



UNIVERSITY OF NORTHWESTERN ST. PAUL

OFFICE OF THE PRESIDENT

October 3, 2016

Matthew Bachler
Senior Planner
1245 West Highway 96
Arden Hills, Minnesota 55112

RE: University of Northwestern Application for Zoning Code Amendment and
Conditional Use Permit

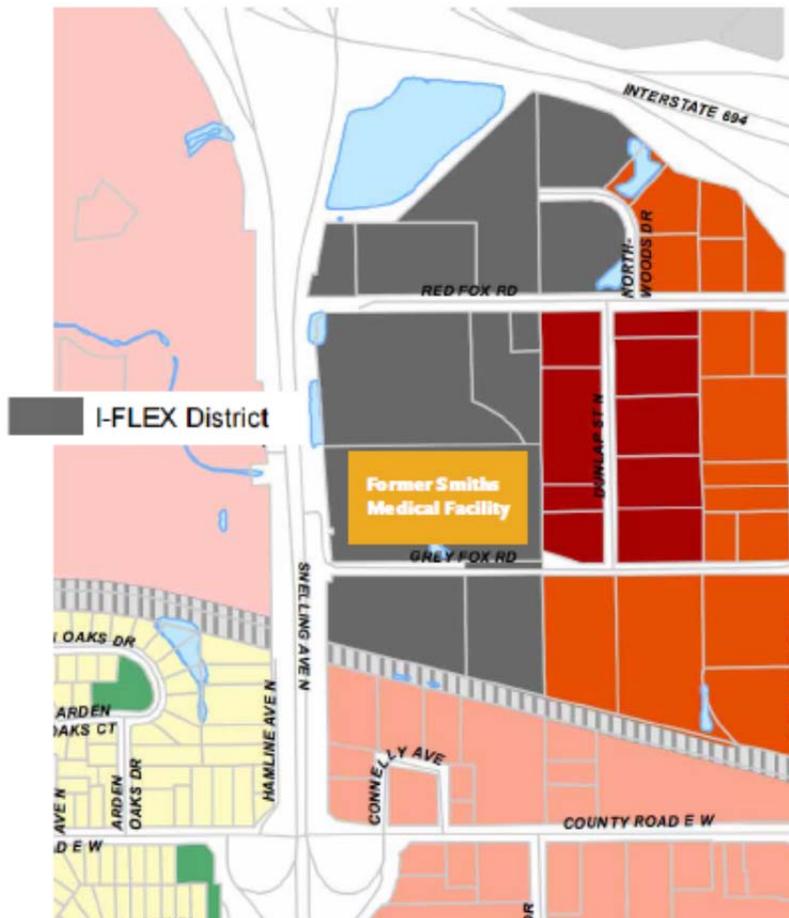
Dear Mr. Bachler:

The University of Northwestern-St. Paul proposes to amend the Arden Hills' Zoning Code to allow colleges and universities (designated as "Schools, higher education" in the Zoning Code) as conditional uses in the I-Flex District. The University also seeks a conditional use permit ("CUP") for the property located at 1265-1275-1285 Grey Fox Road, the former Smiths Medical property ("Property"). Northwestern requests the Code amendment and CUP so the University can develop a state-of-the-art facility for its Engineering, Biology, and Nursing programs ("STEM Development"). The Code amendment, CUP, and the development are in the public interest and necessary for Northwestern to build the STEM Development at the Property.

Background

The University plans to expand its Engineering, Biology, and Nursing programs. In order to do so, the University needs additional laboratory and classroom space. Northwestern looked at a number of different locations for the STEM Development. This Property is ideal for the STEM Development because it includes laboratory and training space. The Property also includes offices for faculty and staff.

ALAN S. CURETON, Ph.D. PRESIDENT



The Property consists of two buildings with a total of 164,888 square feet on 14.5 acres. Smiths Medical used the Property for laboratories, training rooms, and employee offices.

Northwestern has a current, valid purchase agreement with the Property owner. The Property is currently zoned as I-Flex but borders a B-4 District. The B-4 designation allows higher education as a conditional use, but I-Flex presently does not allow higher education uses.

Northwestern plans to develop the Property in two phases (neither of which currently requires exterior changes to existing structures). During Phase I, the Property will support the University’s Masters-level Nursing and Biology programs as well as Northwestern’s undergraduate General and Mechanical Engineering programs. During the first phase, there is the strong potential that Northwestern will have excess capacity at the Property, which the University will lease to other businesses. It is also possible the STEM Development will be open for community education programs. “Promot[ing] community education for residents of all ages” is one of Arden Hills’ economic development goals in its 2030 Comprehensive Plan. City of Arden Hills, 2030 Comprehensive Plan 8-3 (2009).

PHASE I

PROGRAMMING CONCEPT



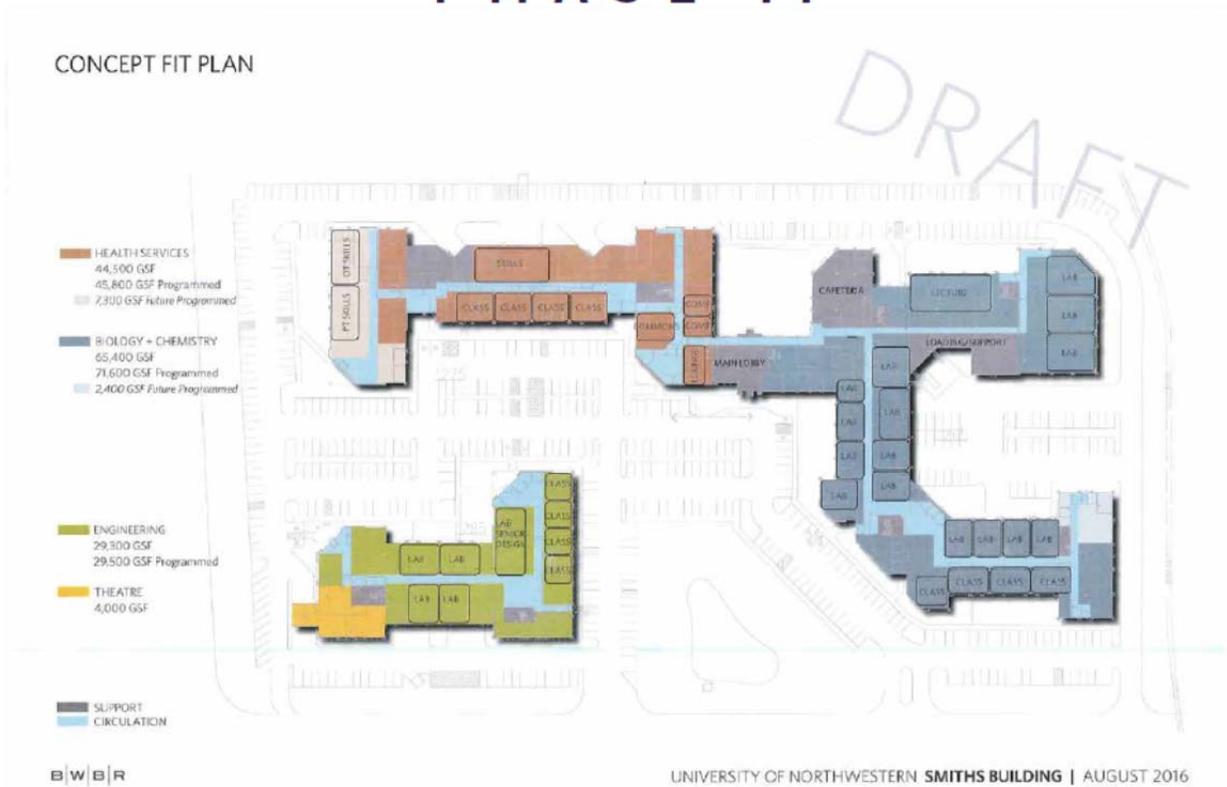
B|W|B|R

UNIVERSITY OF NORTHWESTERN SMITHS BUILDING | SEPTEMBER 2016

See Exhibit B-1 for Larger Phase I Diagram

Once Phase II of the project is complete, there will be additional STEM programs at the undergraduate level, including MIS, Mathematics, and Chemistry. Additionally, graduate-level programs in Biology and Data Analytics will be added. Ultimately, the University’s vision is for the nursing program to be supplemented with a Physician’s Assistant, Nurse Practitioner, Occupational Therapist, Physical Therapist, and Respiratory Therapist programs, which will be encompassed in Northwestern’s new “Health Solutions” program.

