REQUEST FOR COUNCIL ACTION

November 6, 2017

DATE

AGENDA ITEM

6B

ORIGINATING DEPT.

Community Development

AGENDA ITEM

Arbor Lakes Business Park
PUD Concept and Development Stage Plan and Final Plat
Rezoning from FF to PUD

CITY ADMINISTRATOR APPROVAL

PREVIOUS ACTIONS:

At their meeting of October 30, 2017, the Planning Commission recommended that the City Council direct the City Attorney to draft a Resolution **Denying** the PUD Concept and Development Stage Plan, Rezoning request, and Final Plat for the Arbor Lakes Business Park.

<table>
<thead>
<tr>
<th>Application Received:</th>
<th>July 28, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>60 Day Review Deadline:</td>
<td>September 26, 2017</td>
</tr>
<tr>
<td>Additional 60 Day Review Deadline:</td>
<td>November 25, 2017</td>
</tr>
<tr>
<td>Location:</td>
<td>10801 77th Ave N and 7560 Zachary Lane N</td>
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RECOMMENDED COUNCIL ACTION:

**Motion** to direct the City Attorney to draft a Resolution **Denying** the PUD Concept and Development Stage Plan, Rezoning, and Final Plat for the Arbor Lakes Business Park along with Findings of Fact.

(Simple majority vote for passage)

COMMENTS:

**General:**
The applicant is requesting PUD Concept Plan approval for the purpose of developing property into a 50 acre business park consisting of four office/warehouse buildings totaling approximately 985,000 s.f.; Development Stage Plan approval for the first building totaling 222,444 s.f; Rezoning from Freeway Frontage to Planned Unit Development and Final Plat approval for the first phase of the project.

The site is located in the Gravel Mining Area on the south side of Elm Creek Boulevard, east of Zachary Lane and the Fountains at Arbor Lakes retail development, west of future Revere Lane and north of a future extension of Fountains Drive.

**Gravel Mining Area Plan:**
The area in question is currently guided Regional Mixed Use – Non-Retail Focus in the Gravel Mining Area Special Area Plan (GMA Plan). The language in the GMA Plan describes this areas as being open to a combination of land uses based on market conditions. At the time of the last update in 2008, there was discussion of this being primarily office and/or corporate uses. There was also still discussion of the potential for a regional shopping mall in this area.
Since that last update the retail market has changed significantly, and it is also seems clear that the timeframe for the entire area east of the Fountains to develop as office buildings would likely be measured in many decades if not more.

The proposed 2018 Comprehensive Plan update attempts to address these market realities by breaking down the area east of the Fountains into two sub-areas (and now identifying this as Regional Mixed Use-East.) The area adjacent to I-94/694 continues to be reserved for multi-story office uses, while the area along Elm Creek Blvd and the area on the interior allow for office uses but also more clearly opens this area to office warehouse uses.

Note on 2018 Comprehensive Plan Update Process:
We note that the proposed 2018 Comprehensive Plan has not been formally reviewed or approved by the City Council. The Comprehensive Plan Review Committee did discuss this area (though not this specific plan) at the October 2nd, 2017 meeting and there were mixed opinions expressed as to the direction proposed in the 2018 Comprehensive Plan by members of the Review Committee, specifically with the idea of explicitly allowing office/warehouse buildings along Elm Creek Boulevard.

It was recommended at this meeting that the number of sub-groups in RMU-East area be reduced from three to two: Interstate Frontage and Elm Creek Blvd/Zachary Lane Frontage. The Interior sub-area was recommended to be removed.

Rezoning Request:
The site is currently zoned Freeway Frontage. The applicant is requesting to rezone the property to PUD as the proposal would not meet certain design criteria in the Freeway Frontage district such as impervious surface percentage, floor area ratio limits and architectural materials.

RMU-E Code:
Along with the proposed Comprehensive Plan update that separates the area into sub-areas, staff is also working to create a complementary zoning code that establishes design standards for the various sub-areas. These will be discussed in more detail below as part of the Development Stage Plan Review.

TIF:
We note that the applicant is working with the Economic Development Manager on a proposed Tax Increment Financing (TIF) District as part of an incentive package for this proposed development.

