

**CITY COUNCIL MEETING
CITY OF FRIDLEY
APRIL 9, 2018**

The City Council meeting for the City of Fridley was called to order by Mayor Lund at 7:00 p.m.

ROLL CALL:

MEMBERS PRESENT: Mayor Lund
Councilmember Barnette
Councilmember Saefke
Councilmember Varichak
Councilmember Bolkcom

OTHERS PRESENT: Wally Wysopal, City Manager
Julie Jones, Planning Manager
Deb Skogen, City Clerk
Savanh Sihanantharath, The King's Tai Cuisine
Paul Heuer, Pulte Homes
Jon Lennander, Assistant Public Works Director
Michael Spencer, City Fire Marshall
Shelly Peterson, Finance Director

APPROVAL OF PROPOSED CONSENT AGENDA:
APPROVAL OF MINUTES:

1. City Council Meeting of March 26, 2018.

APPROVED.

NEW BUSINESS:

2. Receive the Minutes from the Planning Commission Meeting of March 21, 2018.

RECEIVED.

3. Special Use Permit Request, SP #18-01, by Blue Ox Media Group to Allow the Construction of a Billboard on the Public Storage Property, Generally Located at 5350 Industrial Boulevard;

and,

Resolution Approving Special Use Permit, SP #18-01 to Allow the Construction of a Billboard on the Public Storage Property, Generally Located at 5350 Industrial Blvd. N.E. (Ward 3).

Councilmember Bolkcom asked about enforcing light intensity.

Julie Jones, Planning Manager, replied the way the City's code is written, staff does not have the tools to measure the light. Staff is in the process of redoing the sign code. Staff does not have any concerns about it.

APPROVED THE SPECIAL USE PERMIT SP#18-01, BY BLUE OX MEDIA GROUP WITH THE FOLLOWING SIX STIPULATIONS:

- 1. PETITIONER SHALL OBTAIN ALL NECESSARY PERMITS PRIOR TO INSTALLATION OF PROPOSED SIGN.**
- 2. PETITIONER TO PROVIDE A TO-SCALE SITE PLAN DEPICTING THE SIZE, LOCATION AND SETBACK OF THE SIGN PRIOR TO ISSUANCE OF A SIGN PERMIT.**
- 3. PETITIONER SHALL PROVIDE DETAILED SCALED PLANS OF: THE SIGN, SIGN STRUCTURE, SIGN FOOTINGS, STRUCTURAL ENGINEERING, SIGN LIGHTING AND LOCATIONS OF PRIVATE AND PUBLIC UTILITIES PRIOR TO PLAN REVIEW FOR SIGN PERMIT.**
- 4. PETITIONER SHALL MEET ALL CODE REQUIREMENTS FOR BILLBOARD AND ELECTRONIC SIGNS.**
- 5. PETITIONER SHALL PROVIDE LANDSCAPE PLANS FOR REPLACEMENT ON SITE OF ANY TREES TO BE REMOVED FOR SIGN PLACEMENT. REPLACEMENT TREES SHALL BE AT LEAST 2 ½ INCH CALIPER INCH IN SIZE IF DECIDUOUS OR 6' TALL IF CONIFERS AT TIME OF PLANTING. A VARIETY OF SPECIES MUST BE PROPOSED.**
- 6. LANDSCAPING AT THE BASE OF THE PROPOSED SIGN IS ENCOURAGED, BUT THIS SPACE CANNOT BE USED TO MEET THE TREE REPLACEMENT RATIO REQUIRED.**

ADOPTED RESOLUTION NO. 2018-13.

- 4. Resolution Considering a Comprehensive Plan Amendment, CP #18-01, to Update the Economic and Redevelopment Chapter of the Fridley 2030 Comprehensive Plan (Ward 3).**

ADOPTED RESOLUTION NO. 2018-14.

- 5. Resolution Amending Resolution No. 2018-10, Rescheduling the Public Hearing on Street Rehabilitation Project No. ST 2018-01.**

Mr. Wysopal stated this is a resolution rescheduling the public hearing to April 23. This is for the 69th Avenue Street Rehabilitation Project No. ST 2018-01, and it amends the Resolution No. 2018-10. They just got delayed in getting the announcements out to the homeowners.

Councilmember Bolkcom asked if the City had a process in place so it would not happen again.

Mr. Wysopal said they did.