PHASE II



See Exhibit B-2 for Larger Phase II Diagram

Once Phase II is complete, Northwestern estimates approximately 646 students will attend classes as the Property. Northwestern anticipates that approximately 66 faculty members and staff will also be located at the Property.

Student and Faculty FTE

<u>Student Population -</u>	<u>Year 1</u> <u>2017-2018</u>	<u>Year 2</u> <u>2018-2019</u>	<u>Year 3</u> <u>2019-2020</u>	<u>Year 4</u> <u>2020-2021</u>	<u>Year 5</u> <u>2021-2022</u>	<u>Year 6</u> <u>2022-2023</u>	<u>Year 7</u> <u>2023-2024</u>	<u>Year 8</u> <u>2024-2025</u>
Current	66	66	66	66	66	66	66	66
New	25	49	86	123	145	158	167	173
Total Engineering	91	115	152	189	211	224	233	239
Current*	213	213	213	213	213	213	213	213
New	8	29	44	61	74	88	88	88
Total Biology	221	242	257	274	287	301	301	301
Current	62	62	62	62	62	62	62	62
New	16	26	44	44	44	44	44	44
Total Nursing	78	88	106	106	106	106	106	106
Total Student Population	389	445	516	569	605	632	641	646
Faculty Population	2018	2019	2020	2021	2022	2023	2024	2025
Faculty	4	6	7	9	11	11	11	11
Adjunct	2	3	3	3	4	4	4	4
Staff	3	3	3	3	3	3	3	3
Total Engineering	10	11	13	15	17	17	18	18
Faculty	4	6	7	7	8	8	8	8
Adjunct	5	6	6	7	7	7	7	7
Staff	4	4	4	4	4	4	4	4
Total Biology	14	16	17	18	19	19	19	19
Faculty	9	10	12	12	12	12	12	12
Adjunct	8	9	11	11	11	11	11	11
Staff	3	4	5	5	5	5	5	5
Total Nursing	20	24	29	29	29	29	29	29
Total Faculty / Staff	43	51	59	63	65	65	66	66
Engineering	13.9	13.8	15.1	15.4	15.0	15.5	15.8	15.9
Biology	22.6	20.5	19.3	19.3	19.6	20.6	19.9	19.9
Nursing	4.6	4.6	4.5	4.5	4.5	4.5	4.5	4.5
Total Student to Faculty FTE	11.8	11.3	11.0	11.4	11.6	12.0	12.0	12.0

Public Interest & Need

I. Northwestern’s Proposal Will Foster a High-Skilled STEM Education Workforce in Arden Hills to Benefit I-Flex Businesses and City as a Whole.

Northwestern’s proposal is in the public interest because it will enhance Arden Hills’ economy and is consistent with past and present uses. Northwestern believes with the STEM Development it can be an effective partner with the City in workforce development by helping Arden Hills create and retain employees that are educated with technical skills to meet the needs of the City and

[Northwestern] can be an effective partner with the City in workforce development by helping Arden Hills create and retain employees that are educated with technical skills to meet the needs of the City and industry.

industry.

Education and jobs are tied together. The Comprehensive Plan recognizes that “[e]ncouraging communication and cooperation between businesses, educational institutions, and the public sector,” is an important policy to further the City’s economic goals.” Comprehensive Plan, *supra*, at 8-1. The Comprehensive Plan also encourages the City to “[w]ork to strengthen and encourage communication and collaboration between business and institutions, such as . . . Northwestern [University], and other significant hiring establishments.” *Id.* at 8-3. Expanding the University’s presence in Arden Hills with STEM programs will help strengthen the bonds between the City, the University, and private enterprise.

Given the tight job market for students after graduation, Northwestern must continue to stress placing interns in the community. Arden Hills, in general, and this Property, in particular, provide abundant internship opportunities for Northwestern’s students. Due to Arden Hills’ success at incubating private business, several larger corporations have large footprints in the City, including Land O’Lakes and Boston Scientific. Additionally, a medical device manufacturer, a materials processing company, and a paper company, neighbor the Property.

[I]nternships will often lead to post-graduation employment in the community, ensuring students’ long-term connection to the City and job growth within the City.

These are the types of companies where Northwestern’s STEM programs must place interns to develop their skills and ensure they are marketable after graduation. Providing a pool of young interns to these companies who are learning the latest skills in their STEM disciplines will also help these companies by fostering innovation at these companies. These internships will often lead to post-graduation employment in the community, ensuring students’ long-term connection to the City and job growth within the City.

The STEM Development will also have a more direct effect on consumption. A recent study illustrates the benefit college-educated workers bring to a local economy. Jonathan Rothwell, *What colleges do for local economics: A Direct measure based on consumption*, <https://www.brookings.edu/research/what-colleges-do-for-local-economies-a-direct-measure-based-on-consumption/> (Nov. 17, 2015).

Over the course of their lifetimes, bachelor’s degree holders contribute \$278,000 more to local economies than non-college educated individuals. *Id.* College-educated students also contribute more in taxes. In 2014, individuals with bachelor’s degrees contributed 155% more in state and local taxes than their non-college educated counterparts. *Id.* In the same year, residents with advanced degrees contributed over 300% more in state and local taxes than non-college educated students. *Id.* Arden Hills already has median household incomes 12% higher than the seven-

county metropolitan region. *See* Comprehensive Plan, *supra*, at 2-9. The relatively high incomes of City residents demonstrate the City may already be experiencing the benefits of its proximity to Northwestern.

Table 2. Average annual income and spending by category, households by educational attainment of highest educated member, United States, 2014

	Before tax income	Total spending	Local spending	State and local taxes
High school graduate	\$40,260	\$36,286	\$18,806	\$1,947
High school graduate with some college	\$47,891	\$43,749	\$21,892	\$2,193
Associate's degree	\$60,671	\$50,300	\$25,141	\$2,816
Bachelor's degree	\$84,628	\$65,483	\$31,568	\$4,978
Master's, professional, or doctoral degree	\$123,654	\$85,434	\$41,115	\$7,847

Source: Brookings analysis of Bureau of Labor Statistics 2014 Consumer Expenditure Survey.

