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MEMORANDUM

TO: Adam Nafstad
FROM: Alan Brixius
DATE: March 2, 2016
RE: Albertville – Mall of Entertainment (MOE)
FILE NO: 163.05 – 16.02

BACKGROUND

On January 19, 2016, the Star Tribune published the attached article indicating that a Sony indoor water park is being built in Albertville in 2016 for opening in 2017. This project has been in the works for the past several years.

To date, this project has only been discussed in general terms. It appears that the project has progressed to the following specifics resulting in 300,000 square feet on 18 acres of land:

- 50,000 square foot entertainment center
- 275 room Marriott Hotel
- 50,000 square foot water park
- Restaurants

The Mall of Entertainment is a unique opportunity for the City and it represents just the beginning of the build out of northwest Albertville. Due to the significance of this project, staff wanted to present the following items for City Council consideration as this project proceeds.

PROJECT HISTORY

The Darkenwalds and the City have maintained a confidentiality agreement on the project to protect the Darkenwald negotiations. Past actions in preparation for this development include:

Land Use Map. The City amended its Long Range Land Use Map, changing the guided land uses in northwestern Albertville from industrial to commercial and business park. The commercial land use covers the Greeninger and Fay properties. This commercial land use anticipates a broad range of retail, service, hospitality and entertainment uses.

The business park designation was established to provide a variety of both commercial and industrial uses within this area. The actual land uses would be further defined by the application of zoning districts.

In 2013, John Darkenwald requested a change in zoning for his land in northwest Albertville from I, Industrial to B-2A, Special Business District. This change of zoning was to demonstrate City support at the initial phase of planning for a hospitality, entertainment and retail complex. This was approved in October 2013.

Vision Study. The Albertville Vision Study defines the City's development goals for the next 20 years. The document includes the City Long Range Land Use Plan and goal statements to guide development.

As noted earlier, the land use plan guides this northwest corner of Albertville for commercial and business campus uses. The proposed MOE is consistent with this land use plan.

Goals and Policies. The following goals and policies must be considered as the MOE project progresses:

Small Town Atmosphere

Goal 1: *Maintain and protect Albertville's small town atmosphere and identity through long range planning.*

Commercial

Goal 1: *The City will continue to promote commercial development by the City taking advantage of its access to Interchange 94 and the growing population of Albertville and its adjoining communities.*

Policies:

- 1. The City will promote commercial development within locations of the City's commercial areas as guided in the Albertville Proposed Land Use Plan.*
- 4. Site access will drive the timing and quality of commercial development. The Visioning Study identified a number of locations where improved street access is needed to facilitate commercial development, as illustrated on Figures 1.0-4.0 of this Vision Study. The City will promote private interest to cooperate in providing this street access. The City's role in these street connections will be as a facilitator.*

6. *The following commercial uses have been identified as desired in Albertville:*
 - a. *Additional hospitality businesses, hotels, sit down restaurants, conference centers.*
 - b. *Big box retailer.*
 - c. *Lumber yard.*

Economic Development

Goal 1: *The Vision Committee identified commercial and industrial growth as a priority for the community. The City will become more aggressive in its economic development promotion efforts.*

Policies:

1. *The City shall define its land use goals for commercial and industrial areas as related to:*
 - a. *Location, land supply, variable lot sizes.*
 - b. *Access.*
 - c. *Zoning: types of use, site design, architectural quality.*
 - d. *Utility availability and capacity.*
2. *Albertville's economic development strategies shall include:*
 - a. *Advertise with professional media; market in professional magazines (retail, industrial, construction).*
 - b. *Keep tax, fees, charges and SAC/WAC fees low.*
 - c. *Grow in-place industries.*
 - d. *Identify available financial incentives (i.e., tax abatement, tax increment, DEED grants).*
 - e. *Communicate with local businesses to understand their needs and growth opportunities.*
3. *Identify and market to preferred commercial businesses and industries:*
 - a. *Hospitality businesses.*
 - b. *Entertainment businesses.*
 - c. *Retailers that complement or benefit from the Outlet Mall.*
4. *Public improvements that will aid in improving economic development:*
 - a. *Completion of I-94/County Road 19 interchange.*
 - b. *Completion of Phase II of the I-94/County Road 19 interchange.*
 - c. *County Road 19 improvements from Outlet Mall to 70th Street.*
 - d. *Outlet Mall street connection to 67th Street.*
 - e. *Local street extensions of 53rd Street, LaCenter Avenue.*
 - f. *Expansion of street and utilities along Marlowe Avenue to expand Barthel Industrial Park.*
 - g. *Extension of utilities to Greenhaven area.*

