

**Developers Forum (#29A)
Tuesday, October 24, 2006, 6:30 pm
Fire Station #1
95th & Nicollet Avenue South
Bloomington, Minnesota**

Call to Order

Mayor Gene Winstead called the forum to order at 6:30 p.m.

Roll Call

Present: Mayor Winstead, Councilmembers R. Axtell, S. Elkins, K. Nordstrom, S. Peterson, and V. Wilcox.

Absent: Councilmember A. Grady.

Guests: Craig Rapp and Sharon Klumpp, Springsted

INTRODUCTIONS

Regina Harris, Housing & Redevelopment Authority Administrator explained the purpose of the meeting and introduced each of the developers: Bill Beard, Beard Group; Mark Fabel, McGough Development; Gary Dreher, Told Development Co.; and John Breitingner, United Properties. She stated as the City is currently involved in a strategic planning process, Council and staff are interested in gaining insight from various developers on what makes a great development and what attracts developers to develop in a particular city and/or area.

PANEL DISCUSSION

The panel of developers reflected on their personal developments and provided feedback on the following questions from staff:

- What makes a developer want to stay and develop in a particular area?
Successful development results from public/private partnerships and incorporating the right elements, i.e. trails, a town square, a bakery, restaurants, and other amenities.
- Are mom and pop operations a thing of the past?
Although economies of scale and procurement provide opportunities for the larger grocery chains, they are not as great as one would think. The best operator in almost every market is still the independent operator.
- How do tenants pay the high rent demands in new space?
Rents are higher in new development compared to strip malls but if a mom and pop type of operation has a good business plan and a good customer base, they can still be successful. Maple Grove was stated as an example of having a good retail center with successful local franchisees. Developers need to create a place where business owners can succeed. Excelsior & Grand was cited as just such a place, which garners higher individual rents. Approximately \$2 per square foot higher in new development compared to older malls. It was stated successful development will occur depending on the amount of traffic and demographics. Although the Excelsior & Grand development could have incorporated more intense uses, it focused on residential development first followed by retail, which was subsidized slightly. It resulted in the creation of that “place” where residents and businesses wanted to be located.
- What makes a place great?
It’s the relationship people have with “the place.” The interaction of people crossing paths with other people utilizing the various uses. The 50th & France area was cited as a successful area due to location, demographics, and the mix of retailers in the area. The residents in that area have a relationship with those businesses. The Bloomington Central Station development incorporates the Light Rail Transit (LRT) station along with some different uses to create a “place.” A conscientious decision was made not to incorporate skyways into this development so pedestrians would stay on the ground level to utilize the retail and the park, etc.

**PANEL DISCUSSION
continued**

- Can a private place be a public realm?

Yes – Focus on the neighborhood first and then focus on what uses will fit in. Most urban developments aren't built as a place but evolve over time. The public realm is where everybody mixes. In Bloomington, for example, parking is a challenge. Intimate storefronts are desired yet shoppers arrive one at a time in cars, which necessitates the need to accommodate the cars while preserving the relationship between parking and the mixed uses. In the 70's, Edina made an investment in building municipal parking ramps at 50th & France, which provided the necessary infrastructure to make that development successful. It was stated that development is not as upscale as one would think. It's a good example of how the public realm can work. The ramps were brilliantly conceived. The public enters through a parking lot but can see through the lot so all of the destinations are visible. In 1989, when the buildings were redone, the entrances were accessible from the front and the back.
- As parking ramps are critical to the Excelsior & Grand development, what was learned?

It wouldn't have happened without lots of public assistance from St. Louis Park. Ramp design needs to service the commercial aspect while not impacting the residential. They need to be functional yet appealing and attractive. There are two above-grade ramps off of Excelsior Boulevard. The Post Properties in Dallas was given as a good example. Their ramps act as the fourth "public" space in that development. A successful development needs to have a sanctuary. Parking ramps were integrated into the development to provide access to the lower level of the buildings. It was stated Trader Joes has 70 stalls of surface parking. Sometimes it's hard to talk retailers into the idea of parking ramps. The Excelsior & Grand development was done the right way.
- What about walkability of a development?

