



MEMO

Date: June 29, 2010
From: Jeff McMenimen
To: Jody Gunderson, Northfield EDA Director
Re: Northfield Business Park – Developers Roundtable (6/23/10)
CC: Steering Committee Members
EDA members
Technical Committee Members

The following notes summarize the discussion with representatives from the local (Twin Cities) development community regarding the master planning effort for the two sites being studied in Northfield and Bridgewater Twp.

Meeting Attendees:

Eric Anderson, Ryan Companies
Mark Fabel, McGough Construction
Gary Dreher, Told Development Company
Ross Feffercorn, RMF Group
Derick Dahlen, Avant Energy
Jody Gunderson, Northfield EDA
Steve Engler, Northfield EDA
Brian O’Connell, Northfield Community Development
Randy Jennings, Occasional Press, LLC
Eliot Hoyt, Design Workshop
Anna Claussen, HKGi
Jeff McMenimen, HKGi

Meeting Notes:

Introduction

1. Jeff McMenimen, Jody Gunderson, Brian O’Connell and Eliot Hoyt lead a brief presentation on the background of the Northfield Business and Industrial Park master planning projects, including project purpose, prior planning studies, site analysis and the market analysis.
2. Jeff presented the fundamental elements of the preliminary master plan alternatives (plans presented during the April public open house), including the land use program, open space and circulation concepts, building program, and public comments received from the open house.

3. Jeff presented the draft preferred master plans for each site, noting revisions made to each plan based on Steering Committee direction. The introduction to each draft master plan provided the basis for open discussion during the Developers Roundtable.

Developer Comments

1. Derick Dahlen, Avant Energy began the discussion concerning the potential inclusion of energy production facilities and energy related issues. The following comments were made:
 - Wind turbine siting is difficult in an area like this. There is growing resistance from local neighbors regarding visual and noise concerns.
 - Wind turbines could potentially be located at the edges of the project, however, approx. 80 acres of land is required to service each turbine, making it an unlikely energy solution in this project.
 - Can do turbine in air space above a one-story building.
 - The topography on the north site is suitable for wind energy.
 - A more likely scenario for energy production here is a biomass anaerobic digestion facility.
 - With a biomass facility, access and circulation issues are a concern. Expect up to 50 trucks/day to service the facility.
 - The roundabout at CR 23 and SH 19 is a concern for large trucks. It would have to be designed large enough to accommodate the largest trucks.
 - Back door (alternative) access points would be desirable.
 - There may be an opportunity to recover waste heat at this plant, depending on the other users within the business park.
 - A district energy production facility is possible depending on project densities. High density is required to make this option feasible.
 - Ground source heat pumps may be a feasible solution for heating and cooling buildings.
 - There is a possibility that a mini-district concept (utilizing ground source heat pumps) could be employed. The key factors are critical mass in phasing and density.
 - Any alternative/renewable energy sources used should become part of the marketing effort to attract future tenants to the business park.
 - Setting up infrastructure – power and fiber optics – will pay dividends down the road. St. Olaf's has been developing a strong fiber network and has told the City they can provide access to outside development.
2. The multi-tenant market is dead today. Build to suit are the only projects moving forward in today's economic climate.
3. The City must be a willing partner with the landowners and any developer.
4. It is a tough market for office and industrial today. For instance, Dean Lakes, a Ryan Companies project, located in Shakopee, is a 150 acre, mixed-use project. 100 acres of the project are identified for industrial development. Of the 100 acres, only 15 acres have been sold. They have been unsuccessful selling the other 85 acres.
5. The City must provide economic incentives to attract industrial tenants.

6. Expecting industrial tenants to participate in land assessments for a higher quality project is a tough sell.
7. The City must tap into federal, state, regional and local sources of funding to provide infrastructure financing and developer incentive packages.
8. The City must facilitate financing opportunities.
9. Who is naturally going to want to go here (Northfield)? Assess Northfield's assets and don't waste time on those that are not a good fit.
10. It's never going to be a distribution center. It's either too far off the freeway or not a good "fit" with the goals for the project.
11. It could be a high technology/intellectual set of businesses that may want to locate here. Those businesses will want a good communication infrastructure (i.e. fiber optics) and will be attracted to the intellectual character of the town.
12. Marketing to international companies may be a good idea for Northfield. They may more readily see the value in a Northfield location, depending on the type of business, and they may be used to a higher standard of sustainable development (e.g. Scandinavian companies).
13. As an example of successfully attracting international companies – the State of Iowa has been successful at attracting international wind producers. Key to that success has been the commitment by the state to attract these businesses.
14. At Northfield, some form of infrastructure will be necessary to attract development at these sites.
15. How much should the City expect to get involved in infrastructure investments? The days of the developer funding infrastructure for projects like this are over. The City must actively seek creative ways to play a role in infrastructure investments.
16. One way to reduce costs and increase density would be to have district stormwater management so it didn't have to be done on each parcel.
17. Another way to encourage development would be to have a central parking area so developers could only build the parking they need.
18. It was suggested the city consider "civic stormwater" management strategies and "civic parking" supplies as incentives to attract developers.
19. Investigate the bus service to the Twin Cities – could a park and ride be located at the north site to bring people and front end some infrastructure?
20. Maintain flexibility in a tighter space. Allow a variety of uses to land on certain sites, be more restrictive on other sites.
21. Both sites are compelling for development.
22. Improvement to County Road 23/Decker Ave. is critical. It provides a north/south route to each site, connects each site and provides the quickest access to Hwy 19. It is the link to improved accessibility and visibility for each site.
23. Ross Feffercorn felt the program and master plan concept for the south site is very appropriate: residential to the north, small amount of retail on Decker, civic use where the two creeks converge, etc.
24. He suggested considering a performing arts facility somewhere on the south site. Facilities like these can provide residual economic benefits. An example is the Aspen Music Festival, Design Center, etc. in Aspen Colorado. This program runs all summer long and attracts visitors from all over the world. There might be a partnership

opportunity for St. Olaf's music program. Improvements to CR 23 are critical to make this work however.

