



Title:	Authorization to issue a letter of interest for 8577 Tellers Road, Victoria
Resolution number:	20-032
Prepared by:	Name: Laura Domyancich Phone: 952.641.4582 ldomyancich@minnehahacreek.org
Reviewed by:	Name/Title: Michael Hayman, Project Planning Manager
Recommended action:	Authorization to issue a letter of interest to Daniel and Trudy Schelitzche, owners of 8577 Tellers Road, Victoria.
Schedule:	April – October 2020: Due diligence period to perform valuation, natural resources assessment, and coordinate with the property owners and City of Victoria.
Budget considerations:	N/A
Past Board action:	N/A

Summary:

In May 2014, the Minnehaha Creek Watershed District (MCWD or District) Board of Managers adopted the Six Mile Creek - Halsted Bay (SMCHB) Subwatershed as a geography of strategic planning and implementation focus. In March of 2015, the City of Victoria (City) and the District executed a Memorandum of Understanding which identifies the mutual value both agencies find in cooperative planning, coordination across agencies on priority water resource issues, and increasing regulatory coordination to support and foster integrated water and natural resources management. Since that time, the City and District have been working collaboratively to develop plans and projects that integrate identified water resources issues and natural resource areas with local planning and development goals.

One area of strategic interest to both the District and the City is the western growth area (Attachment 1). This area just west of Victoria in Laketown Township encompasses significant natural resources, including several priority areas for capital investment as identified in MCWD's Watershed Management Plan. It is also a key growth corridor for the City, guided by the orderly annexation agreement between the Cities of Chaska, Waconia and Victoria for growth into Laketown Township. The City's annexation process prioritizes development in the area as large parcels change ownership, infrastructure is expanded, and opportunities arise to build recreational access and connection.

Recognizing the shared interest in this growth area, the City and District worked collaboratively through the City's Comprehensive Plan Development Process to develop the Greenway Corridor Policy (Attachment 2) that will create a contiguous network of natural area patches and corridors. The purpose of this process is to understand likely future development patterns; preserve and enhance ecologic, hydrologic, and natural systems; and balance property owner and future developer desires with city-wide objectives. Further, the SMCHB Subwatershed Plan identifies landscape protection and restoration as a strategy to address rapid expansion and the degradation of wetlands in this geography. The dynamics between these priorities, goals, and strategies have begun to identify actionable steps to evaluate opportunities that strike a balance between development and natural resource conservation in this geography.

At the February 27, 2020 Policy and Planning Committee meeting, staff presented an opportunity to work with the landowners of a key parcel in the western growth area. In December 2019, the owners, Dan and Trudy Schelitzche,

approached the District and the City about potential development opportunities for their property. The Schelitzches requested the District's assistance in evaluating options given the significant extent of wetlands on the property and also sought the City's assistance in determining the timeline for development in this area. Over the last two months, staff have developed a work plan to evaluate this property. To formalize this process and state mutual conservation and financial goals of both the District and the property owners, staff is seeking authorization to issue a letter of interest (Attachment 3) for the property which provides for a six-month due diligence period to perform the evaluation. The structure of the letter affords the District the ability to assess the parcel under a wide range of scenarios from conservation easements of high value ecological areas to property valuation of the entire parcel under highest and best use.

The methods that will be employed to develop an assessment of this property underpin the opportunity screening processes that staff within the organization are currently working to develop. This process involves in-depth analyses to fully understand the value of the property and how City and District goals might align. These analyses will consider:

- potential natural resource restoration and protection opportunities
- water quality and quantity impacts of the property
- adjacent land use
- recreation and access that the property may provide
- the city's development goals for the property and the timeline for that development
- property valuation

Much of this screening will be supported by GIS-based tools developed by District staff that provide a graphical representation of areas where multiple benefits are achievable. The repetition of this screening for other properties will then begin to identify parcels that are strategically positioned and ecologically valuable. From there, corridors will be visualized which will guide planning, determine the appropriate level of resource investment, and prioritize acquisition in fee or easement within this rapidly developing geography.

Supporting documents:

Attachment 1: Western Growth Area map

Attachment 2: Victoria Greenway Corridor Policy

Attachment 3: Draft letter of interest for 8577 Tellers Road, Victoria



RESOLUTION

Resolution number: 20-032

Title: Authorization to issue a letter of interest for 8577 Tellers Road, Victoria

- WHEREAS, pursuant to Resolution 14-047 the Minnehaha Creek Watershed District (District) Board of Managers has identified the Six Mile Creek-Halsted Bay subwatershed as a priority area for focusing District planning activities and coordination efforts with subwatershed partners;
- WHEREAS, the District, in its 2017 Water Resources Management Plan, identifies landscape protection and restoration as a strategy to address rapid expansion and the degradation of wetlands in the Six Mile Creek – Halsted Bay geography;
- WHEREAS, the District has been engaged by Daniel and Trudy Schelitzche, owners of property at 8577 Tellers Road, Victoria, which is situated in the city of Victoria’s Western Growth Area where the city has prioritized development as large parcels change ownership, infrastructure is expanded, and opportunities arise to build recreational access and connection. The Schelitzches are exploring options to divest themselves of the property while considering both economic and ecological goals and are requesting the District and City’s assistance in that effort;
- WHEREAS, the District intends to perform an evaluation of the property to consider its natural resource restoration and protection opportunities; water quality and quantity impacts of the property; adjacent land use; recreation and access that the property may provide; the city’s development goals for the property and the timeline for that development; and property valuation;
- WHEREAS, the District intends to issue a letter of interest to the Schelitzches to state mutual conservation and financial goals for the property and to establish a six-month due diligence period to undertake the evaluation process.

