



# Community Development Committee

**Business Item**

Item: 2008-71

**Meeting date: March 17, 2008**

<b>ADVISORY INFORMATION</b>	
<b>Date:</b>	March 12, 2008
<b>Subject:</b>	Request for an Additional Extension of LCDA Grant SG004-129, Mound Harbor Renaissance
<b>District(s), Member(s):</b>	District 3, Mary Hill Smith
<b>Policy/Legal Reference:</b>	473.253 Livable Communities Demonstration Account
<b>Staff Prepared/Presented:</b>	Paul Burns, (651) 602-1106
<b>Division/Department:</b>	Community Development/Livable Communities

## **Proposed Action**

Respond to a request from the city of Mound to approve a two-year, second extension of the Livable Communities Demonstration Account (LCDA) grant SG004-129 for the Mound Harbor Renaissance project. The City has requested that the grant be extended to June 30, 2010.

## **Background**

The Metropolitan Council awarded a \$1,150,000 LCDA grant to the City of Mound on February 9, 2005 to build a parking ramp as a part of its Mound Harbor Renaissance project.

On May 29, 2007, Livable Communities staff processed an administrative amendment to extend the grant to June 30, 2008.

The City sent a letter (attached) seeking an additional two year extension to the grant agreement, and explaining the circumstances that necessitated the request, and further outlining progress made to date on other projects in the City's downtown redevelopment efforts.

Several City representatives will be on hand at the Committee meeting on March 17 to present their request.

## **Rationale**

Grants may be extended administratively only once, for a period not to exceed one year. Any requests for additional extensions are decided by the Council at the recommendation of the Community Development Committee. The Council has approved requests for grant extensions for three other projects in the past.

## **Funding**

\$1,150,000 LCDA grant.

## **Known Support / Opposition**

None.



March 6, 2008

Ms. Deb Jenson  
Senior Project Administrator  
Livable Communities Program  
Metropolitan Council  
390 Robert Street North  
St. Paul, MN 55101

**Re: City of Mound Project Update and LCDA Grant Extension Request**

Dear Ms. Jenson:

**Background**

On February 9, 2005, the Metropolitan Council awarded a Livable Communities Demonstration Account (LCDA) grant to the City of Mound in the amount of \$1,150,000 for a parking deck to be located in the Auditor's Road district of Mound's downtown redevelopment project. The original grant application discussed the three phases of the City's redevelopment plan namely Lost Lake, Auditor's Road and the Langdon Lake Districts.

**2007 Grant Extension Request**

On May 29, 2007, the Metropolitan Council Staff approved a one (1) year administrative extension to June 30, 2008 which maintained the scope of the original grant but separated Auditor's Road into two (2) phases.

**2008 Grant Extension Request**

With this letter, we would like to formally request an additional grant extension for a two (2) year period and also provide an update regarding our downtown redevelopment activities. Additionally, we would like to confirm the City's position that the scope and/or general direction of the project have not changed since the grant award and the submittal of the 2007 grant amendment request and confirm that parking deck construction is a priority for Auditor's Road as part of the first phase. *(Please refer to **Attachment A** which includes an analysis of the redevelopment activities as they relate to the project scope as described in the original grant application and agreement documents.)*

**Summary of Auditor's Road Redevelopment Activities Since LCDA Grant Award** The initialization of the parking deck project was always dependent upon the timely completion of several other projects under the management of other independent agencies, and to some extent these projects were to be completed in series versus parallel order; a summary of these projects follows:

- **Re-Routing of CSAH 15, Managed by Hennepin County.** This re-routing was a significant project in that the new route required access approval and cooperation with the HCRRA for the new railroad crossing, new storm water ponds, completion of work without a total shutdown of the Mound accesses for CSAH 15 and CSAH 110, removal of some contaminated soils and care in construction to avoid a chemical/contamination release from the former Tonka Toys plant which is adjacent to the highway, and construction of a crossing adjacent to the Lost Lake wetlands; completion extended into 2006.

