

GENERAL INFORMATION

Applicant: Airport Construction of Minnesota, Inc. DBA Park N Go
(Owner and User)

Location: 7901 International Drive

Request: Five-year interim use permit for remote airport parking

Existing Land Use and Zoning: Remote airport parking facility; zoned HX-R High
Intensity Mixed Use with Residential

Surrounding Land Use and Zoning: North – I-494 and MSP Airport
South – Apartment building; zoned HX-R(PD)
West – Office and hotel; zoned C-4
East – Hotel; zoned HX-R

Comprehensive Plan Designation: South Loop Mixed Use

HISTORY

City Council Action: 10/13/2014 – Approved a five-year interim use permit for a
remote airport parking facility (Case 8962B-14).

City Council Action: 10/19/2009 – Approved a five-year interim use permit for a
remote airport parking facility (Case 8962A-09).

City Council Action: 04/25/2005 – Approved rezoning from CS-1 to HX-R
(Case 10000B-05).

City Council Action: 04/07/2003 – Approved a temporary conditional use permit
for a remote airport parking facility (Case 8962B-03).

City Council Action: 05/16/1994 – Approved a temporary conditional use permit
for a remote airport parking facility (Case 8962A-94).

City Council Action: 04/15/1991 – Approved a temporary conditional use permit
for a remote airport parking facility (Case 8962A-91).

CHRONOLOGY

Planning Commission	08/29/2019	Due to a split 3-3 vote, the Planning Commission did not provide a formal recommendation to the City Council. While the Commission was unanimously in support of the IUP with development milestones, the Commission was not in agreement on the timing of milestone for the second phase concept plan.
City Council	09/09/2019	Development Business agenda item

DEADLINE FOR AGENCY ACTION

Application Date:	07/24/2019
60 Days:	09/22/2019
120 Days:	11/21/2019
Applicable Deadline:	09/22/2019
Newspaper Notification:	Confirmed – (08/15/2019 Sun Current – 10 day notice)
Direct Mail Notification:	Confirmed – (500 buffer – 10 day notice)

STAFF CONTACT

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PROPOSAL

The applicant is requesting a five-year interim use permit (IUP) for remote airport parking at 7901 International Drive, a 12.5 acre site in the City’s South Loop District. The site is located immediately south of Interstate 494, west of 34th Avenue South, and north of American Blvd. The American Blvd. 34th Street Station LRT stop is immediately adjacent to the site. Accompanying the IUP request are proposed “development milestones” that establish a timeline for permanent, phased development for the site. Those milestones were included in the applicant’s project description, summarized in this report, and should the IUP request be approved by City Council, will be included within a development agreement recorded against the property.

According to the applicant's project description, the 12.5 acre Park N Go site, which has been in operation since 1992, consists of a surface parking lot with 1,281 parking spaces. In 2014, the City Council approved a five-year IUP for remote airport parking which expires on October 13, 2019. Except for the proposed phased redevelopment, no physical changes are proposed with this application.

ANALYSIS

Zoning Designation

The property has a base zoning district of HX-R, High Intensity Mixed Use with Residential. Remote airport parking is allowed only as an interim use within the zoning district. IUP requests are limited to a five year maximum duration unless a variance is issued. The applicant is requesting the maximum five years that could be granted under the ordinance for the surface lot located at 7901 International Drive.

The HX-R district, consistent with the South Loop District Plan's vision, includes minimum development intensity standards, requires the inclusion of residential uses, and restricts surface parking. The purpose of the HX-R Zoning District is to provide for high intensity employment, hospitality, and residential uses in areas close to frequent transit service. The district is intended to avoid under-utilization of the small supply of land in Bloomington that lies within one half mile of high frequency mass transit service, such as LRT, and provide a pedestrian oriented environment. Remote airport parking does not contribute to creating a vibrant, dense, pedestrian-friendly environment and is in conflict with the South Loop District Plan and Comprehensive Plan. Remote airport parking is allowed in the HX-R District only as a temporary holding use until development that meets the South Loop District Plan vision occurs.

Timeliness of Development

Approved in 1991 and opened in 1992, the Park N Go remote airport parking facility has been in existence for 27 years as a "temporary" or "interim" use. Staff believes the time has come to phase out the remote airport parking use so that permanent development can move forward on the site. There are three primary reasons to begin that transition at this time:

Strong Market Demand. The region in general, as well as Bloomington specifically, is experiencing strong demand for multi-family residential development. Along 34th Avenue, both the Indigo and Reflections projects have been well received by the market. Another large project, The Fenley, is under construction. Recently, a steady stream of residential developers have approached the City actively seeking additional sites for multi-family development. Many of those developers have expressed strong interest in this portion of the South Loop District given its proximity to light rail transit, the National Wildlife Refuge and river valley, the international airport and the Mall of America.