The STEM Development will also strengthen Arden Hills’ goal of *attracting young families* to the City. Arden Hills’ Comprehensive Plan acknowledges it has had difficulty attracting young families to the City. Between 1990 and 2000, residents in the 25-34 age group declined by 32% in Arden Hills. Comprehensive Plan, *supra*, at 2-9. In the Twin Cities as a whole, this decline was just 12%. *Id.* Moreover, the number of families with children increased by 10% in the metropolitan area but decreased by 17% in Arden Hills. *Id.*

Institutes for higher education can help reverse this trend, establishing Arden Hills as a desirable place for young families to move. Forty-two percent of alumni remain in the area where they attended post-secondary education. Rothwell, *supra*. Of Northwestern’s 1,700 undergraduate students, approximately 1,600 come to Northwestern from outside the Twin Cities. Therefore, the STEM Development has a high potential to attract students to Arden Hills from outside the metropolitan area.

II. Northwestern’s Proposal Is Consistent with the Comprehensive Plan and Zoning Code.

Northwestern’s proposal will further the goals of the I-Flex district and the Comprehensive Plan.

The goals of the I-Flex District are:

- To preserve, protect, enhance, and perpetuate existing development in the district.

- To attract new development that is compatible with existing development in the district in terms of use, performance, character, quality and appearance of buildings and sites.
- To permit only those uses that will have traffic generation characteristics that are compatible with existing development in the district and that will ensure reasonable traffic operation on streets in the vicinity.
- To encourage new site development that will be compatible with existing site development standards of existing development in the district.
- To promote flexibility in land uses and site development standards to achieve the objectives of the I-Flex District.

City of Arden Hills, Code of Ordinances § 1320.04, subd. 14. The STEM Development promotes all of these goals.

A. The STEM Development Will Enhance Job Creation.

The STEM Development will enhance and perpetuate existing job creation in the I-Flex District. Additionally, the STEM Development will *preserve, protect, and enhance existing businesses* by developing young, energetic, and well-educated interns and workers in the area.

The STEM Development will also meet the I-Flex District’s goal to attract new development to the district that is compatible with existing development in the district in terms of use, performance, character, quality and appearance of buildings and sites.

The STEM Development’s similarity to the Property’s historic use shows that the new development is compatible with existing development. There are a number of ways the Smiths Medical use is consistent with the STEM Development. These consistencies include:

- Science and technology;
- Laboratories;
- Training facilities; and
- Offices

Both uses rely heavily on science and technology. Therefore, like Smiths Medical, Northwestern will make heavy use of the Property’s laboratories. Moreover, Smiths Medical relied on the Property to train employees in training rooms. Similarly, Northwestern will use the space for training students. Using the space for classrooms is functionally indistinguishable from Smiths

Medical’s use of the Property for training. Finally, Smiths Medical located employee offices at the Property. Northwestern too will need to rely on the Property for office space, specifically for faculty and staff. The overlapping past and future uses, for laboratories, training/classrooms, and offices, demonstrate that the STEM Development will, in many ways, be an extension of Smiths Medical’s past uses and is consistent with the existing development.

The STEM Development will also be consistent with surrounding uses. The City has already recognized the compatibility between the type of industrial uses found in the I-Flex District and higher education uses. Arden Hills’ planning staff recently reported to the City Council that “from a land use perspective, the reuse of an industrial property by a higher education institution is in many situations generally indistinguishable from the previous use of the property. For example, existing research and development or lab facilities may be used as classroom space and office space may be used for administrative functions. The main difference is the purpose of the uses and activities—commercial as compared to educational.” Memorandum from Matthew Bachler, Senior Planner, City of Arden Hills, for Honorable Mayor, City Councilmembers, and Sue Iverson, Acting City Administrator, City of Arden Hills 2-3 (Aug. 15, 2016). The proposed STEM Development bears out this observation.

“[F]rom a land use perspective, the reuse of an industrial property by a higher education institution is in many situations generally indistinguishable from the previous use of the property.”

- Arden Hills’ Planning Staff

Permitted uses in the I-Flex District include medical offices, business service, manufacturing and processing, research and development, and offices. Arden Hills, Minn., Code of Ordinances § 1320.05. Northwestern’s STEM development will be similar to these uses, especially the medical offices, research and development uses, and general office uses.

B. The STEM Development Is Consistent with Comprehensive Plan.

For similar reasons, the STEM Development is also consistent with how the City envisions the Property will be used in the Comprehensive Plan. The Comprehensive Plan reflects that in 1998 the future planned use for the Property was Industrial. Comprehensive Plan, *supra*, fig. 6.1. The Industrial designation embraced “a broad range of industrial uses, including office, warehouse, and manufacturing.” *Id.* at 6-4. Smiths Medical occupied the Property at this time.

The Comprehensive Plan classified the then-existing land uses throughout the City, like Smith Medical’s. *Id.* at 6-4 to 6-6. Smiths Medical’s use was classified as “Office (OFC).” *Id.* fig. 6.2. The Office designation is described as “[p]redominately administrative, professional, or clerical

services; includes medical clinics.” *Id.* 6-5. Smiths Medical’s inclusion in area planned for Industrial uses in 1998 while being classified as an Office use in 2009 demonstrates that use of property for offices is compatible with the “broad range of industrial uses” contemplated by an Industrial designation. *See id.* at 6-4

In the Comprehensive Plan, the 2030 planned use for the Property is “I/O Light Industrial and Office.” *Id.* fig. 6.3.

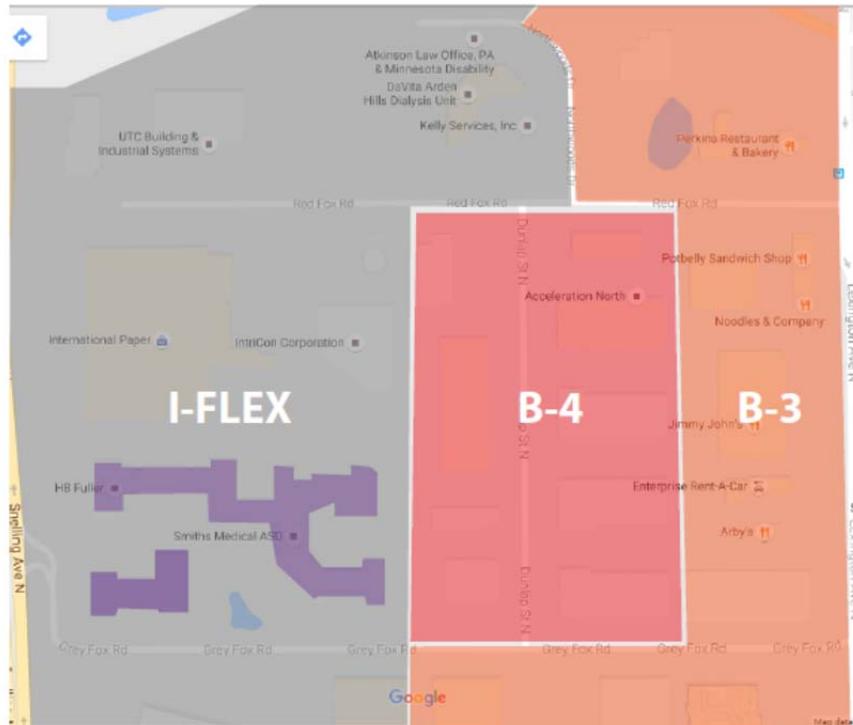
Similar to the Industrial designation in the 1998 map, the I/O classification encompasses a “broad range of light industrial uses such as warehousing with manufacturing . . . [and] offices.” *Id.* at 6-8. The STEM Development’s use of the Property for its Engineering and Biology programs is generally indistinguishable from Smiths Medical’s use. As was the case with Smiths Medical, the STEM Development’s use of the Property for laboratories, classrooms, and offices is not incompatible with the “broad range of light industrial uses” contemplated by the I/O designation. *See id.* at 6-8.