One developer spoke of a town center project with large retailers. The daily need type of services work very well but the shoppers' goods aren't working as well. Developers need to learn how to merchandise their developments appropriately.
- How much is too much or too little parking?

Five stalls per 1,000 feet is the desired number. Parking has to be embraced. A public investment in parking helps many projects succeed. If the parking isn't adequate in a development, there is still a need to deal with the cars, as people end up driving to the walkable areas. However, that may change with more mass transit. In the Excelsior & Grand development, it was stated a feasibility gap existed. The developers undertook parking studies to determine the needs of the community to see how it would integrate with the residential. It took buy-in from the city and the developer in order to make the parking work. Retailers never look at residential in terms of parking; but in this development, they talked to them about shared parking.
- What about the lenders?

Institutional long-term permanent financing lenders tend to look more closely at parking needs and ratios. It was stated parking needs to be integrated into the project to get the customer from their car to the uses, which must be in a public realm to keep them moving. It was stated the ramp at Excelsior & Grand was constructed so that additional levels can be added in the future. There was the comment the lending community still doesn't embrace mixed use as much as people might be led to believe. Having parking management plans, like they have in place at 50th & France can help. With regard to shared parking, it was stated rental residential is more accepting to it but it is more of a challenge for the sale of condos. In the Excelsior & Grand development, the apartments have 1.1 stalls per unit of underground parking. It was also stated the 600-700 seat amphitheater is a focal point in the town green of that development and is viewed as an amenity. Looped parking, as in the Excelsior & Grand development, can be more difficult, as people struggle slightly until they figure out where they want to park. The parking ramp is the anchor in the Calhoun Square development.

**PANEL DISCUSSION
continued**➤ Is there a magic size with regard to open space?

The town green in the Excelsior & Grand development is approximately 180 feet from the buildings. There are larger greens around the country but too much open space is not always desired. A good ratio for open space is 1:2 and 1:3. Economics and building size tend to drive the size of the open space.

Clark Arneson, Assistant City Manager inquired what the risk/reward is for developers to do a mixed-use development – what is the needed return on investment, the level of patience needed, and when is public money necessary.

The developers seemed to concur that public money is usually necessary in a development and that it's hard to get deals done unless there is a return on investment of approximately 20%. It was stated it takes approximately 16 acres and substantial public assistance to create a development like Excelsior & Grand. A nuance of vertical mixed-use development is that in order to make it work, it needs to be in close. The developer stated they took a lot of risk with the Excelsior & Grand development and the retail has performed well but the condos saved them. Phasing is very important in vertical mixed-use development. It's also important to work with market cycles to reduce the developer's risk.

➤ Do you see a 50% shift away from automobile transportation?

Probably not until we have a viable transit system like Boulder, CO. They have a great transit system which makes it's very easy to get around. There will be more mixed-use development around the Twin Cities if gas prices get too expensive. The comment was made that large intersections are not pedestrian friendly, as walkers feel physically threatened.

Regarding vertical integration of mixed-use, the developers stated it takes time to get staff on board with that type of plan and then the Planning Commission and the Council need to get on board. The rules that cities have to follow when designing streets with regard to road size and width in the suburbs, as they tend to be designed wider, are not conducive to this type of development.

➤ What advice do you have regarding old strip malls?

Common ownership in a strip mall presents an opportunity to deal with one large piece of property. However, without the use of eminent domain, it will be hard for cities to do anything with it. A determination has to be made if the location is still right for retail. The market usually needs to drive the development and while there may be an opportunity to scrape a deteriorating strip mall, the focus by cities is usually on mixed-use.

A commissioner inquired how many of those type of developments can a city sustain? For example, 50th & France is a development that works but what impact does it have on the surrounding commercial area.

It was stated spin-off development has occurred as a result of the Excelsior & Grand development as it has at 50th & France.

Elkins commented that people walk from surrounding neighborhoods to the 50th & France area, which results in a synergy in that development.

Mayor Winstead thanked the developers for participating in the panel discussion stating their input is helpful as the Council tackles its long-term strategic visioning for Bloomington.

Adjourn Meeting

Mayor Winstead adjourned the forum at 8:05 p.m.

Barbara Clawson
Council Secretary