Opportunity Zone Designation. The Investing in Opportunity Act of 2017 established Opportunity Zones that afford tax advantages for development in certain Census Tracts. The South Loop District was designated as a federal Opportunity Zone in 2018. Generally speaking, the tax advantage entails deferral of capital gain taxes if those gains are reinvested in a qualifying investment. If the investment is held for ten years, all capital gains on the investment are waived. This economic development tool increases returns on major investments, such as real estate development. The Opportunity Zone designation creates added incentive to develop within the South Loop District. Because the Opportunity Zone designation is not permanent, the benefits available today may be gone in five years.

Added Airport Parking Supply. Minneapolis-St. Paul International Airport (MSP) is making major investments at both terminals. One of these major investments includes a parking structure at Terminal 1. Within the new parking structure, 3,700 additional parking spaces will come online in the spring of 2020 and 1,300 additional parking spaces will come online in the spring of 2021. The introduction of new parking at MSP is anticipated reduce the demand for off-airport parking.

Applicant Proposed Development Timeline

Similar to the Park N Fly IUP extension, which was approved by the City Council in April 2019, the applicant is proposing a series of development milestones to work towards permanent development. The focus is for Phase I, but the milestones would establish a timeline for concept plan development for Phase II. Ultimately, the full redevelopment of the site may entail three to four phases. The applicant’s proposed milestones are as follows in Table 1:

Table 1: Applicant’s Proposed Development Milestones

Milestone	Deadline
Identify Phase 1 Project Site	February 1, 2020
Amend Alternative Urban Areawide Review (AUAR)	Concurrent with City’s 5-year AUAR update due in 2022
Concept Master Plan	May 1, 2020
Project Pro Forma	May 1, 2020
Application for Financial Assistance	May 1, 2020
Preliminary and Final Development Plans	July 1, 2020
Preliminary and Final Plat	October 1, 2020
Building Permit Submittal	April 1, 2021
Construction Start	September 1, 2021
Development Concept Plan for Phase II	October 13, 2023

Staff Proposed Development Timeline

The timing of the development milestones proposed by the applicant has been a major topic of discussion between staff and the applicant. The most important milestone, start of construction,

is proposed to occur 22 months after IUP approval. The recently approved nearby Park N Fly IUP included a milestone for start of construction that was 14 months after IUP approval. Although staff has strongly encouraged the applicant to accelerate their proposed milestones, the applicant has elected to move forward with an application showing the dates as originally proposed. The applicant’s rationale for the longer milestone periods relative to the recent Park N Fly application includes:

- Advice received from the applicant’s consultants regarding the timing required to commence development;
- The fact that the applicant intends to work with a third party on Phase I development as opposed to developing Phase I themselves (as the owners of the Park N Fly site propose);
- The relationship of various Park N Go milestones to seasonal issues; and
- A desire to trail the Park N Fly Phase I development by one year for market absorption reasons.

The final milestone proposed by the applicant, which is to submit a conceptual plan for Phase II, is proposed to be October 13, 2023 – four years after the current IUP is set to expire. Staff is not supportive of this milestone date and recommends it is pushed up one year to October 13, 2022. Staff believes a two-year period between commencing Phase I *construction* and a Phase II *concept* is too long and is not in keeping with the intent and findings of the IUP process. Staff recommends a Phase II concept plan submittal milestone in-line with the Park N Fly approval (three years after IUP approval rather than four years). The change is recommended through a condition of approval.

Regarding the other milestones, while staff would prefer a more accelerated timeline, staff agrees there would be market absorption benefits for both the Park N Go and Park N Fly Phase I redevelopments if they are offset by one year. It is logical for the Park N Go Phase I redevelopment to trail the Park N Fly Phase I redevelopment by one year given both the later IUP expiration date for Park N Go (July 1, 2019 versus October 13, 2019) and the fact that the original Park N Fly approval occurred in 1988 whereas the original Park N Go approval occurred in 1991. For these reasons, staff is recommending approval of the milestones as proposed except for moving the Phase II Concept Plan submittal date from four years after approval to three years. Table 2 below outlines the recommended Development Milestone Dates.