The I/O designation is similar to the Mixed Business uses planned for the neighboring B-4 District. Like the I/O designation, the City plans light industrial and office uses within the Mixed Business. The B-4 District permits higher education as a conditional use. Arden Hills, Minn., Code of Ordinances § 1320.05. The B-4 District’s allowance of higher education in an area designated in the Comprehensive Plan for light industrial and office uses shows the City recognizes that light industrial uses and office spaces are consistent with higher education uses.

Northwestern’s use for the STEM Development will be in line with how neighboring businesses actually use their space.

In addition to being consistent with the existing permitted and conditional uses in the I-Flex District, Northwestern’s use for the STEM Development will be in line with how neighboring businesses actually use their space. For example, a medical device company and materials processing company border the Property. These STEM businesses will be compatible with

Northwestern’s biology, engineering, and medical service programs located at the Property.

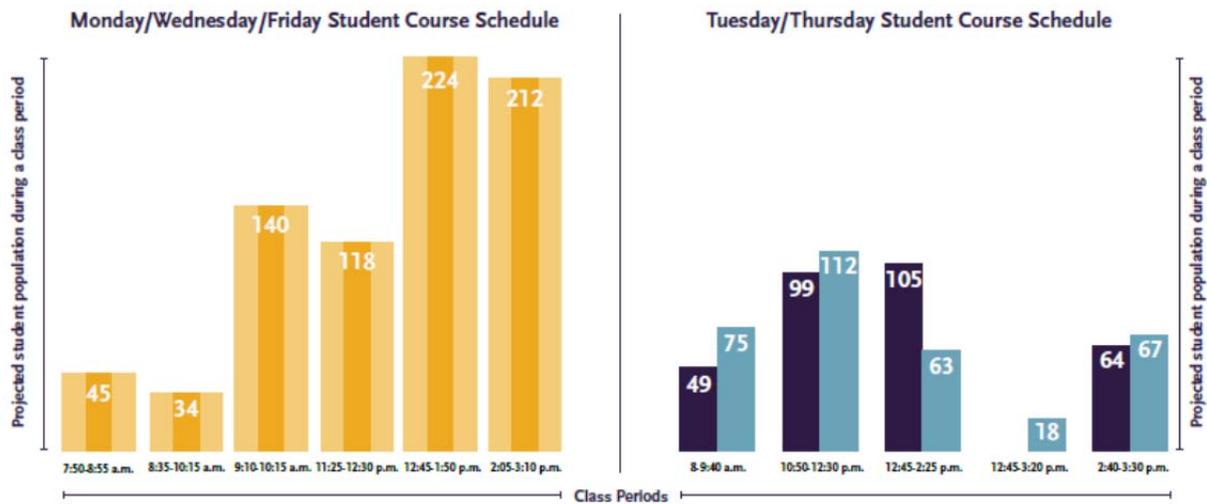


The STEM Development is also consistent with the zones that border the Property. The Property is immediately adjacent to a B-4 District. *Id.* § 1315.01. In the B-4 District, permitted and conditional uses include higher education, medical offices, research and development, and offices. *Id.* § 1320.05. The B-4 District’s inclusion of higher education as a conditional use demonstrates higher education is “generally compatible with the basic [B-4] use classification.” *Id.* § 1345.01. Like with the I-Flex District, Northwestern’s proposed use is also consistent with the allowed uses in the B-4 District, including medical offices, research and development, and offices.

The STEM Development will also compliment the businesses in the nearby B-3 district. On Lexington Avenue there are a number of fast-casual restaurants popular with college students, including Potbelly Sandwich Shop, Noodles & Company, and Jimmy John’s. Other businesses that stand to benefit from their close proximity to additional, young consumers include, Caribou Coffee, TCF Bank, Cub Foods, Now Bikes & Fitness, and e-Street Flats Student Housing. A Northwestern satellite location with over 700 students, staff, and faculty will provide a strong customer base for these businesses. The STEM Development will generate an even larger customer pool for these businesses than the 400 Smiths Medical employees previously located at the Property.

C. The STEM Development Will Have a Positive Effect on Traffic.

The STEM Development also meets the I-Flex District’s goal to maintain the traffic generation characteristics of the District and not increase congestion. Class scheduling will foster a more even distribution of vehicle traffic throughout the day. This distribution will avoid the influx of vehicles during morning and afternoon rush hour traditional offices create. The below chart shows the STEM programs’ traffic patterns. Note unlike a typical office, the STEM development traffic is more evenly distributed and peaks in the late morning and early afternoon. None of the STEM programs’ classes coincide with the afternoon rush hour.



As Exhibit C, Northwestern has included its proposed transportation plan, detailing the parking and shuttle service proposal for the STEM Development. The University will have a transit shuttle taking students to and from the main campus and STEM Development. This transit option will further cut down on congestion.

D. The STEM Development Is Consistent with Current Site-Development Standards.

The STEM Development will meet the goal of being consistent with current site development standards. Northwestern is not going to alter the exterior of the building, or make changes to the parking lot, or driving areas. Therefore, the STEM Development will remain consistent with current site development standards and not result in the creation of nonconforming uses. However, Northwestern will maintain high site development standards should it make any changes to the exterior space. An example of these high quality standards can be seen in the proposed signage package shown in Exhibit D.

E. The STEM Development Is the Highest and Best Use for the Property.

Lastly, the STEM Development embodies the defining characteristic of the I-Flex district—*flexibility*. The Comprehensive Plan recognizes the Red Fox Area, where the Property is located, is an area that needs redevelopment. Comprehensive Plan, *supra*, at 6-9 to 6-10. The Plan notes, “[S]ome of the buildings [in the Red Fox Area] are becoming functionally obsolete for modern manufacturing, warehousing, and business uses.” *Id.* The Property is located among the locations the City recognizes “may not be cost-effective to convert to other uses and consequently may be nearing obsolescence.” *Id.* at 8-1. Because the Property has reached obsolescence, a medical device company or other high-tech business requiring updated facilities, is unlikely to occupy the Property. Continuing a use very similar to the historical use, as is proposed by Northwestern, is likely the highest and best use of the Property at this time.

The experience of two national commercial real estate brokers supports the Comprehensive Plan’s conclusion that portions of the I-Flex zone, and this Property in particular, are functionally obsolete. The first broker attempted to sell the Property between July and December 2015. The first broker’s prospective buyer protected list included six speculative developers and two users. The prospective users were an architecture firm and another institute of higher education.

Subsequently, a second broker took over the assignment from the property owner in January 2016. The second broker’s representative received market feedback that the original property design was not designed as a single-user building for a medical tech company. Two users showed interest in leasing less than one-third of the space. An additional six speculative developers showed interest in repurposing the Property. In the end, the second broker solicited just three offers. Northwestern’s offer was the only one from a user and was higher than the two competing developers.

Although the Property may not be in a condition to attract a new high-tech company, the Property has much of what Northwestern needs to run its STEM programs. Northwestern is prepared to make the additional investments required to meet fully Northwestern’s needs. Given the functional obsolescence of the building, post-secondary STEM programs is one of the highest and best uses for the Property. Transitioning from the Smiths Medical use to the STEM development will promote the flexibility the I-Flex was created to facilitate.