ADOPTED RESOLUTION NO. 2018-15.

6. Approve 2018-2019 Liquor License Renewals.

APPROVED.

7. Licenses

APPROVED.

8. Claims (180262 - 180437)

APPROVED.

ADOPTION OF PROPOSED CONSENT AGENDA:

MOTION by Councilmember Barnette to adopt the proposed consent agenda as presented. Seconded by Councilmember Varichak.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY.

OPEN FORUM, VISITORS:

No one from the audience spoke.

ADOPTION OF AGENDA:

MOTION by Councilmember Bolkcom to adopt the agenda. Seconded by Councilmember Saefke.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY.

PUBLIC HEARING/NEW BUSINESS:

- 9. Consideration of an On-Sale Wine and 3.2% Malt Liquor License Application by Savanh Sihanantharath for The King's Tai Cuisine, Located at 7890 University Avenue N.E.;**

and

Motion to Approve an On-Sale Wine and 3.2% Malt Liquor License for The King's Tai Cuisine (Ward 3).

MOTION by Councilmember Bolkcom to open the public hearing. Seconded by Councilmember Saefke.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY AND THE PUBLIC HEARING WAS OPENED AT 7:09 P.M.

Deb Skogen, City Clerk, stated this is a public hearing for an on-sale 3.2 malt liquor license and wine license for The King's Tai Cuisine located at 7890 University Avenue N.E. Section 603.07 of the Code requires a public hearing be held to consider the on-sale license. Notice of the public hearing was published in the Fridley Sun Focus on March 30, 2018, meeting the ten-day advance requirement.

Ms. Skogen stated the restaurant meets the zoning code and the minimum seating capacity of 50 to serve malt liquor and wine. Section 603.32 of the Code allows for the sale of strong beer and wine with a minimum of 60 percent gross food sales and a report would be provided to the City annually. The applicant is aware of the food to liquor sales. The Police Department completed their background investigation and found no issues with the applicant, and the Fire Department inspected the property and found no outstanding issues or violations.

Ms. Skogen stated after the public hearing, the City Code does allow the City Council to approve the liquor license on the same night as the public hearing. At this time staff recommends City Council hold the public hearing and after the public hearing approve an on-sale malt liquor and wine license for the applicant. The applicant is present if they have any questions for her.

Mayor Lund asked Ms. Sihanantharath whether she understands the ordinance and the 60/40 food to liquor ratio.

Savanh Sihanantharath, The King's Tai Cuisine, replied, yes. She stated she loves serving the Fridley area. Customers come in and say they wish they could have beer or wine with the tai food because of the spices.

MOTION by Councilmember Bolkcom to close the public hearing. Seconded by Councilmember Saefke.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY AND THE PUBLIC HEARING WAS CLOSED AT 7:11 P.M.

MOTION by Councilmember Bolkcom to Approve an On-Sale Wine and 3.2% Malt Liquor License for The King's Tai Cuisine. Seconded by Councilmember Saefke.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY.

- 10. Consideration of Rezoning Request, ZOA #18-02, by Pulte Homes and the Fridley Housing and Redevelopment Authority, to have Five Parcels of Land Around the New Civic Campus Rezoned from P, Public Facilities, to S-2, Redevelopment District, to Ready the Land for Private Redevelopment. Pulte Homes is also Requesting to Replat the Properties at 6911 University Avenue and the Property to the East to Allow for the Construction of the Villa Homes Project (Ward 1)**

MOTION by Councilmember Saefke to open the public hearing. Seconded by Councilmember Bolkcom.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY AND THE PUBLIC HEARING WAS OPENED AT 7:12 P.M.

Julie Jones, Planning Manager, stated this request is related to an initiative by the City HRA and Pulte Homes which are requesting that five parcels of land around the new civic campus site be rezoned from P, Public Land use, to S-2, Redevelopment District, to get this property ready for private development. Those five parcels of land include Outlots A, C, D, E, and F. The future development on Outlots A and C has yet to be determined, but rezoning of all of the parcels at this time is more efficient. Once the development of those parcels has been determined, an S-2 master plan will need to be reviewed and approved by the Planning Commission and the City Council.

Ms. Jones stated the proposed project they are looking at now for Outlots E and F is for a new villa home project. The units will range in size from 1,600 to 1,950 square feet. Most lots will be slab on grade; however, a few of the lots will accommodate a walkout design option. Landscaping of the common areas and snow removal of the private driveways will be managed through a homeowners association.