AUAR:
We note that Gravel Mining Area has an environmental review document called an Alternative Urban Areawide Review (AUAR) which is currently being updated. One of the key aspects of this review is the amount of traffic generated with the development of the area. The previous assumptions for the development called for up to 1,000,000 s.f. of retail along with almost 2,000,000 s.f. of office. We anticipate the traffic generation from office warehouse uses as the applicant is proposing to be lower than what was anticipated in the last AUAR update. We note that as this update is still being completed, Buildings B, C, & D cannot be built until the update is complete.
Concept Stage:
The Concept Stage Plan consists of four office warehouse buildings totaling approximately 985,000 s.f. on approximately 47 acres of land. It extends almost a half a mile along Elm Creek Boulevard. In addition there is approximately 13.5 acres of Right-of-Way to be dedicated and 15.9 acres of land south of a proposed extension of Fountains Drive that is not part of the concept plan at this time.

Site Layout:
The buildings are arranged so that their fronts and sides all face the public roads. There is one double row of parking between the roads and the fronts of the buildings for car parking and then two joint truck loading areas behind the buildings.

Road Network & Access:
As noted earlier, the proposal has extensions of Fountains Drive from the west and construction of a portion of Revere Lane N on the east side. A private drive provides access through the middle of the site on a north/south alignment (the current plans show full movement through the site only for emergency vehicles though this may change to allow full movement for all vehicles.)

Access is shown from the adjacent street system with accesses proposed off of Zachary Lane, Elm Creek Boulevard (a full movement with potential signal control in the future), Revere Lane and Fountains Drive. Generally car and truck traffic is separated with a central common truck court extending west to east through the center of the site.

Traffic Study:
The City of Maple Grove has contracted with SRF Consulting to create a traffic study of the proposed development along with an analysis of future impacts of this development and additional expected development in the area.

The full report is included for review but in summary, the proposed accesses, street improvements, and intersections for this development are anticipated to be sufficient through the build-out of this project. The main area of concern currently is the Elm Creek Boulevard / Highway 169 interchange. Modifications to this interchange are currently being studied to determine the appropriate reconfiguration of this interchange and Engineering staff are reviewing various funding mechanisms for the reconstruction of this interchange. We note that this intersection would be reviewed for improvement with or without this proposal.

The traffic study also looked at the future impacts of this development along with additional development to the south of this project along with general increases in background traffic in the area. This is identified in the study as the 2040 build conditions and recommends additional modifications including the following:

1. Reconstruct Elm Creek Blvd as a six-lane facility.
2. Adjustments to the Elm Creek Blvd and Commerce Drive (proposed private north/south road) intersection.
3. Convert Revere Lane/Fountains Drive intersection to either an all-way stop control or a hybrid/multi-lane roundabout.
4. Restrict the access to and from Zachary Lane north of Fountains Drive and potentially convert
the Zachary/Fountains Drive intersection to a roundabout.

We note that these future improvements will be based on actual traffic conditions from future development that may or may not be similar to what was anticipated in the traffic study. These conditions will continue to be monitored over the next few decades of development in this area.

**Sanitary, Water and Stormwater:**
Sanitary sewer service is proposed to extend from the development to the south to a connection near I-94/696 and Hwy 169. City staff are working on the design and appropriate easements for this construction.

Water mains will be extended into this site from existing stubs and staff sees no issue with these connections.

Stormwater will be directed to the existing stormwater pond northwest of this site, across Zachary and Elm Creek Boulevard.

**Parking, Lot Coverage and Impervious Area:**
We note that in the applicant’s narrative, the applicant proposes a parking standard of approximately one space per 1000 s.f. of building area as this is most reflective of the actual needs based on industry knowledge and the Institute of Transportation Engineers Parking Generation Manual. Staff concurs with the applicant’s proposed parking standard.

They also note that the site is currently zoned Freeway Frontage (FF) and that this zoning district has a floor area ratio (the ratio of building area to land area) maximum of 30%. They are proposing a floor area ratio of between 45% and slightly over 50% for their proposal. Staff would comment that a high floor area ratio essentially means a more efficient use of the land and has no issue with the higher ratio.

The Freeway Frontage District limits impervious surfaces to 75% of a commercial or industrial site. The applicant is proposing an impervious surface percentage of 85.65%

**Additional Development:**
There are approximately 240 acres of undeveloped land south of Elm Creek Boulevard and east of Zachary Lane. This proposal is approximately 20% of that area and may influence additional development in this area.

**Development Stage Plan:**
The Development Stage Plan consists of the 222,444 s.f. building located at the northwest corner of the site as well as the parking area for this building, a portion of the common loading area for this building and the building to the south, and the entrance drives from Zachary Lane and Elm Creek Boulevard. Left-turn lanes and bays are proposed on Zachary Lane to serve this site as well as the back access point behind Office Max & PetSmart. Construction of the extension of Fountains Drive and Revere Lane are not proposed with the first phase.
The applicant is proposing to build a shell building and then finishing the spaces within the building as tenants are identified. As shown, they have three main entrances but the design is flexible so as to accommodate more or less if necessary.