III. Northwestern Will Be a Financial Partner with the City, Making the City Whole for Any Loss of Tax Base and Contributing a Charitable Gift to City Parks.

As a condition to a CUP, Northwestern will make *a payment in lieu of taxes (“PILOT”) to make the City whole* for the loss of tax base at the Property. To deepen the University’s and students’ ties to Arden Hills, Northwestern also proposes to provide a \$80,000 gift to the City’s

parks and recreation programs or an internship program for students coordinated through the City that benefits the City and business community.

A. Northwestern Will Provide a PILOT to the City for the Tax Revenue the Property Would Otherwise Generate.

To hold the City harmless for the redevelopment of the Property for a tax-free use, Northwestern plans to make a PILOT to the City for the value of the otherwise lost revenue. As a university, Northwestern is constitutionally exempt from paying property taxes. Minn. Const., art. X, § 1. Because Northwestern wants to be an equal partner with the City, however, the University is prepared to make the City whole for this lost revenue.

Normally, to hold the City harmless, a tax-exempt institution would reimburse the City for the direct cost to the City for servicing the Property. Northwestern estimates that the expense of City services attributable to the Property equals around \$9,200 annually.¹

Because of Northwestern's commitment to the City, Northwestern wants to go a step further, making a PILOT to the City for Arden Hills' total lost revenue. Therefore, Northwestern is offering the City a PILOT for the entire value of the revenue the Property would generate for the City were Northwestern not tax-exempt. In short, each year the PILOT will be calculated by multiplying the actual assessed value of the property by the then-current property tax rate. The result of this calculation would then be multiplied by the City's share of state and local property taxes.

As discussed in Section II.E., the real estate market has shifted. Based on market conditions, Northwestern anticipates the assessed value of the Property—no matter the owner or use—has decreased. Northwestern estimates the Property's future assessed-value will be approximately \$5,600,000. Applying the PILOT formula to this assessed value would yield a current estimated annual PILOT payment of \$19,165.

These values are used only for illustrative purposes; the assessed value and tax rate will change yearly. To facilitate the PILOT, Northwestern has included a draft PILOT agreement Northwestern could execute with the City. *See* Exhibit E.

¹ Northwestern calculated this amount by determining the proportion of the City's budget dedicated to health and safety expenses, such as fire protection and street maintenance. Northwestern then multiplied the health and safety expenses by the proportion of annual taxes paid by the Property.

B. Northwestern Also Plans to Give the City a \$80,000 Charitable Gift to Be Used for City Parks or Workforce Development.

In order to deepen its partnership with the City, Northwestern also proposes to give the City a sustaining gift of \$8,000 annually for the next 10 years to be used towards the City's parks or to facilitate student internships. The Comprehensive Plan stresses the importance of creating and maintaining the City's parks, pathways, and open spaces. *Id.* at 3-2. The Plan recognizes "Northwestern [University] ha[s] abundant natural resources that are open for use to the residents of Arden Hills." *Id.* at 13-11.

Unfortunately, the Property will not provide Northwestern a chance to expand acreage of natural resources on Northwestern's campuses. One possibility to overcome this limitation is to use this opportunity to expand Northwestern's collaboration with the City to provide green space to City residents. Therefore, the University could give the City *an annual \$8,000 charitable gift for 10 years* to be used for City parks. Alternatively, the City could use the gift for an internship program for students coordinated through the City that benefits the City and business community.

Either way, not only will this gift strengthen the City's institutional relationship with Northwestern, but it will facilitate students leaving campus to interact with Arden Hills' community. Connecting students with the City's parks and businesses will help showcase Arden Hills to students and encourage them to remain in the City after graduation. Preserving and expanding Arden Hills' green space will also attract other young families to the City. Included with this application is a draft gift agreement, which can be used to memorialize Northwestern's charitable gift. *See* Exhibit F.

IV. A Zoning Code Amendment and Conditional Use Permit Are Necessary to Complete the STEM Development.

Because the I-Flex District does not clearly allow higher education uses and Northwestern's proposed Code Amendment would allow such uses only as a conditional use, a Zoning Code Amendment and CUP are necessary to allow the STEM Development.

The I-Flex District allows for medical offices, manufacturing and processing, research and development, and offices. Arden Hills, Minn., Code of Ordinances § 1320.05. These uses are very similar to Northwestern's planned STEM Development. *See, supra*, § II. But the I-Flex District does not include "School, higher education" as a permitted or conditional use. Arden Hills, Minn., Code of Ordinances § 1320.05. To make clear the STEM Development is an approved use under the Zoning Code, the "School, higher education" designation should be

extended to the I-Flex District. The amendment will require *a single, modest change* to the Land Use Chart:

1320.05 Land Use Chart.

Uses:	Zoning Districts:															
	R-1	R-2	R-3	R-4	NB	B-1	B-2	B-3	B-4	CC	GB	I-1	I-2	I-Flex	CD	POS
School, higher education	D	=	=	=	=	C	C	=	C	C	=	=	=	= <u>C</u>	=	=

The higher education designation should be added as a conditional use. Adding I-Flex as a conditional use will address any concerns that adding the higher education use to the I-Flex District will open large areas of the City to additional higher education uses. Adding higher education as a conditional use in I-Flex, will allow the City to scrutinize closely future proposals to locate higher education facilities in the I-Flex District. Few proposals will be as compatible with past and surrounding uses as Northwestern’s STEM programs. And few would provide such an excellent opportunity to deepen an existing partnership between the City and a well-established institution.

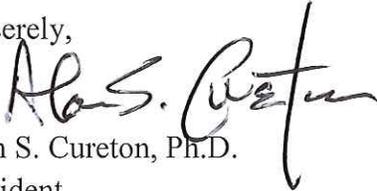
Because Northwestern’s proposal would add higher education uses as a conditional use, the City will need to grant Northwestern a CUP in order to allow the STEM Development.

Conclusion

As the LillieNews recently reported, Northwestern is looking at expanding and is “hoping to keep that growth within [Arden Hills].” Jesse Polle, *University looks to grow in Arden Hills, eye on former Smiths Medical*, LillieNews, (Sept. 28, 2016, 12:00 AM), <http://www.lillienews.com/articles/2016/09/28/university-looks-grow-arden-hills-eye-former-smiths-medical>. Northwestern has been a member of the Arden Hills community for over 40 years. The City and University both share to goal of developing the community’s workforce—it is indispensable to the City’s and University’s health. The University and City have always cooperated to achieve these types of common goals. Northwestern is excited about the opportunity to deepen its partnership with the City through the STEM Development.

Northwestern looks forward to continued dialogue with the City about moving the Project forward to advance their mutual interests. Please do not hesitate to contact Doug Schroeder, the University's Vice President for Business/CFO as formal applicant on the Land Use Application, or me with questions or concerns.

Sincerely,

A handwritten signature in black ink that reads "Alan S. Cureton". The signature is written in a cursive style with a large, prominent initial "A".

Alan S. Cureton, Ph.D.