NOW, THEREFORE, BE IT RESOLVED that the Minnehaha Creek Watershed District Board of Managers authorizes staff to issue a letter of interest to Daniel and Trudy Schelitzche regarding their property at 8577 Tellers Road, Victoria.

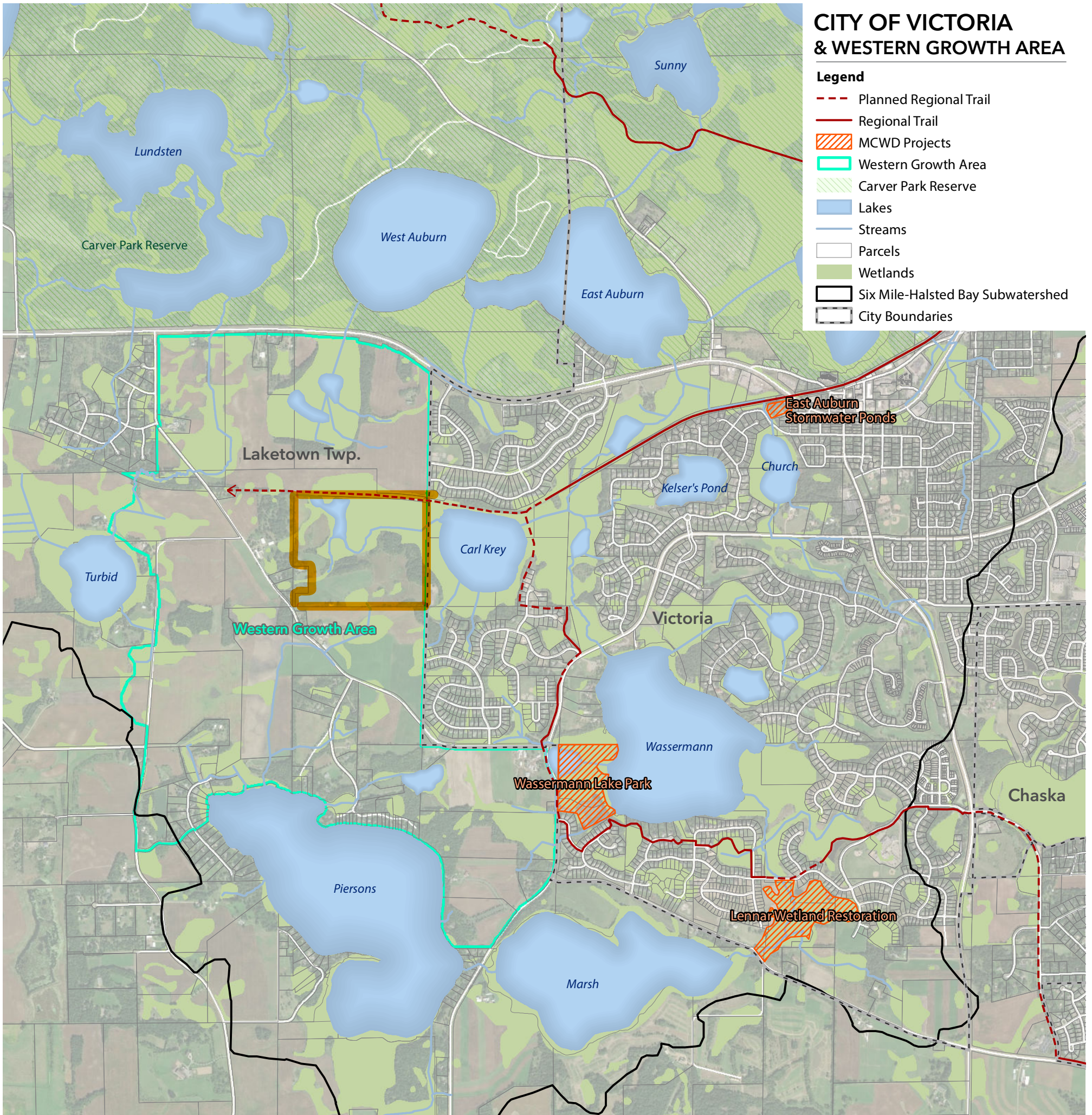
Resolution Number 20-032 was moved by Manager _____, seconded by Manager _____. Motion to adopt the resolution ___ ayes, ___ nays, ___ abstentions. Date: 4/9/2020

 Secretary Date: April 9, 2020

CITY OF VICTORIA & WESTERN GROWTH AREA

Legend

- Planned Regional Trail
- Regional Trail
- MCWD Projects
- Western Growth Area
- Carver Park Reserve
- Lakes
- Streams
- Parcels
- Wetlands
- Six Mile-Halsted Bay Subwatershed
- City Boundaries



VICTORIA CHAIN OF LAKES GREENWAY

The City of Victoria is a healthy, active, and interconnected community built around abundant amenities including its lakes, parks and trails which create a place where people want to live, work and play.