**General layout:**
As with the Concept Plan, the building faces onto Elm Creek Boulevard with a double row of parking and landscaping between it and the road. The loading docks and truck parking are in the back.

**Access:**
Access is proposed from a full movement intersection on Elm Creek Boulevard. This intersection is anticipated to handle most of the traffic, especially truck traffic, that would enter and exit the site. An additional full movement access is shown on Zachary Lane.

**Architecture:**
The applicant is proposing a building consisting primarily of precast concrete in various shades of gray. Horizontal offsets are shown every fifty to one hundred feet. Darker panels are used to emulate a double row of windows along the entire length of the front and side elevations which gives the building a two-story appearance. The building is approximately 37’ high with slightly higher parapets at the ends and middle. The ends and middle, where the main entrances are located, have a higher proportion of windows along with metal sunshades and stone veneer. We note that the parapet wall doesn’t extend over the top of the building between the entrances and that the applicant has not clearly shown that rooftop mechanical units would be screened from view.

We note that currently the site is zoned Freeway Frontage, FF which has the following architectural requirements: “Except for trim and accessories, building exteriors shall be brick, stone, or glass, or any combination thereof.” The applicant is proposing rezoning the property as a Planned Unit Development (as all of the development in the Gravel Mining Area has done) and so the proposed architecture is ultimately subject to the City Council’s discretion.
As noted earlier, the proposed changes to subdivide this entire area into sub-areas comes with a complementary zoning code in the form of design standards. At this time this code is not in effect, is preliminary, and staff assumes there will be further refinement. We do want to note that some of the design standards proposed by the applicant in the narrative are different than the draft design standards in the draft RMU-East Code as shown below.

<table>
<thead>
<tr>
<th></th>
<th>Draft RMU-East Code</th>
<th>Duke Design Standards</th>
<th>Carlson Business Park</th>
</tr>
</thead>
<tbody>
<tr>
<td>Height Min</td>
<td>2-Story or 30-foot min.</td>
<td>2-Story or 30-foot min.</td>
<td></td>
</tr>
<tr>
<td>Transparency (windows)</td>
<td>50% front and side.</td>
<td>10% front, 5% side + (20% high contrast paint)</td>
<td>26%</td>
</tr>
<tr>
<td>Brick, stone or glass</td>
<td>75% front and sides.</td>
<td>12% front, 7% side + (20% high contrast paint)</td>
<td>46%</td>
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<tr>
<td>Horizontal Offsets</td>
<td>Every 50’, 10’ min.</td>
<td>Every 100’, 1’ min. offset</td>
<td>~10’ every 50 or so</td>
</tr>
<tr>
<td>Vertical Offsets</td>
<td>Every 50’, 5’ min.</td>
<td>Entrances have vertical offsets. Areas between the entrances do not.</td>
<td>No vertical offsets on 494 buildings. More vertical offsets on internal buildings</td>
</tr>
<tr>
<td>Parking</td>
<td>One parking aisle between building and street.</td>
<td>One parking aisle between building and street.</td>
<td></td>
</tr>
<tr>
<td>Loading Docks</td>
<td>Limited to rear façade</td>
<td>Limited to rear façade</td>
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With regard to the transparency and the brick, stone and glass requirement, the applicant is proposing a lower standard however they are showing darker panels on the exterior that emulates the windows that may meet the spirit of the draft code. The dark panelling area covers approximately 20% of the front elevation.

With regard to offsets, the applicant has stated that increasing the horizontal offsets could create spaces within the building that would be difficult for tenants to utilize. They feel the proposed vertical offsets are the best choice aesthetically.

We do note that the RMU Code is in draft form and that the City has full rights to approve developments with different design standards. Ultimately the key thing to consider is the actual look of the building itself and if it is acceptable.

RMU-East Code Analysis from Planning Commission Report:
We note that there was a discussion at the Planning Commission regarding the draft RMU-East Code Architectural Standards. We note first, that this is a draft code that is not and was not intended to be
finalized at this time. The intent was to give the Comprehensive Plan Review Committee an idea of the flavor of the proposed code in that it is much more visually based than typical zoning codes. Along with the images is a table of standards that have not been tested, vetted, calibrated, etc. as that is all typically done after the Comprehensive Plan is finalized and approved. The applicant stated that some of the images in the draft code wouldn’t meet the draft architectural standards and that is true, but again, it simply hasn’t gone through the full process of evaluation and review at this time.