President

University of Northwestern-St. Paul

Enclosures

EXHIBITS

- A. Land Use Application Form
- B. Phase I and Phase II Diagrams
- C. Parking and Shuttle Service Plan
- D. Proposed Signage Plan
- E. Draft PILOT Agreement
- F. Draft Gift Agreement
- G. Proposed Zoning Ordinance Amendment
- H. Owners/Address of Property Within 350 feet of Subject Property Boundary

Exhibit A



1245 West Highway 96
Arden Hills, Minnesota 55112
Telephone (651) 792-7800
Fax (651) 634-5137
www.cityofardenhills.org

For Office Use Only	
Planning Case No.	16-
Submittal Date	
Application Completed Date	
Accepted by	
Receipt Number	
Council Decision	
Council Decision Date	

2016 LAND USE APPLICATION

Applicant Information

Applicant: Northwestern University-St. Paul c/o Douglas R. Schroeder
 Address: 3003 Snelling Avenue North; St. Paul, MN 55113-1598
 Telephone No.: 651-631-5160 Other:
 Fax No.:
 Email Address: drschroeder@unwsp.edu

Property Information

Property Owner: Smiths Medical, ASD, Inc. successor by merger to Pharmacia Deltec, Inc.
 Owner Address: 6000 Nathan Lane North; Plymouth, MN 55442
 Owner Telephone No. 763-383-3153 Other:
 Address of Property Involved: 1265-1275-1285 Grey Fox Road; Arden Hills, MN 55112
 Legal Description: (See Attached)
 Property ID No.: 27-30-23-42-0006
 Type of Use: Vacant
 Zone: I-Flex Property Acreage: 14.5 acres

Type of Request

- Comprehensive Plan Amendment (Fee: \$500 + Escrow: \$1,000)
- Conditional Use or Interim Use Permit/CUP or IUP Amendment (Fee: \$350 + Escrow: \$1,000)
- Preliminary Plat (Fee: \$500 + Escrow: \$1,000)
- Final Plat (Fee: \$500 + Escrow: \$1,000)
- Concept Plan Review (Fee: \$150 + Escrow: \$1,000)
- Master Planned Unit Development or Master Special Development Plan (Fee: \$350 + Escrow: \$1,000)
- Final Planned Unit Development or Final Special Development Plan (Fee: \$350 + Escrow: \$1,000)
- Planned Unit Development Amendment or Special Development Plan Amendment (Fee: \$350 + Escrow: \$1,000)
- Site Plan Review (Fee: \$350 + Escrow: \$1,000)
- Rezoning or TCAAP Regulating Plan Amendment (Fee: \$350 + Escrow: \$1,000)
- Zoning Code or TCAAP Redevelopment Code Amendment (Fee: \$350 + Escrow: \$1,000)
- City Code Amendment (Fee: \$350 + Escrow: \$1,000)
- Lot Split/Minor Subdivision (R-1 and R-2 Districts Only) (Fee: \$350 + Escrow: \$1,000)
- Variance or Permitted Adjustment (Fee: \$350 + Escrow: \$1,000)
- Vacation of Easement or Right-of-Way (Fee: \$150 + Escrow: \$1,000)
- Appeal of Administrative Decision (Fee: \$150 + Escrow: \$1,000)
- Land Use Requests - Not Already Specified (Fee: \$150 + Escrow: \$1,000)

Brief Description of Request (please also include a typed, detailed letter explaining the project):

The University of Northwestern-St. Paul proposes to amend the City of Arden Hills' Zoning Code to allow "Schools, higher education" as a conditional use in the I-Flex District. The University also seeks a conditional use permit for the "Schools, higher education" use at the property located at 1265-1275-1285 Grey Fox Road. The University plans to develop a STEM program at the property described in the attached proposal.

IMPORTANT

- Certain applications are subject to review and approval by the Rice Creek Watershed District. Contact RCWD directly at 763-398-3070 for additional information.
- The land use application fees do not cover building, sign, or other permit fees that may be required upon approval of a land use application.
- All applications will be subject to additional fees for reimbursement of consultant costs associated with filing, reviewing, and processing of application in the form of an escrow to the City.

Filing & Information Requirements

The City requests that you make a pre-application meeting with the City Planner to discuss the application process, requirements, and deadlines. Unless waived by the City Planner or Planning Commission, a certified survey of the property is required for all applications. A checklist with additional application requirements can be found at www.cityofardenhills.org/landuseapplications.

Complete/Incomplete Applications

An incomplete application will delay the processing of land use requests. The application approval time commences and an application is considered officially filed when the City Planner has received and examined the application and determined that the application is complete. A decision on whether the application is complete or incomplete shall be made within fifteen (15) working days following the submittal of the application. When the application is deemed to be "complete" it shall be placed on the agenda of the first possible Planning Commission meeting provided that all required public notices have been sent and published.

Payment of Fees and Escrows

The undersigned acknowledges that she/he understands that before a land use application can be deemed complete, all required fees and escrows must be paid to the City. Each separate land use request shall be charged a separate administrative fee and escrow even if submitted on the same application. Costs expended in reviewing and processing an application will be charged against the cash escrow and credited to the City. Charges to the escrow may include planning and engineering staff time, City Attorney and consulting fees, and mailing costs. If, at any time, a required cash escrow is depleted to less than 20 percent of its original amount, the applicant shall deposit additional funds in the cash escrow account as determined by the City. The City may withhold final action on a land use application, withhold building permits, and/or rescind prior action until all fees have been paid. Unused portions of an escrow are returned to the applicant upon successful implementation of an approved plan. The escrow may be reduced or increased by the City Planner on a project by project basis.

Notice of Meeting Attendance

In order for the Planning Commission and the City Council to consider any application, the applicant or a designated representative must be present at the scheduled meeting. If not, the matter may be tabled until the next available agenda.

Exhibit A

Agenda Deadline and Meeting Schedule

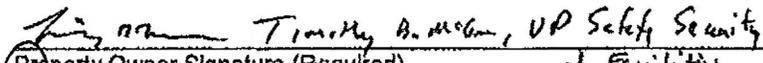
The deadline for submittal of land use applications is required according to the schedule outlined below. There are no exceptions. Failure to submit all application materials by the deadline date may delay the review process. Planning Commission meetings are typically held on the first Wednesday after the first Monday of each month at 6:30 PM, though please contact City Hall to verify the meeting date and time. City Council meetings are held typically the last Monday of the same month at 7:00 PM. Meetings are held in the Council Chambers at the City of Arden Hills, 1245 West Highway 96, Arden Hills, Minnesota 55112, unless otherwise stated. Applicants are advised that additional meetings and/or workshops are scheduled when necessary upon approval of the Planning Commission.

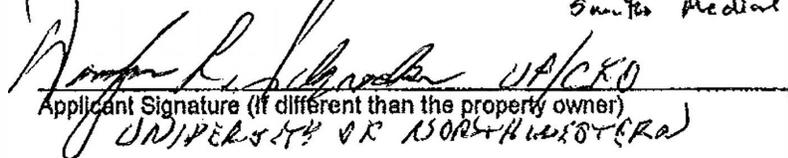
2016 SCHEDULE (*subject to change)

APPLICATION DEADLINE DATE*	TENTATIVE PLANNING COMMISSION MEETING DATE* (Generally held on the first Wednesday after the first Monday at 6:30 p.m.)	TENTATIVE CITY COUNCIL MEETING DATE* (Generally held on the last Monday at 7:00 p.m.)
December 7 (2016)	January 6	January 25
January 4	February 3	February 29
February 1	March 9	March 28
March 7	April 6	April 25
April 4	May 4	May 31
May 2	June 8	June 27
June 6	July 6	July 25
July 5	August 3	August 29
August 1	September 7	September 28
September 6	October 5	October 31
October 3	November 9	November 28
November 7	December 7	December 27
December 5	January 4 (2017)	January 30 (2017)

Acknowledgement and Signature

I acknowledge that I have read all of the information listed in the City of Arden Hills Land Use Application and fully understand that I am responsible for all costs incurred by the City related to the processing of this application.