Ms. Jones stated the new homes will take access off the new roadways that will be constructed by the petitioner and connected to a new parkway which is on the north side and is being constructed by the City. The City does anticipate the new parkway north of the project area will be constructed around the same time as the development will occur, and the roadways within the development will be constructed by the petitioner.

Ms. Jones stated the current zoning of all the properties involved is P, Public, because they are owned currently by the City. The proposed request will rezone all of the lots that will be used for private development to S-2, Redevelopment District. When a property is rezoned to S-2, it has to have an accompanying site plan that becomes the master plan for the site.

Ms. Jones stated at this time the master site plan has only been designed for the single-family villa home portion of the private development which is Outlots E and F. When a master site plan has been developed for the rest of the private development areas then they will need to bring that before the Planning Commission, the HRA, and the City Council.

Ms. Jones stated the Planning Commission held a public hearing on March 21. After hearing from the petitioner and some neighboring property owners, the Planning Commission unanimously recommended approval of this rezoning.

Ms. Jones stated some of the questions raised at the Planning Commission meeting related mostly to traffic, both through the development and traffic generated by the development. A traffic study was previously completed for the Civic Center Campus project as part of the environmental assessment that was done, and the City's Engineering Division is currently working with the company that did the traffic study to update that study.

Ms. Jones stated Commissioner Sielaff on the Planning Commission also asked a question about a stormwater pond being close to the City's well or the treatment facility that is actually included in this plat. The exact location and design of the stormwater ponds have not been finalized yet. The City's engineering staff is working with the engineer for Pulte Homes, and they have assured the City that the final designs will comply with all wellhead protection and stormwater and watershed requirements.

Ms. Jones stated staff recommends concurrence with the Planning Commission's approval of this rezoning request as it does meet the goals and objectives of the City and the HRA by providing private development for this site. The petitioner, Pulte Homes, is also here and has a presentation.

Paul Heuer, Pulte Homes, stated with him this evening is Eric Paget from Pulte Homes and Reed Schultz from Landform (surveyor/civil engineer/landscape architect for the project). They have worked with a number of cities over the years on redevelopment projects. They commend the City on the concept for this public plaza. It really attracted them to build homes next to that plaza.

Mr. Heuer stated their firm is called the Pulte Group. They build under three name brands. The Council may have heard of Centex Homes. They used to build under that brand in the Twin Cities up until 2009. Since that time, they have only been building under the name of Pulte Homes, and some of them may also be familiar with Del Webb, another name, where they create active adult communities.

Mayor Lund asked whether they are still building Del Webb communities in Arizona and out west.

Mr. Heuer replied, they are. They are also building their first one in the Twin Cities later this year.

Mr. Heuer stated Pulte Group is a national builder. They build and sell about 500 homes a year in this market. They have about 18 communities in the Twin Cities area.

Mr. Heuer stated the consumer group they are after are the empty nesters, people 55 and older, wanting to downsize/right size. What they have learned is half the people in that age category who have the means will stay in this market if they can find there is an active lifestyle they can buy into and if they can find a quality product to live in that is in the right location. These homes are really Del Webb homes so they are tried and true, they have been updated over the years, but they have their finger on the pulse of this demographic group. The economic value of this group is pretty strong. They have accumulated some money and they start spending it at that age, and their social contribution is significant. They do a lot of volunteering in town. Another side benefit is most of these people typically do not work, so you do not have the peak flow of traffic and peak flow draw from water, sewer, etc.

Mr. Heuer stated at one point in time the narrative referenced two-story homes but that is not what they are proposing. These will be single-family homes that offer the stone and brick accents as options. These are 55-foot wide lots. The homes are 40-feet wide; single level; 1,700-2,000 square feet; and most of them are two bedrooms with an option of a loft. The price points they are looking at are the low \$300,000's to the high \$300,000's. Most of the homes will be slabs on grade. There are six homes in the southeast corner which drop off to the park and the pond, and those will be walkout basement lots. They offer four different floor plans. Basements will be an option if they choose. They have a non-monotony clause, so they track each home style, floor plan, and color package to make sure there is variation.

Mr. Heuer stated one of the key attractions of this type of neighborhood is sometimes people do not want to mow their lawn anymore or shovel the snow, so there is a homeowners association to manage this. They set it up with a professional management company, and that company sets up all the contractors for the work.