Second, the applicant has also stated that there are no buildings like what Duke is proposing (i.e. tall office/warehouse) that would meet the standards in the draft code. We have done a cursory review (not comprehensive) of similar building types and it has been very challenging to find a building like what they are proposing that would meet the standards. There are shorter office/warehouse buildings (plenty in Maple Grove) that could meet the brick and window requirements but we have stated that we want taller buildings along Elm Creek Blvd. Pure office buildings could meet the standards but one of the main reasons we are proposing a change in this area is because we recognize the current weakness in the local office market. The type of building the applicant is proposing, i.e. a 30-foot plus office/warehouse building, is a type of building that would have a hard time meeting the draft standards. We have updated the table later in the report to compare the draft standards with the Carlson Business Park buildings along I-494.

Lastly, in both the current PUD process and the draft standards, the City has discretion on approving or denying the proposed architecture, regardless of if the standards are in place or not.

**Landscaping & Lighting:**
Lighting and landscaping overall meet code requirements and staff has only minor comments on these design components.

**Signage:**
The applicant is proposing two monument signs on the corner of Elm Creek Blvd and Zachary Lane and the corner of Elm Creek Blvd and Revere Lane.

**Final Plat:**
The applicant is proposing a final plat that would create Lot 1, Block 1 for Building A, Outlot A for Buildings C & D (to be retained at this time by the existing owner), Outlot B for Building B, Outlot C for additional future development (to be retained by the existing owner), and Right-of-Way for Fountains Drive and a portion of Revere Lane.

**Similar Business Parks:**
Staff notes that the applicant has included information on three business parks that have both office uses and office/warehouse uses such as they are proposing.

**McCrossan Concerns:**
Staff notes that included in the packet is a letter from the McCrossan family outlining their concerns over the proposal. Staff has had additional discussions with members of the McCrossan family. They have stated that they would not add or subtract anything from their letter, that their concerns remain and they would prefer to see alternative uses explored for this area.
SUMMARY OF PLANNING COMMISSION RECOMMENDATION:

The Planning Commission reviewed this at their August 28th, 2017 meeting and their October 30th, 2017 meeting and voted 4-2 to recommend denial of the proposal in its entirety. The two main items of concern were with the overall land use proposed and the specific architecture of the building proposed. Below is a summary of the Planning Commission’s rationale:

**Land Use Concerns:**
Concern was expressed by some Planning Commissioners about the overall vision for the area of the Gravel Mining Area in that they felt office/warehouse uses were not the best use for the site, however, some Planning Commissioners did not have this concern.

**Buffering:**
One topic that was discussed was the idea of buffering these uses from the existing retail area. In essence there seemed to be an acceptance of office/warehouse uses coming into the area but not directly adjacent to the existing retail area and that the city should explore other uses that may serve as a better transition. Other Commissioners expressed an openness to the types of buildings the applicant is proposing but more on the interior of the area and not along Elm Creek Boulevard.

**Warehouse limits:**
Another item of concern was the amount of warehousing that could potentially go into the buildings. There is not currently a limit in proposal to how much of any particular building could be used for warehousing.

**Architectural Concerns:**
Concern regarding the proposed architecture was expressed by all of the Commissioners, even those who voted against the recommendation to deny the project.

**Size**
The primary concern that was shared by many, if not all, of the Commissioners was with regard to the buildings’ sizes, especially along Elm Creek Boulevard. Many stated they would have an easier time supporting office warehouse uses in the area if they were smaller and more numerous as this would create greater variation along Elm Creek Boulevard than two one thousand-foot long buildings.

**General Look**
There was general concern about the proposed architecture of the buildings with most Commissioner’s stating that the proposed architecture needed more work. There was a general feeling that the proposed architecture was not of a high enough quality to meet their expectations for the area.

**Authored by:** Peter Vickerman
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PUD Concept/Dvlpt Stage Plan and Final Plat and Rezoning
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Attachments:

Attachment A – Updated Elevations & Renderings
Attachment B – Paper copy of power point presentation
Attachment C – Narrative
Attachment D – Location Map
Attachment E – Current Land Use Map
Attachment F – Proposed Land Use Map
Attachment G – Proposed Land Use Map with Arbor Lakes Business Park Map
Attachment H – Concept Stage Plan Maps
Attachment I – Development Stage Plan Maps
Attachment J – Final Plat
Attachment K – Memorandums
Attachment L – McCrossan Letter