstrom thanked staff for providing the payback information.

Mayor Martin added that the City will have the opportunity to withdraw any additional assistance, if the preferred anchor is not located on the development site.

ROLL CALL: Ayes: Wickstrom, Withhart, Huffman, Martin
Nays: None

**PROPOSED ECONOMIC DEVELOPMENT ASSISTANCE (BUSINESS SUBSIDY) FOR LUTHER PROPERTIES, LLC FOR SINCLAIR PROPERTY REDEVELOPMENT--
AUTHORIZE EXECUTION OF TAX INCREMENT FINANCING DEVELOPMENT
AGREEMNT**

Presentation by Tom Simonson, Asst. City Manager/Community Development Director

This TIF assistance request is to redevelop the Sinclair station property located on the southeast corner of Red Fox Road and Lexington Avenue with a new TCF Bank facility. The property owner is requesting \$214,210 in TIF assistance to cover costs of demolition and cleanup on the property. Funding would be provided from TIF District No. 5 under the temporary authority granted to cities by the legislature regarding use of TIF funds.

Public benefits to the City with this project include: 1) cleanup of an old service station site; 2) a new upgraded, visible retail development; 3) provision of an easement for a joint area retailer monument sign at Lexington and Red Fox Road. Such signage is strongly desired by the potential preferred anchor of the Stonehenge retail project. Also, right-of-way would be dedicated for road improvements to Red Fox Road and Lexington Avenue. City participation with TIF assistance would show a payback of new taxes generated within six years. TIF assistance would not be provided without documentation of eligible expenses and completion of the TCF Bank development.

Based on the temporary authority regarding TIF assistance granted by the legislature, construction must begin by July 1, 2012. The EDA reviewed this request and unanimously recommended Council approval. Staff is confident the deadline can be met and is recommending approval.

Mayor Martin opened the public hearing at 7:53 p.m.

Mr. Dave Kroona, Luther Properties, thanked Mayor Martin and the City Council for considering this application. He introduced his attorney, Mr. Robert Foster.

Mr. Foster thanked staff who have done an excellent job responding to a project that came up fast and under the tight deadline to use TIF assistance. Staff has been working diligently with Ramsey County regarding right-of-way and access issues, and there is a resolution. The reason for the TIF assistance request is that in order for TCF to develop the site, it must be clean and graded. The issues for cleanup are manageable and can be completed by the end of the summer.

MOTION: by Councilmember Huffman, seconded by Councilmember Withhart to close the public hearing in consideration of a proposed business subsidy to provide economic development assistance to Luther Properties LLC for the Sinclair property redevelopment project.

VOTE: Ayes - 4 Nays - 0

Councilmember Wickstrom asked what work could be accomplished in the next 10 days to meet the July 1 deadline to obtain TIF assistance. Mr. Simonson stated that the City has received a list of what the developer believes can be accomplished, and the City's attorney is reviewing that list. Staff believes starting the asbestos removal and beginning removal of buildings would be enough to comply.

MOTION: by Councilmember Withhart, seconded by Councilmember Huffman to adopt Resolution No. 12-48 approving a business subsidy for economic development assistance to Luther Properties LLC for the Sinclair property redevelopment project and authorizing execution of a Development Agreement providing \$214,210 in tax increment financing to support and to assist with the demolition and cleanup of the gas service station property in order to facilitate redevelopment in accordance with the terms and conditions outlined.

Discussion:

Councilmember Huffman stated that this is an excellent development for Shoreview and the EDA fully supports it.

Councilmember Withhart expressed his appreciation that the property owner has been very cooperative regarding right-of-way and joint sign accommodation for retail development in the area.

Mayor Martin thanked the EDA for the time spent on this development. The property is an awkward corner, and it will be good to have it redeveloped.

ROLL CALL: Ayes: Withhart, Huffman, Wickstrom, Martin
 Nays: None

GENERAL BUSINESS**FINAL PUD - TCF BANK, 3836 LEXINGTON AVENUE**

Presentation by City Planner Kathleen Nordine

The final PUD application for development of TCF Bank on the corner of Lexington and Red Fox Road has been received. Deviations from development standards include a parking setback of 13.1 feet from Red Fox Road instead of the required 20 feet; and allowance of a 11.2 parking setback from Lexington Avenue. Also, rather than the six spaces required for drive-thru lane stacking, four or five are proposed. The setback deviations are due to the 15 feet of right-of-way for Lexington Avenue and 10 feet of right-of-way on Red Fox Road needed for road improvements. City sewer and water utility easements will be relocated to the south.