Mr. Heuer stated just to give a broad feel for what they are planning to do, they hope to be starting development work in May or June, building the first model home in August or September, and having it open in the beginning of October which really kicks off the sale season for them.

Councilmember Barnette asked what the approximate homeowner's association fee would be.

Mr. Heuer replied, it is harder in this case because it is smaller so it is less number of homes to split some of the fixed costs. There are accounting fees, insurance, and things like that. It would be somewhere from \$170 a month to \$210.

Mayor Lund stated he likes the whole concept. The patio homes are on a narrower footprint of lots. They are going to have short driveways. There will possibly be two cars parked in the driveway. He asked where the guests would park.

Mr. Heuer replied, where they see the largest amount of cars in front of their different neighborhoods is typically the single-family homes, especially the older neighborhoods where you have two teenage kids and you end up with four cars in the house. Typically these folks are not going to have any kids living with them, and they will have a two-car garage with two parking stalls in the driveway. That is four stalls right there. If this was a single-family neighborhood, for all the developments they have developed in, say, the last five or ten years, the width of those streets is 28-32 feet wide. These are 34-foot wide. These are wider than honestly any street they have ever built a development on. The old rule of thumb is a 28-foot wide street allows two-way traffic and parking on one side.

Mayor Lund stated it is a tighter development so there is not a lot of parking room between the driveways. He just wanted to know if they have had parking issues with some of their other developments.

Mr. Heuer replied where they usually have the most attention placed on one of their neighborhoods for parking is in the attached product. Oftentimes in those areas they are actually providing more than what cities require because there is a certain comfort level from what they have experienced as to what they feel they need to have. With all of their age-targeted neighborhoods, they have not experienced any problems with parking.

Mayor Lund stated they talked about Outlots A and C in the presentation. That is on the master plan development where they have A-F. In the drawing he is looking at, he sees the storm retention ponds near the existing water plant. That is called Outlot A. Within the development Outlots A, B, and C are shown. He wanted to make sure that the A and C they were talking about in the presentation were not the same A and C he is seeing on the drawing he has.

Ms. Jones stated only Outlots E and F are part of the Pulte Homes development.

Mayor Lund stated so it is a separate set of outlots then because he is seeing Outlots A, B, and C within the Pulte Development. Could Outlot B be some parking? Usually in a townhouse situation where you have a common wall there is usually some parking lots or spaces scattered out beyond the driveways. He asked if the outlots he is seeing will be coming back to the HRA or public land or stay in Pulte Homes.

Wally Wysopal, City Manager, stated that will be on the preliminary plat which is the next item. He saw one area where perhaps there could be just an asphalt parking lot, in the curve, on Rice Creek Lane.

Mr. Heuer stated what he is seeing is that Outlots A, B, and part of C will all have stormwater facilities on them.

Mayor Lund stated and that is what he is seeing. He thought there might be some parking before you even get to that, the Outlot B storm retention ponding area.

Mr. Heuer stated perhaps a couple of stalls perpendicular.

Mayor Lund replied, yes.

Mr. Heuer stated that could be done.

Mayor Lund stated he did not know if those outlots would be maintained by the City or Pulte Homes.

Mr. Heuer said typically the City wants to control the infrastructure because they have the expertise to manage the stormwater. However, they would be okay either way.

Councilmember Bolkcom said in the presentation, it says proposed project, three bathrooms or four bedrooms. She heard something different.

Ms. Jones said there was an error in the original proposal. It was misinterpreted.

Councilmember Bolkcom stated she does not think they need any more hard surface. She loves that there is going to be more greenspace, and they have to count on Pulte Homes' expertise as far as parking.

Councilmember Bolkcom stated as to some of the comments at the Planning Commission meeting there was a lot of talk about retention ponds and the lining of them. She asked for clarification of that.

Jon Lennander, Assistant Public Works Director, stated there are primarily two ponds they are talking about right now. One is fairly close to the existing wellhouse. That is the one that has been of the most concern. He did talk with the engineer for Landform about this. The concern was that it is an infiltration pond, and they do have the two requirements for these kinds of developments. There is a rate control, controlling how fast the water comes off the site; but then there is also a well and infiltration requirement for these projects. At least the initial concern he heard was that it is an infiltration pond. It is not. It is just a storm pond. It can certainly be managed as a pond in that location. There is an overall stormwater permit for the overall development that requires the City does provide the handling of the stormwater according to that permit for the overall project. Those were the only two locations that really are available for the two ponds. With the final plans for the project they do feel they will be able to provide the stormwater treatment and also protect the well.