25. Retail on these two sites should be limited to support uses only. Do not compete with the downtown retailers. Instead, provide convenience uses – gas, coffee, lunch, etc.
26. The development community is extremely sensitive to project costs. Imposing severe LEED requirements on the development may limit the feasibility of development here, given all of the other cost considerations. Instead, provide incentives for LEED certified development and/or allow development to LEED standards without requiring certification – in many cases LEED standards are “best practices” and would be done by a responsible developer anyway.
27. Multi-story development here is highly unlikely (industrial and office) in today's market.
28. Everything is broken in today's development world – we are not going to see industrial development here soon. Space available on the market today must be filled first.
29. Gary Dreher spoke of the project his company developed in St. Louis Park – Excelsior and Grand – a 16 acre mixed-use development.
30. Told was the 3rd developer involved in the project.
31. There were 2 TIF districts formed to provide financing incentive.
32. The City of St. Louis Park was heavily involved in the financing of infrastructure, including a \$10 million public parking facility.
33. The days of partnerships between developer, city and landowner are going to return and be necessary for development to occur. It is no longer possible for a developer to come into an area and take down a large area of land all at once and bear carrying costs through the various phases of a projects life.
34. It was suggested that the city implement a development approval system that allows a property owner to supply parking based on a "proof of parking" standard where the property presents information to substantiate a supply of parking that is different (presumably less) than the parking standard in a city regulation. The project is then approved with the amount of parking as demonstrated by the property owner but the site also must include a site plan that allows for future parking to be constructed if the demand for additional future parking exists. In the intermediate time the area not constructed for parking remains green.
35. Everyone on the panel agreed, the City should use existing infrastructure wherever possible to make this development plan work financially. For example, on the north site, development along North Ave. adjacent to the hospital (St. Olaf property) makes the best sense to begin development. Little investment is required to start here.
36. Due to the expense of infrastructure related costs for each site, the south site may be more attractive to begin development since it's infrastructure costs are estimated to be approx. 1/3 the costs related to the north site.
37. Developing the south site first may also provide an earlier opportunity to establish environmental protection measures for the two creek systems.
38. A land swap with St. Olaf may be a good strategy for the City to pursue in order to free up the 90 acre site they own on the north site, enabling first phases of development to occur from east to west. The college may be interested in the south site because it already has land adjacent to the site and has an interest in stewardship (related to the high value streams at the south site).

39. Is there an opportunity to develop senior housing and build a relationship with the two college campuses? There is a trend of alumni wanting to retire close to their alma maters. The colleges would need to make classes available to the residents (alumni).
40. Senior and affordable housing are two market areas fairly strong today and ready to go.
41. Dakota County has one of the best CDA's in the country for affordable workforce and senior housing. Can the city tap into that program?
42. A Continuing Care Retirement Community (CCRC) is a residential community for the remainder of one's life, with a choice of services and living situations. Seniors can move between Independent Living, Assisted Living, and Nursing Home Care based on changing needs at each point in time. These offer many opportunities near the hospital.
43. "Friendship Village" is a local example of a CCRC that offers age restricted, lifestyle housing options.
44. The City should talk with a consultant like Mary Bujold (Maxfield) to see if there is a market for CCRC's in Northfield.
45. Ties to St. Olaf with the CCRCs.
46. It is not safe in today's market to build owner occupied condo housing. This may be the case for several more years.
47. The rental market, however, is strong and should continue to be strong for some time.
48. Housing considerations in these projects should be primarily rental driven.
49. Transportation setup is not very good for industrial development today.

Final Comments

1. Build flexibility into the plan and development standards.
2. Reduce the cost of infrastructure.
3. Seek out willing partners – City, landowners, development community – and build on those relationships.
4. Multi-story development (office/industrial) is not likely to occur here.
5. Build to suit is the only thing happening in today's market.
6. The City must play an active role in courting developers to these sites.
7. The City should work to aggressively seek state funding to assist with infrastructure costs.
8. The League of MN Cities may be an option.
9. Create an economic advantage for developers to come here.
10. Must plan for a mixed set of land uses.
11. The projects will need workforce housing.
12. Keep it simple.
13. The current economic down cycle has not affected comments today. In a healthy economy, Northfield has these same challenges.
14. Produce a checklist – what are we?
15. Focus on strengths of the Northfield community. Be confident in who you are and use this to court clients who will be a natural fit in the community.
16. This must be at least a 20 year plan.
17. If housing is a sensitive land use with the community right now, then restrict when housing can occur, but it must be a part of the plan.

18. Reduce development costs where feasible. Look for opportunities that will extend infrastructure.
19. Closely look at the phasing of infrastructure. Don't overbuild too early in the life of the development.
20. Leverage Northfields attributes:
 - Authentic and charming downtown
 - Two world class colleges
 - Intellectual capital
 - Successful alumni
21. Nibble away at the north and south sites simultaneously.
22. Leverage the qualities of the south site – special site characteristics and social attraction for environmental stewardship.
23. Landowners must be part of the equation.
24. The development market will not be the same when the economy rebounds, but that will be a good thing. There may be more trust in the marketplace for developers, landowners and cities to partner and cooperate.
25. The downtown is strong – don't compete with it – strengthen it.
26. Create incentives to attract development.