 Property Owner Signature (Required) at Facilities 9/30/16
Sanctus Medical Date


 Applicant Signature (if different than the property owner) UNIVERSITY OF NORTH DAKOTA (UNIVERSITY OF NORTH DAKOTA) 10/3/16
Date

Please contact the City Planner at 651-792-7800
if you have any questions regarding this application.

Additional copies of this application form are available on the City's website: www.cityofardenhills.org/landuseapplications

Attachment – Legal Description

All that part of the Northwest Quarter of the Southeast Quarter of Section 27, Township 30, Range 23, Ramsey County, Minnesota, lying Southerly of the Northerly 703.50 feet thereof, and lying Easterly of State Trunk Highway No. 51-125. Ramsey County, Minnesota Abstract Property.

Exhibit A



Escrow Account Set Up Form

Date: 10/3/2016
Site Address: 1265-1275-1285 Grey Fox Road; Arden Hills, MN 55112
Deposit made by: Douglas R. Schroeder
Amount: \$2,000
Address to send statements: 3003 Snelling Avenue North; St. Paul, MN 55113-1598
Contact Person: Douglas R. Schroeder
Telephone No.: 651-631-5160 Email Address: drschroeder@unwsp.edu
Purpose of Escrow Account: Application for conditional use permit and zoning code amendment.

Arden Hills Finance Department policy requires that escrow deposits be held for six months once a permit has been closed in order to ensure all costs associated with the project have been covered. Please note; Land Use Applications may be required to maintain a minimum balance as established by the City, and will require replenishment when balances fall below the minimum balance. I acknowledge that I have read this policy and fully understand that any remaining escrow balance will be released after a six-month waiting period.

Applicant Signature: Douglas R. Schroeder, Director of Infrastructure

Date: 10/3/16

Office Use Only

Staff Name: Department:

Type of Escrow:

- Landscaping
Grading & Erosion (PW#)
Site Improvements (PW#)
Security Deposit - Do Not Charge
Land Use Application (PC#)
Temporary Certificate of Occupancy
Other:

Additional Notes:

Exhibit B

PHASE I

PROGRAMMING CONCEPT



Exhibit B

PHASE II

CONCEPT FIT PLAN

DRAFT

- HEALTH SERVICES
44,500 GSF
45,800 GSF Programmed
7,300 GSF Future Programmed
- BIOLOGY + CHEMISTRY
65,400 GSF
71,600 GSF Programmed
2,400 GSF Future Programmed
- ENGINEERING
29,300 GSF
29,500 GSF Programmed
- THEATRE
4,000 GSF
- SUPPORT
- CIRCULATION



Exhibit C

Plan for the University of Northwestern- St. Paul Parking and Shuttle Service for the North Campus at 1265 Grey Fox Road in Arden Hills

Parking:

- Parking Permits – The University of Northwestern-St. Paul plans to require that all faculty, staff, and student vehicles have a properly registered vehicle with the University, just as is the case on the main campus. Any daily visitors to the facility will either park in designate visitor parking spaces or be issued a Visitor parking permit to park elsewhere within the lot.
- Faculty/Staff Parking areas VS. Student Parking areas – It is anticipated that creating designated faculty and staff only parking areas and other Student only parking areas around/within the facility be created.
- Keep campus residents from driving to North Campus - During the day (7:30 am to 3:00 pm) student vehicles with “residential” parking permit will generally not be allowed to travel to the north campus unless they have subsequent off-campus commitments such as work, internships, etc.
- Arrival/Departure Times from the facility – The STEM Development will be open from approximately 7am to 10pm every day and so faculty, staff and students will be arriving and departing at various times throughout the day based on their class schedule and when they need to travel to and from the main campus. Arrival times might be more predictable based on the class times but departure times will vary throughout that day as students may have offsite practicums that they will need to go to as well.
- Peak Travel Times - The heaviest loads of travel will generally be consistent with the peaks of the daily class schedule. Class schedules are adjusted annually and from semester-to-semester based on student enrollment levels and program and curriculum requirements. Mid-morning to mid-afternoon classes are the preferred times for both students and faculty. The peak times for later in the day, are harder to predict as students and faculty and staff will be departing at different times and for different reasons. Some classes end early and departures for the day may be as soon as 1pm and for others, they might be at the facility after the dinner hour in the evening.

Exhibit C

Shuttle Service

NORTHWESTERN will operate a Transit Bus to shuttle students (and faculty if desired) from the main campus at 3003 Snelling Avenue to the Smiths Medical facility at 1265 Grey Fox Road in Arden Hills.

- Monday thru Friday Service – It is anticipated that the shuttle service will operate five days a week, Monday through Friday roughly between the hours of 7am and 3pm. Shuttle service may continue beyond 3pm with a 12 passenger van offering service. Weekend service TBD.
- Relocate a Faculty member rather than a whole class - It is the University's intention to establish and alter its class schedule in such a manner as to limit as much as is reasonably possible the number of students being shuttled between the two campus locations. An example would be to have a single faculty member travel to the north campus to teach a particular class rather than shuttle 20-30 students to the main campus for the class just to have them re-shuttled back to the north campus one hour later. This will be an annual and on-going schedule evaluation process done with the benefit of the students' needs in mind.
- Designated Route – The shuttle will approach the facility from the south by traveling north on Snelling Avenue and turning east on Grey Fox Rd. and then turning in to the parking lot at the second drive and then off loading/on loading passengers at the main entrance. After departing, the shuttle will head east on Grey Fox Road and stop at the railroad track and then take a right and head south on Lexington Avenue. It will need to stop for the railroad track another time on Lexington before turning right and heading west on County Road E. The bus will then cross Snelling Avenue and turn left and head south on Snelling Avenue back towards the main campus. See route image below.
- Frequency of Trips – Based on initial studies of how long it takes to complete a loop from the main campus to this facility it appears that the shuttle could make three trips per hour. Based on class times and load levels, however, it seems likely that the frequency will be closer to 2.5 times per hour, perhaps five times for every two hours. This exact schedule has yet to be determined.

Exhibit C

Planned shuttle route in red...



Exhibit D

EXISTING ENTRANCE MONUMENT/ RE-BRANDING EXAMPLE:



**EXISTING WEST ELEVATION BRANDED AREA/ RE-BRANDING EXAMPLE:
(Letter size depicted is approximately 20" height)**



9975 FLANDERS COURT NE
BLAINE, MINNESOTA 55449

763.784.5858 • 866.784.2300
www.designersign.com

This drawing is the exclusive property of Designer Sign Systems and is the result of original work by its employees. This drawing is submitted solely in conjunction with a proposal to manufacture the product depicted within this drawing. Distribution, exhibition of this drawing to anyone other than the recipient or recipient's employees or the incorporation of any design features that are unique to this document in any other projects is expressly prohibited. In the event the recipient chooses not to purchase the product depicted in this drawing, all copies thereof shall be returned forthwith to Designer Sign Systems.