Councilmember Bolkcom stated on page 21 of the March 21, 2018, Planning Commission meeting minutes, there was a fair amount of discussion from Mr. Schultz that there was more than one alternative for treating the pond.

Mr. Lennander replied there is a number of ways to do it. For the most part, you still need to provide the treatment for the area. Some of the different treatments may not provide the amount of treatment that is required. The pond is the first step and, if it is necessary to go to something else, they will go through that whole process with them as part of the final design and approvals for the project.

Councilmember Bolkcom stated at the preconference meeting some of the discussion was related to traffic concerns in that area. One of the things that is being worked on now is to control some of the congestion and traffic. Some of it is a lot longer term. She asked if Mr. Lennander could expound on that.

Mr. Lennander replied the City is looking at making some changes to the overall area that do not show up in the proposal for the Pulte development right now. The main problem with the congestion and traffic getting in and out of this area has to do with the access at 69th to the University Avenue Service Road. They will be moving that access farther to the north. They are looking at adding a roundabout which will increase the flow of traffic through that area and provide other alternates for traffic going in and out of the neighborhood.

Councilmember Bolkcom stated Mr. Sandstrom was concerned about the noise.

Mr. Heuer replied, they have been creating increasingly tight homes over the decades. In 2015, Minnesota adopted the energy code that really tightened homes up a lot. They almost withstand the sound reduction required from the airports. Also, whenever they sell a home, they have a lot of interest in making sure their buyer is happy, because oftentimes, they will buy two, three, four homes over the decades. Whenever they have a development, they always do their homework as to what they should be disclosing to these people, and they are grateful for Mr. Sandstrom going to the Planning Commission meeting and talking about the truck traffic and what streets they use. Mr. Heuer took notes because they are going to be putting that in their disclosure along with a number of other things so they do the best job possible to disclose any possible objection that people might have before they sign purchase agreements.

Councilmember Bolkcom asked if the exterior of the home is the homeowner's responsibility.

Mr. Heuer replied, that is correct.

Councilmember Barnette asked what the approximate distance was between homes.

Mr. Heuer replied a minimum of 10 feet.

MOTION by Councilmember Saefke to close the public hearing. Seconded by Councilmember Barnette.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY AND THE PUBLIC HEARING WAS CLOSED AT 7:40 P.M.

- 11. Preliminary Plat Request, PS #18-02, by Pulte Homes, to Replat the Properties Generally Located at 6911 University Avenue and the Vacant Parcel to the East to Allow for the Construction of 26 Villa Homes (Ward 1).**

Ms. Jones stated the request is to replat Outlots E and F to allow for the construction of 26 new villa homes. The proposed plat will replat the existing Outlots E and F of Locke Park Point and

create 27 new lots. One of those 27 lots is the water treatment plant and then the 3 outlots they were talking about that are set aside for stormwater treatment.

Ms. Jones stated a public hearing for this was held on March 21 by the Planning Commission and after hearing from the petitioner and the neighboring property owners the Planning Commission did unanimously recommend approval. Staff recommends concurrence with the Planning Commission on the approval of Plat #18-02 with one stipulation. That one stipulation is that the petitioner shall pay park dedication fees of \$1,500 for each single-family villa lot created as a result of this plat, which is the City's standard fee per parcel.

Councilmember Saefke asked Mr. Heuer if he had any problem with the stipulation.

Mr. Heuer replied, no.

Councilmember Bolkcom asked if the Planning Commission meeting staff has heard from any of the neighbors.

Ms. Jones replied she believed Stacy Stromberg received a call inquiring about the osprey in the area. She understands they are trying to relocate them into Community Park.

Mr. Lennander stated he does not know the location but he knows they are trying to find an alternate location for the nest. They did get the poles down before they returned.