Ramsey County has conditionally approved a right-in access off Lexington. A right-in access off Red Fox Road is also indicated. Full access to the site will be from the Target private drive on the east.

Staff finds that key issues identified in the Development Stage PUD have been addressed. The proposal meets the City's commercial land use goals for redevelopment and is providing services that support a community need. Staff is recommending approval subject to the conditions outlined in the report. A revised Development Agreement includes an administrative fee and a utility easement along the south side of the property.

Councilmember Huffman asked for information on site runoff. Ms. Nordine explained that the infrastructure proposed channels runoff to the regional pond located south of the site. Public Works Director Mark Maloney added that the size of the site does not require a permit from Rice Creek Watershed District. It would be satisfactory for runoff to simply be drained into the sewer system. With the completion of the feasibility report for Red Fox Road, there will be an opportunity to leverage use of the regional pond to the south.

Councilmember Wickstrom expressed concern about the fact that there are three entry points to the site and only one for an exit. Mr. Maloney explained that low traffic generation is expected. TCF has explained that the three access points accommodate customers from three directions; it is not due to volume of cars.

MOTION: by Councilmember Huffman, seconded by Councilmember Wickstrom to approve the Final PUD request submitted by TCF Bank, permitting the redevelopment of the Sinclair property, 3836 Lexington Avenue, with a retail bank facility, subject to the following conditions:

1. Approval of the construction plans is required by the Public Works Director, Building Official and City Planner prior to the issuance of a grading or building permit for this development.
2. Execution of the Development Agreements, including the Erosion Control Agreement is required prior to the issuance of a grading or building permit.
3. Easements for Red Fox Road, Lexington Avenue and the commercial gateway sign shall be executed prior to the issuance of a grading or building permit.
4. These approvals expire within one year of the date approved by the City Council.

This approval is based on the following findings of fact:

1. The proposed land use is consistent with the designated commercial land use in the Comprehensive Plan and PUD.
2. The redevelopment supports the City's commercial land use goals regarding the reinvestment in commercial areas and providing services which support resident needs and employment opportunities
3. Redevelopment of this site provides the City with an opportunity to address roadway improvements and infrastructure needs in this commercial area.

Discussion:

Councilmember Huffman amended reference to the Development Agreement to say "Revised Development Agreement." Councilmember Wickstrom accepted this amendment.

ROLL CALL: Ayes: Huffman, Wickstrom, Withhart, Martin
Nays: None

AWARD BID FOR 2012 SEAL COAT PROJECT, CP 12-05

Presentation by Public Works Director Mark Maloney

Two bids were received for sealcoating. Sealcoating is used to extend pavement life of City roads on a seven-year cycle. The work is coordinated with crack removal and patching. Line painting is also removed and replaced. The area for sealcoating is between Gramsie Road and Highway 96.

The two bids were very competitive and received from Pearson Brothers, Inc. in the amount of \$284,025.53, and Allied Blacktop Co. in the amount of \$289,764.50. Staff is recommending acceptance of the low bid from Pearson Brothers, Inc.

MOTION: by Councilmember Withhart, seconded by Councilmember Wickstrom to approve Resolution No. 12-50 accepting the bid from Pearson Bros., Inc. for the 2012 Street Seal Coating, City Project 12-05, and authorizing the Mayor and City Manager to execute a construction contract in the amount of \$284,025.53.

Discussion:

Mayor Martin asked the timing of this work, considering all the other streets being worked on this summer. Mr. Maloney explained that the lower bid amount is based on giving the contractor a flexible time period to do the work. He estimated that the work would be done within the next three weeks. It is approximately a five-day process. Driving is not disrupted, but street parking is prohibited on the day the work is done.

ROLL CALL: Ayes: Wickstrom, Withhart, Huffman, Martin
Nays: None

City Attorney Filla stated that the Executive Session is to review the decision of an appellate court in Sharkey vs. State of Minnesota involving disorderly conduct charge.

The Council then adjourned the meeting to executive session. The Council returned from executive session and indicated that they had discussed the Sharkey vs. State of Minnesota matter and provided direction to the City Attorney.

ADJOURNMENT

MOTION: by Councilmember Huffman, seconded by Councilmember Withhart to adjourn the meeting at 8:40 p.m.

VOTE: Ayes - 4 Nays - 0

Mayor Martin declared the meeting adjourned.

THESE MINUTES APPROVED BY COUNCIL ON THE 2ND DAY OF JULY 2012.

Terry C. Schwerm
City Manager