UNIVERSITY OF
NORTHWESTERN

North Campus Site
Signage Example

Site Sign Re-Branding
Examples

CUSTOMER APPROVAL

NAME: _____

DATE: _____

REV 1:
REV 2:
REV 3:
REV 4:
REV 5:
REV 6:
REV 7:

SALES: KJ
DESIGN: KJ
DATE: 9.27.16
DWG:

Exhibit E

PAYMENT IN LIEU OF TAXES AGREEMENT

This Agreement is entered into this ____ day of _____, 2016, by and between University of Northwestern–St. Paul., a Minnesota non-profit corporation (“Northwestern”), and the City of Arden Hills, Minnesota, a Minnesota statutory city (the “City”).

WHEREAS, Northwestern is a university which proposes to locate a facility at 1265-1275-1285 Grey Fox Road; Arden Hills, Minnesota, as generally depicted in Exhibit A hereto (the “Facility”);

WHEREAS, Northwestern is organized and is operated solely for educational, religious, and charitable purposes;

WHEREAS, the Facility is, or will be, exempt from real property taxes under Article 10, Section 1, of the Minnesota Constitution and Minnesota Statutes Section 272.02;

WHEREAS, the City will provide police, fire, and other services to the Facility and construct and maintain streets, sidewalks and other improvements benefitting the Facility; and

WHEREAS, Northwestern, in recognition of the services provided by the City to Northwestern, agrees to make certain payments in lieu of taxes.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree that the above recitals are incorporated into this agreement, and agree:

1. Northwestern agrees that it shall pay to the City annual payments in lieu of taxes (“PILOT”) in the amounts described in this Section, based on the formula set forth in this section:

$$\text{Annual Market Value of Facility} \times \text{Annual State and Local Property Tax Rate} \times \text{Share of Property Taxes Attributable to the City} = \text{Northwestern's PILOT}$$

2. Northwestern agrees to make annual payments to the City of the amounts shown in Section 1 in two equal installments on or before May 15 and October 15 each year beginning in 2017 and continuing while Northwestern owns the Facility, unless modified according to Section 3 below or unless the Facility otherwise becomes subject to ad valorem property taxation.

3. In addition, the City and Northwestern agree that the amount subject to the calculation in Section 1 will be reduced by the amount of the City’s portion of real property taxes received from any portion of the Facility which remains or becomes subject to ad valorem taxation due to lease from Northwestern or otherwise. In addition, if Northwestern sells or otherwise transfers any of the Facility prior to termination, the City will reduce the PILOT in an amount equal to the City’s actual increase in real property tax receipts from that portion of the Facility which becomes subject to real property taxation, but in no event during the term of this Agreement will the PILOT be reduced below Nine Thousand Dollars (\$9,000.00) annually

Exhibit E

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the day and year first written above.

UNIVERSITY OF NORTHWESTERN
-ST. PAUL

By _____

Its _____

Exhibit E

[This space left intentionally blank. Signature pages follow.]

Exhibit E

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the day and year first written above.

CITY OF ARDEN HILLS

By _____
Mayor

And _____
City Manager

Exhibit E

**EXHIBIT A
FACILITY DEPICTION**

Exhibit F

CHARITABLE PLEDGE AGREEMENT

This Agreement (“Agreement”) is made on this ___ day of _____, 2016, by and between the University of Northwestern—St. Paul, a Minnesota non-profit corporation (“Donor”) and the City of Arden Hills, Minnesota, a Minnesota statutory city (the “City”).

WHEREAS, Northwestern is a university which proposes to locate a facility at 1265-1275-1285 Grey Fox Road; Arden Hills, Minnesota (the “Facility”);

WHEREAS, the Facility is, or will be, exempt from real property taxes under Article 10, Section 1, of the Minnesota Constitution and Minnesota Statutes Section 272.02; and

WHEREAS, Donor wishes 1) to assure support for parks within the City, which lead to a better environment for City residents and Donor students, faculty, and staff or 2) to help the City establish an internship program for students that benefits the City and business community.

NOW, THEREFORE, the parties hereto agree that the above recitals are incorporated into this agreement, and further agree:

1. The Donor herewith pledges to give Eighty Thousand Dollars (\$80,000.00) (“Pledge”) to the City to be delivered over ten years in installments as follows:

2017	\$8,000
2018	\$8,000
2019	\$8,000
2020	\$8,000
2021	\$8,000
2022	\$8,000
2023	\$8,000
2024	\$8,000
2025	\$8,000
2026	\$8,000

2. Donor agrees to make the Pledge payments to the City of the Amounts shown in Section 1 in two equal installments of Four Thousand Dollars (\$4,000.00) on or before May 15 and October 15 each year of 2017 through 2026.

3. Donor’s Pledge shall be used to pay for, or reimburse the City for the payment of, expenses related 1) to parks within the City that lead to an enhanced quality of life within the City or 2) an internship program for students that benefits the City and business community.

4. Regarding any Pledge provided under this Agreement, the Donor and City shall have the right to approve any publicity relating thereto.

5. City shall be responsible for the retention, investment and disbursement of any and all funds received by it from Donor pursuant to Donor’s Pledge.

Exhibit F

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the day and year first written above.

UNIVERSITY OF NORTHWESTERN
-ST. PAUL

By _____

Its _____

[This space left intentionally blank. Signature pages follow.]

Exhibit F

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the day and year first written above.

CITY OF ARDEN HILLS

By _____
Mayor

And _____
City Manager

Exhibit G

Proposed Zoning Ordinance Amendment

Section 1320 – District Provisions

1320.05 Land Use Chart.

Uses:	Zoning Districts:															
	R-1	R-2	R-3	R-4	NB	B-1	B-2	B-3	B-4	CC	GB	I-1	I-2	I-Flex	CD	POS
School, higher education	D	=	=	=	=	C	C	=	C	C	=	=	=	C	=	=

Exhibit H

Addresses and Ownership of Properties within 350 Feet					
Street #	Street Name	City	State	Zip	Ownership From Ramsey County Records
1265-1285	Grey Fox Road	Arden Hills	MN	55112	Smith Medical - Subject Property
1300	Red Fox Road	Arden Hills	MN	55112	International Paper Company
1260	Red Fox Road	Arden Hills	MN	55112	Arden Partners I
1230	Red Fox Road	Arden Hills	MN	55112	City of Arden Hills
1212	Red Fox Road	Arden Hills	MN	55112	1212 LLC
3757	Dunlap Street N	Arden Hills	MN	55112	St. Paul Fire and Marine Insurance Co.
3755	Dunlap Street N	Arden Hills	MN	55112	L2 Holding V LLC
3725	Dunlap Street N	Arden Hills	MN	55112	St. Paul Fire and Marine Insurance Co.
3728	Dunlap Street N	Arden Hills	MN	55112	St. Paul Fire and Marine Insurance Co.
3750	Dunlap Street N	Arden Hills	MN	55112	St. Paul Fire and Marine Insurance Co.
3768	Dunlap Street N	Arden Hills	MN	55112	St. Paul Fire and Marine Insurance Co.
3796	Dunlap Street N	Arden Hills	MN	55112	St. Paul Fire and Marine Insurance Co.
1160	Red Fox Road	Arden Hills	MN	55112	Roberts Development
1160	Grey Fox Road	Arden Hills	MN	55112	St. Paul Fire and Marine Insurance Co.
1300	Grey Fox Road	Arden Hills	MN	55112	Power Technology LLP
1260	Grey Fox Road	Arden Hills	MN	55112	Northern Investments and Consulting LLC
1230	Grey Fox Road	Arden Hills	MN	55112	St. Paul Fire and Marine Insurance Co.
3900	Bethel Drive	Arden Hills	MN	55112	Bethel University