PROJECT ISSUES

Past actions and the Vision Study have laid the foundation of support for initial phases of the MOE. To date, the City has not received any formal applications for the MOE, however, in anticipation of these applications, City staff wanted to identify the following issues for Council consideration.

Type Use. The MOE, consisting of a 300,000 square foot entertainment center, water park, restaurants, and hotel, will be a regional attraction. This facility takes advantage of the site characteristics that Albertville offers with regard to proximity to the Twin Cities Metropolitan Area and access to I-94. In this regard, Albertville provides unique characteristics not available to other communities along the I-94 corridor. In considering this development, the City Council will consider the following:

Pros:

1. This will be a starting point for the development of the balance of northwest Albertville. This regional attraction will draw from a very large market area, which will spur interest in Albertville and the adjoining sites. The initial development site is only 18 acres of the larger 200+ acre area.
2. The MOE will create approximately 2,000 new jobs.
3. At \$65 million in value, the MOE will generate approximately \$2 million in property tax for the City, County, and School District.

Cons:

1. The building architecture, signs, and lighting will be extraordinary, to attract attention to the site. Building appearance, size, signs, and illumination may be identified as being detrimental to the small town atmosphere that Albertville wishes to retain.
2. This facility will generate traffic that may further exasperate local congestion and may create the need for transportation infrastructure improvements.
3. The photo illustration shows building signs in excess of the ordinance allowance. How do we make accommodation for this use beyond our allowances for other businesses?

Utilities. The City has a sewer main in 67th Street to serve the site. There is also a looped water main through this area to provide water service. As more details of the project are presented, the following items must be evaluated:

1. Capacity of the utility pipes.
2. Capacity of waste treatment plant.

3. Water supply and water pressure.
4. The amount of SAC/WAC for the entertainment/hospitality land use.

Stormwater. A number of years ago, the Darkenwalds expressed interest in purchasing some City-owned land to construct a regional stormwater pond to collect and treat stormwater from the project site and their larger land holdings. The following items must be considered:

1. Sale of City-owned land (price and terms).
2. Design of the regional stormwater pond.
3. Does the pond only benefit the Darkenwald property or will it have benefit to other properties?
4. Construction responsibilities.
5. Pond location and downstream impacts.

City Services. This facility may impact the following City services:

1. Sheriff's contract.
2. Fire protection.

Streets. The City has identified the need for a traffic study for the MOE. We have also requested forecasts for the larger development area. The following street projects may be influenced by this development:

1. Improvement of County Road 19 between the Outlet Mall and beyond 70th Street.
2. 67th Street signalization.
3. 70th Street condition and need for improvements.
4. 70th Street signalization.
5. Phase II of the I-94/County Road 19 interchange.
6. Street connection between the Outlet Mall and MOE.
7. Construction of Keystone Avenue.

A number of these projects are identified in the Vision Study 10 year priorities. This project may provide the opportunity to undertake these improvements. The method of design, implementation, and financing of these improvements will need the Council's attention. Are these private project costs or are they larger City projects?

Building and Site Design. City staff looks to the Council for direction as to its comfort level with the following design items:

1. Building height.
2. Signs, number, size, illumination, and dynamics.
3. The conversion of a billboard to a dynamic sign for area identification and advertising.
4. Fire Code.

CONCLUSION

The land use type, size, and location of the MOE will create the need for improvements in City infrastructure beyond the development site. The developers will likely seek City assistance in financing some of these improvements. In this respect, the Council should give direction to City staff as to the project's acceptability on whether needed improvements are to be borne by the development project or if any municipal assistance will be considered.

c: Kim Olson
Tina Lannes
Mike Couri