MOTION by Councilmember Saefke to approve the Preliminary Plat Request, PS #18-02, by Pulte Homes, to Replat the Properties Generally Located at 6911 University Avenue and the Vacant Parcel to the East to Allow for the Construction of 26 Villa Homes with the following stipulation:

1. Petitioner shall pay park dedication of \$1,500 for each single family villa lot created as a result of this plat.

Seconded by Councilmember Bolkcom.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY

12. First Reading of an Ordinance Amending Fridley City Code, Chapter 11, to Allow for Collection of Fee for Day Care and Foster Care Fire Inspections per Minnesota State Fire Code 299F.011, and Minnesota Statutes 245A.151

Mr. Wysopal, City Manager, stated this is a standard item which normally would have been on the consent agenda, but staff never had the opportunity to bring it forward to Council in a conference meeting. State Statutes allow for the cities to recapture costs for licensing and review of daycares. Anoka County remains responsible for that licensing process but gives the authority to the local city to do the fire inspection. Fridley's Fire Marshal, Mike Spencer, is trained and certified to do the inspections, and this is a request to have an ordinance to allow the City to

charge a \$50 fee which is authorized by State Statute. This would not be a general fee for all residents but only for those who are doing daycare and have a need for that review. There are no stipulations restricting the City in establishing that fee. This would be establishing the first reading of the ordinance for Chapter 11 for the fees for daycare and foster care inspections at \$50.

Councilmember Bolkcom asked if the most that could be charged was \$50. She asked how much it actually cost the City.

Mike Spencer, City Fire Marshal, replied sometimes they will go out, and if they find a Code violation, they are looking at general fire and life safety items such as smoke detectors, doors are not blocked, handrails, etc. Occasionally they will have to go back. Normally they go back one time. The daycare is usually pretty eager to open for business, so they will take care of things. He does not know the actual cost.

Councilmember Bolkcom asked how long they usually spent at a daycare. She asked if they had to check for plug-ins and electrical.

Mr. Spencer said that would be a different inspection. They are checking to make sure that the room with the furnace is not full of clutter, etc. It is general fire and life safety items.

Councilmember Bolkcom asked if Anoka County did the other inspections.

Mr. Spencer replied what happens to some of the daycares in Fridley, because they are a rental property, staff for rental property inspections will go and inspect. This item is a one-time inspection needed to receive their license from the County.

Councilmember Bolkcom asked and they only do it one time no matter how many years they exist.

Mr. Spencer replied that is his understanding. He does not know if they have an annual reinspection because the daycares he has inspected have not been up for a second year yet. He would be able to answer that at a later date.

Councilmember Bolkcom asked if it was owned by one person and then it changes hands do they go back in.

Mr. Spencer said yes, because they would have to reapply for a license. He is certified through the State so he can inspect in other cities also if they did not have a certified inspector so Fridley would recover that cost, too.

Councilmember Varichak asked if he was inspecting a licenses facility or homes.

Mr. Spencer replied it is both. The old term used to be group home. Now they tend to be called adult or child daycares. It could be a foster home. We have one in the Community Center. One

room is an adult daycare, and that has been inspected. They show up in single-family homes as well.

MOTION by Councilmember Saefke to waive the reading of the ordinance and adopt the ordinance on first reading. Seconded by Councilmember Bolkom.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY.

13. Resolution Calling for a Public Hearing on a Proposal for a Housing Finance Program and Giving Preliminary Approval to the Issuance of Housing Facility Revenue Bonds to Finance a Multifamily Housing Project Pursuant to Minnesota Law, and Authorizing the Publication of a Notice of the Hearing (Ward 1).

Shelly Peterson, Finance Director, stated what they have in front of them in a resolution which does three things. It is calling for a public hearing on a proposal for a housing finance program. It is also giving preliminary approval of the issuance of housing facility revenue bonds to finance a multi-family housing project. Finally, it is authorizing the publication of notice of the hearing.

Ms. Peterson stated the City has received a proposal from Dominion. Dominion is the partner for Fridley Lease Housing Association I. Several of the Council's memorandums will be from Dominion, but this is the entity that will be doing the conduit issuance. They have asked the City to help them secure financing for the acquisition and rehabilitation of Village Green Apartments located at 460 Mississippi Street. They are townhomes and senior apartments.

Ms. Peterson stated staff has met with Dominion regarding their proposed plans. In the Council's documents there is a timeline on when Dominion plans to begin and complete this work.

Ms. Peterson stated staff has made comments and recommendations to Dominion on some of the things they would like to see incorporated. Police had comments on safety issues and there are storm drainage issues that Mr. Lennander has been working with them on. Staff is supportive of this proposed plan to renovate this 196-unit housing project.