Table 2: Recommended Development Milestones

Milestone	Deadline
Identify Phase 1 Project Site	February 1, 2020
Amend Alternative Urban Areawide Review (AUAR)	Concurrent with City’s 5-year AUAR update due in 2022
Concept Master Plan	May 1, 2020
Project Pro Forma	May 1, 2020
Application for Financial Assistance	May 1, 2020
Preliminary and Final Development Plans	July 1, 2020

Preliminary and Final Plat	October 1, 2020
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Status of Enforcement Orders

There are no open enforcement orders for the property.

FINDINGS

Required Interim Use Permit Findings - Section 21.501.05(e)(1-6)

Required Finding	Finding Outcome/Discussion
(1) The use will not delay permanent development of the site;	Finding Made – If development milestones are met, continuing the interim remote airport parking use on a portion of the site will not delay permanent development of the site.
(2) The proposed use will not adversely impact implementation of the Comprehensive Plan or adopted district plan for the area;	Finding Made – The Comprehensive Plan’s and South Loop District Plan’s long term vision for the site and surrounding area is to create a high-density, mixed-use, pedestrian oriented development. While permanent remote airport parking on the site would adversely impact implementation of the Comprehensive Plan and South Loop District Plan, the phased elimination of remote airport parking, to allow permanent development, supports that implementation.
(3) The proposed use is not in conflict with City Code provisions on an ongoing basis;	Finding Made – The HX-R zoning district specifically restricts remote airport parking to being an interim use within the district. Permanent use of the site for remote airport parking would be in conflict with the intent and standards of the HX-R zoning district. Phased development within the large site is consistent with the intent of the IUP allowance.
(4) The proposed use will not be injurious to the surrounding neighborhood or otherwise harm the public health, safety and welfare;	Finding Made – The use has not adversely impacted nearby properties in the past and there is no reason to expect adverse nuisance impacts during an extended interim period.
(5) The date or event that will terminate the use has been identified with certainty;	Finding Made – The five-year interim use permit will terminate on October 13, 2024 or if the property owner fails to meet development milestones outlined in the Development Agreement.

<p>(6) The property on which the use is situated has no open enforcement orders and there are no nuisance characteristics associated with the property or its current use.</p>	<p>Finding Made – There are no enforcement actions, outstanding code violations, or nuisance characteristics on the site.</p>
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RECOMMENDATION

Staff recommends the following motion:

In Case PL2019-134, having been able to make the required findings, I move to approve a five-year interim use permit for remote airport parking with redevelopment milestones at 7901 International Drive, subject to the conditions attached to the staff report.

RECOMMENDED CONDITIONS OF APPROVAL

Case PL201900134

Project Description: Five-year interim use permit for remote airport parking at the Park N Go site located at 7901 International Drive.

Address: 7901 INTERNATIONAL DR

The following conditions of approval are arranged according to when they must be satisfied. In addition to conditions of approval, the use and improvements must also comply with all applicable local, state, and federal codes. Codes to which the applicant should pay particular attention are included below.

1. Ongoing The applicant must sign a new Site Development Agreement relating to the remote airport parking use with the City that incorporates all conditions of approval attached to Case PL2019-134 and confirms the interim nature of the use.
2. Ongoing Failure to meet any of the milestones identified on Pages 4 and 5 of the applicant's project description, dated July 24, 2019, will result in termination of this interim use permit for remote airport parking, provided the City makes available sufficient sewer infrastructure capacity. In any event, termination of this interim use permit is subject to the Applicant's right to cure an event of default or otherwise undertake corrective measures. In no case may the use of the Property for remote airport parking extend beyond October 13, 2024, unless a subsequent interim use permit is issued.
3. Ongoing The conditions attached to this approval of an interim use permit for remote airport parking (Case 2019-134) replace and supersede all previous conditions of approval related to the remote airport parking use on the Property.
4. Ongoing The remote airport parking use is limited to 1,281 vehicles on surface parking spaces.
5. Ongoing Any physical changes to the site must follow the relevant approval process outlined in the City Code.
6. Ongoing Motor vehicles must be parked at all times in a manner that allows Fire Department access.
7. Ongoing Landscaping and required screening must be maintained to meet City Code requirements during the term of the interim use permit.
8. Ongoing No maintenance or cleaning of customer or employee vehicles is allowed.
9. Ongoing All trash and recyclable materials must be stored inside the principal building (Sec. 19.51).
10. Ongoing Fire lanes must be posted as approved by the Fire Marshal (MN State Fire Code Sec. 503.3).