- **Removal and Re-Location of the MCES Lift Station and Associated Sanitary Sewer Lines Which Formerly Ran in the Heart of the Auditor's Road District, Managed by the Metropolitan Council.** This project was equally as complex as the CSAH 15 re-route since sanitary sewer service had to be maintained while the new line was put in place. Due to site restrictions, some of the line was directionally bored very close to existing businesses and (land for) a new lift station had to be acquired. This project was finally completed in June 2007 after many design alternatives had been considered. These design alternatives were critical to the project since the longer term solution involves connection to the MCES station on Westedge Boulevard in Minnetrista. In addition, as-builts were critical to this project as they drive the site layout for the parking ramp due to the required setbacks from the new sanitary sewer line; completion extended into late summer 2007.
- **Re-Location of City of Mound Sanitary Sewer and Water Services in the Auditor's Road District, Managed by the City of Mound.** This project, which is a re-routing of existing lines to support the new building construction along Auditor's Road, including the new deck construction, could not be started until completion of the CSAH 15 re-route and the MCES re-route and lift station removal. The project is about 90% complete and will finish by June 2008.
- **MTC Park and Ride, Managed by the Metropolitan Council.** As part of Mound's commitment to the transportation systems for the outlying cities, a Park & Ride was available for Mound residents. This facility was always planned for re-location as part of the Auditor's Road redevelopment effort. The actual site location eventually required a complicated land swap with HCRRA and a new location in the Transit District after the CSAH re-route and the MCES lines were re-routed; completion extended into the fall of 2007.

#### **Other Contributing Factors**

- Significant slow down in the demand for townhomes as well as the overall housing market.
- Over supply of newly constructed townhomes and condominiums especially in western suburbs and changing trend towards rental units versus for sale units.
- Necessity to move forward to complete the Transit District parking deck in advance of Auditor's Road to meet grant funding deadlines and for satisfaction of an agreement with Metro Transit / Metropolitan Council for replacement of 50 Park and Ride spaces and to accommodate the proposed reuse of former Dakota Railroad corridor for interim recreational use(s) in cooperation with HCRRA and Three Rivers Park District.

#### **Cumulative Effect of the Projects in Auditor's Road Area Constructed in Series**

It is estimated that the projects summarized above had the net effect of delaying the start of the Auditor's Road tenant leasing activities and construction by 12-24 months from the original planned completions the City assumed when the grant was originally submitted and awarded. At a minimum, the delays stretched from mid-2006 to Fall 2007 and thus the active solicitation of anchor tenants for Auditor's Road could not begin until last fall. The overall residential and retail market slowdown was well underway by that time and the Developer and their leasing agent, Welsh Companies, report that this slowdown is the root cause for caution among the anchor restaurant population to proceed with expansions. At the same time, these restaurant candidates require, and can essentially demand, sufficient parking in close proximity to their building as a condition of signing a lease, which can only be satisfied by a new, grant funded parking deck adjacent to the building (*See Refer to Attachment B which includes a letter from Dennis Doyle, CEO of Welsh Companies.*) **But for the grant award and time extension of this grant and the ability for the City of Mound to commit to this ramp for new restaurant anchor tenants, the Auditor's Road project will fail; restaurants will not wait for a re-apply condition due to the uncertainty and time involved in the process.** The retail slowdown is expected to ease later this year and then the only issue will be the construction schedule to minimize winter conditions during the short construction season.

#### **Extension Request**

The City of Mound hereby requests that the Community Development Committee approve a 2-year extension to the grant now due to expire June 30, 2008.

**Summary**

Your thoughtful consideration of this request is sincerely appreciated as numerous other redevelopment efforts have been completed by the City and major strategic relationships with our partners such as the Minnehaha Creek Watershed District, have led to historic advance in storm water management in this area next to Lake Minnetonka. We will deliver a Power Point presentation for the Committee as part of our explanation and invite the Staff and any committee members which may have an interest to visit Mound and observe the development completions and future plans first hand.