Ms. Peterson stated when she explained they were asking for assistance on financing, what they are specifically asking for is for the City to issue conduit debt. This debt is considered a revenue note which is paid based on pledged revenues that come from the Fridley Lease Housing Association. Conduit debt does not constitute debt of the City, and the City is not pledging its full faith and credit towards any future payment. This debt is issued in the City's name, and the reason for that is they will secure a good interest rate on this conduit debt because of the City's bond rating. It is excluded from the City's annual \$10 million bank qualified debt issuance limits, and the City's bond counsel has reviewed the preliminary request and also approves the resolution indicating the City's intent to call for the public hearing.

Ms. Peterson stated in addition to the attached resolution, the City's issuance of the conduit debt is subject to several things. Submission of an application and approval by the Minnesota

Management Budget Department is required. They are the allocation authority. Admission and review and comment from Met Council is also required by Dominion. There needs to be an approval of the proposed project by the City's bond counsel as this proceeds. Also, the City has several steps that need to happen where the Council could choose to approve or not approve at any point in that process.

Ms. Peterson stated the City would hold the public hearing on the financing proposal and the housing program. The City could approve both on that same night; and final approval is required of the council, Dominion, and the purchasers of the bonds.

Ms. Peterson stated staff is recommending Council call for a public hearing on the proposal of this housing finance program and giving preliminary approval of the issuance of these revenue bonds, specifically housing facility revenue bonds, to finance the purchase and rehabilitation of Village Green Apartments and authorize the publication of a notice.

Mayor Lund asked for clarification whether tonight they are just being asked to move forward with the public hearing.

Ms. Peterson replied, no, staff is asking for Council to approve the resolution to call for the public hearing. They are also providing a resolution declaring the City's intent to assist with the financing which is the conduit issuance. They did this last November or December for Brink Brothers. This allows Dominion to start incurring expenses and they can reimburse themselves with bond proceeds. It is also required for their application to receive the allocation of this type of revenue bond.

Mayor Lund asked if this is all predicated on the fact that when they say they are going to do all this updating and remodeling, etc., is that a part of this whole thing that they have to do it.

Ms. Peterson replied, yes. So not only does the State's Department of Budget, Met Council, and the City need to approve their housing program which explains the work they plan to do, the City has several opportunities to insure that they meet those obligations or the City can decide not to do the conduit issuance. For example, she and Mr. Lennander have talked about the storm water issues. It is important that Dominion move forward with these storm water issues and correct them during this project. If they are not satisfied with Dominion's solution or proposal, the City could at some point in the process not move forward with this.

Councilmember Saefke stated he knows their retention pond has been a headache for very long time. He asked if Mr. Lennander was going to help them come up with a solution.

Jon Lennander, Assistant Public Works Director, replied they have been working with the previous owners of the property for almost the entire time he has been with the City. They had a project lined up to make a number of improvements to the pond, and the current owners basically backed out at the last minute on it. Both Rice Creek Watershed District and Mississippi Water Management Organization have both said they are willing to help on that project if they can get it, and Dominion has said they are willing to do it as well. In the last week they have

resubmitted a grant application to MWMO, and he expects they will fund it and the project will get done.

Councilmember Saefke asked if that would take care of any flooding problem that existed.

Mr. Lennander replied, it will take care of current flooding issues. It will bring the pond back to what was expected when the original development was done and then maybe beyond that once they get to the final design of it. It is a 50-year design on that pond so it is possible they could exceed that. Some of the storms the City has had have been greater than that. It is possible there could still be some flooding, but it would make it better than it is right now.

Mayor Lund stated the retention pond has overflowed and one or more of the properties along the immediate east of that did flood significantly. His understanding is it really backs up from Rice Creek and the outfall goes into Rice Creek and when Rice Creek is overflowing obviously the stormwater backs up the system. They have to have a larger pipe or something to elevate it.

Mr. Lennander stated there were a number of options for the projects that were proposed for that. One of them was increasing the pipe sizes downstream, but that was expensive and they did not look at going that route. It is within the pond on that property. They are making some improvements to the outlet structure. Making some improvements to some of the water that is coming into it, and then making the pond bigger; getting the sediment that is built up in there dredged out, increasing and making the ability for that pond to actually infiltrate the water that goes into it as well which will all help the flooding there.

Mayor Lund stated and making the berm higher so it takes more to get the overflow.

Mr. Lennander replied they will take a look at that as well.

Councilmember Bolkcom asked Ms. Peterson what she meant by them committing a temporary approval.

Ms. Peterson replied it is preliminary approval of the City's intent to assist them with the conduit debt issuance.

Councilmember Bolkcom stated she is confused as she is brand new to this. This is a huge project. When Ms. Peterson says, preliminary approval, what ownership does the City have in that as far as going forward?

Ms. Peterson replied, what they are doing with this resolution is saying that the City wants to work with Village Green and Dominion on a conduit issuance (they are also applying for some state financial assistance so if that comes first they will not need conduit issuance form the City),. However, at any point in the process the City can change their mind.

Councilmember Bolkcom asked what the timeline was and when they would be purchasing the property.

Ms. Peterson replied, the loan is for the purchase and the rehabilitation. She believes it is a contingent purchase upon securing the financing, Dominion cannot apply to the State until May 7, the State would have to approve and allocate by the 15th. Then the clock starts and there would be 120 days after that to move forward with the conduit issuance.

Mr. Wysopal stated for Dominion this is a business transaction, and they are seeking the lowest form of capital financing they can get so they are out mortgage shopping. This would definitely be one of the lowest forms of interest rate they can get with the City's assistance which does not give the City any financial liability. What happens is the buildings are in need of rehab. Dominion is going in there and they are going to rehab these things.

Mr. Wysopal stated, also, on page 4 of the Resolution, Exhibit A, there is proposed estimated initial rents. This is something that is going on all over the metro area as these types of housing projects seek rehabilitation and refinancing is that with that comes new rental rates. He wants to make clear there is nothing the City Council is doing to establish those rates. Those rates are established by Dominion as a financial instrument on what they need on a return for their purchase and the rehab and rental maintenance of their property. If they do hear from people that they are seeing a rent increase, the City Council is not authorizing the rent increase. Those estimated rents need to be a part of their proposal. The City Council is not setting those rates.

MOTION by Councilmember Barnette to approve Resolution No. 2018-16. Seconded by Councilmember Saefke.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY.

14. Resolution Ordering Final Plans, Specifications and Calling for Bids: Locke Parkway Construction Project No. ST 2018-2

Jon Lennander, Assistant Public Works Director, stated engineering is working on construction plans for the roadway proposed through the middle of the Fridley civic campus site. The road will be known as Locke Parkway. The parkway will be a central feature of the civic campus project. It will provide access to the private development and utilities for part of those projects.

Mr. Lennander stated the original plans for the civic campus project included a roadway separating the civic campus and the higher-density residential properties and the patio homes and the existing residential properties to the south of the project.

Mr. Lennander stated a concept plan for a divided parkway was developed and a landscape median and the county trail along with that concept included a roundabout at the intersection of the parkway with East University Avenue Service Road. The roundabout provides several benefits to a T-intersection in this location including control of access to the Service Road without a stop sign. It will reduce congestion at the intersection by allowing greater free movement and multiple options for vehicles leaving the Holiday Hills neighborhood.

Mr. Lennander stated at this time the cost of the parkway from East University Avenue Service Road to 71st Avenue is expected to be \$2.5 million to be funded with the Housing and Redevelopment Authority TIF funding and supplemented by utility funds where available. The current schedule to complete the project is ordering the plans and calling for bids tonight, developing plans and advertising for the bids on May 3 with bids due on May 24, Council approval project on May 29, start of construction would be mid-June, utility construction in June and July, road construction in August and September, substantial completion by October 19, and final completion of the project would be either next year or as works with the adjacent developments as well.

MOTION by Councilmember Saefke to approve Resolution No. 2018-17. Seconded by Councilmember Bolkcom.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY

15. Informational Status Reports

Councilmember Bolkcom asked about the Moore Lake watermain.

Mr. Lennander replied the project will start fairly soon. The contractor has been selected, and they have been given notice to proceed. He is sure they are waiting until the road restrictions have been removed, so it will begin probably towards the end of the month.

ADJOURN:

MOTION by Councilmember Barnette to adjourn. Seconded by Councilmember Varichak.

UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY AND THE MEETING ADJOURNED AT 8:15 P.M.

Respectfully submitted by,

Denise M. Johnson
Recording Secretary

Scott J. Lund
Mayor