Sincerely,

Kandis Hanson  
City Manager

Sarah Smith  
Community Development Director

C: The Honorable Mayor Mark Hanus and Mound City Council

Enc. Mound Visions Concept Plans – (2)

## Attachment A

### **Mound Harbor Renaissance Downtown Redevelopment Project Scope and Update**

***This is a mixed use, pedestrian-friendly district implementation plan for downtown Mound, phased with: Main street style multi-story buildings with retail on street and offices or housing above, and angled parking***

- Concept design and pad layout of the initial new Mainstreet (Auditor's Road) multi-use, multi-story building for first floor retail (restaurant and associated tenant) with office space above is complete. Land acquisition for this phase is also complete along with the required re-routing of main utilities, sanitary sewer and water. The design of the Auditor's Road extension is about 50% complete and will hold until final building plans are complete. The necessary re-routing of the MCES sanitary sewer line and lift station is also complete. Welsh, the leasing agent partnered with MHRD, advises that the parking deck and the associated public parking that it will support is absolutely mandatory for a restaurant in this location.

***New housing choices with mix of incomes including senior cooperative apartments, rowhouse townhomes and loft/apartment style condos***

- The Lost Lake townhomes are about 1/3 complete with 11 built and an additional 4 unit building on the lakefront is currently underway. The associated pool and pool house are complete along with all of the pilings necessary to support future townhome construction.

***New greenway (and public pier)***

- The Greenway from County Road 110 to the public dock area is complete and fully functional having already hosted several City events and announcements for the public to attend and participate. The Greenway extension along the lakeshore in front of the townhomes is also complete and functional with final lighting and plantings scheduled to be completed this spring. While not a formal greenway concept, the extension of the pedestrian trail from the townhomes to Cypress Boulevard will also be completed this spring.

***Trails***

- The initial trail from County Road 110 to Cypress Boulevard is essentially complete and the routing plan for the overall downtown pedestrian friendly trail interconnection is complete.

***Traditional streets with sidewalks***

- Referring to the concept design for the initial multi-use building, the sidewalk design and traditional street with streetscape is complete.

***Central public parking***

- Central public parking is partially complete with the completion of the Transit District parking deck and the design of the angled parking along Auditor's Road.

***Park/ride lot with custom shelter easily accessed from Hwy 110 & CSAH 15***

- The parking structure which includes the Park and Ride lot and bus shelter amenities, are complete and fully functional and ingress/egress has been integrated into the re-routing of CSAH 15 which Hennepin County completed in 2005.

### ***Reclamation of Lost Lake canal to Lake Minnetonka***

- The reclamation of the Lost Lake Channel with access to Lake Minnetonka (Cook's Bay) is complete.

### ***Adding public dock and boat slips***

- The public dock project is complete with a total of 24 slips immediately adjacent to the gazebo and within easy walking distance to all downtown areas. In addition, the 37 slips for the adjacent townhomes have completed construction along with the required wetland mitigation project for the dredge that was necessary over 1.4 acres of wetland which was a condition of MCWD and DNR approval.

### ***Storm water management which uses rain gardens***

- Storm water management for the entire area is well underway with the completion of the rain gardens and dry creek in the Lost Lake District. Also complete are the stormwater management components in the Transit District associated with the park/ride (*use of pervious pavers on the parking lots*) and the Little League ballfield project which the City teamed with MCWD to rebuild the parking lot adjacent to the City-owned baseball field with pervious concrete and filtration prior to entering Lost Lake.

### ***Filtration ponds, etc to filter runoff***

- The MCWD has generated stormwater management guidelines and suggestions for the Auditor's Road District which include filtration ponds. These recommendations are being incorporated into the initial concept designs for the area.
- The filtering of stormwater runoff is being accommodated throughout the entire area via a series of separate projects which will ultimately result in a model basin for a City adjacent to a lake of primary importance to the community and the state.

### ***Funds will be used for the construction of 2 level parking deck in Auditor's Road***

- The funds will be used for the construction of a 2-level parking deck in the Auditor's Road District. This deck is the catalyst for the district and critically important to the District's successful completion. In addition, the City is acquiring the additional parcels to complete this district and the extension of this grant will support those acquisition decisions already underway.