Victoria's success, as a vibrant livable community, is founded on a vision where economic growth, high quality built environments, and healthy natural systems work in harmony to cultivate value for everyone. To elevate and extend this success, the City is establishing a bold vision for the future that continues to emphasize the overarching benefits of integrating natural systems with plans for sustainable growth of the built environment.

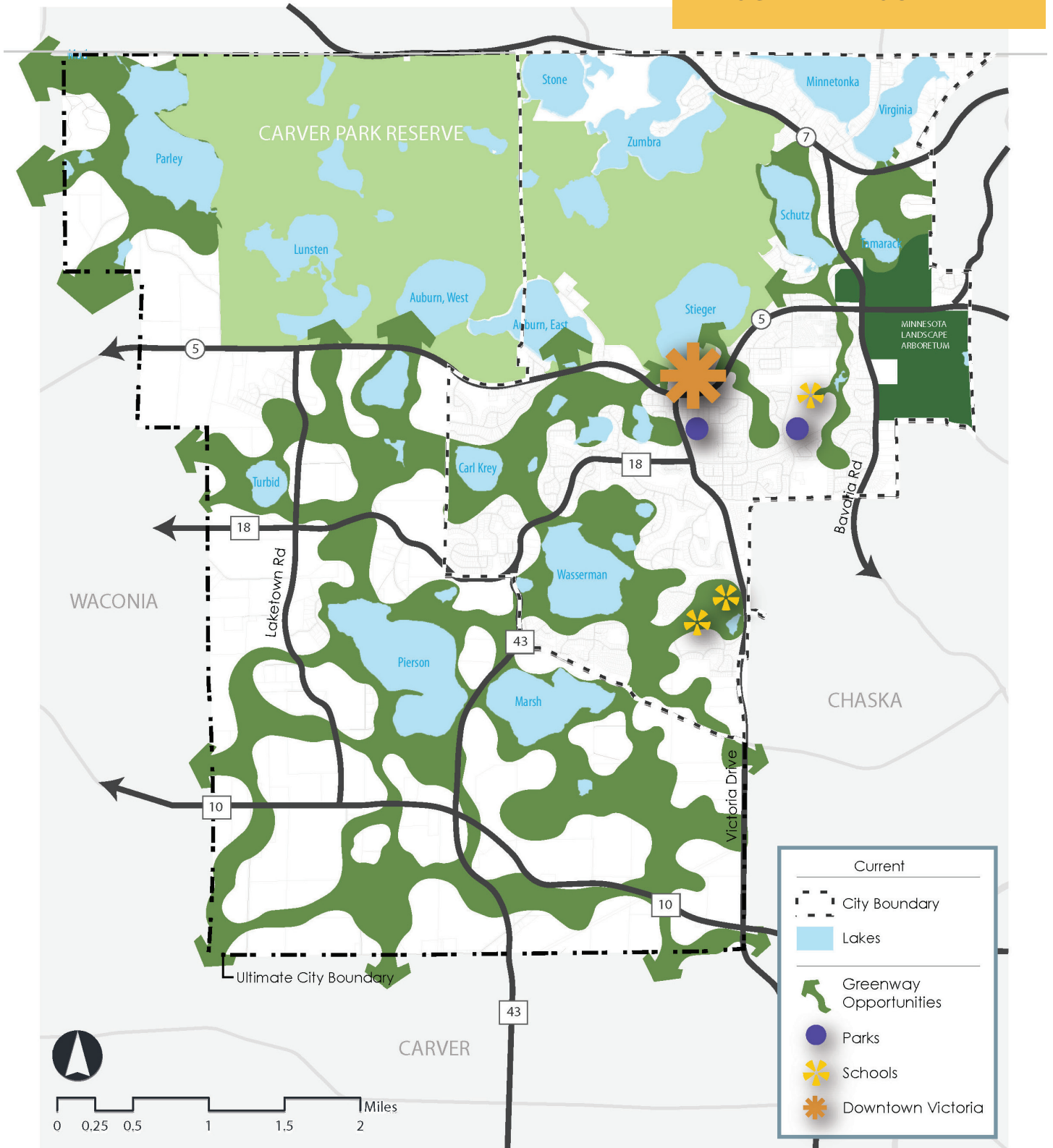
The City is endowed with significant natural features, including its own chain of lakes, which form the headwaters of Lake Minnetonka. Building off of Victoria's identity as the City of lakes, parks and trails, a vision for a Victoria Chain of Lakes has been established that will connect the City through a contiguous network of natural areas, trail corridors, parks, and public activity nodes.

The Victoria Chain of Lakes reflects an understanding that Victoria's natural systems create a unique sense of place. Preserving natural features, and strengthening the connection between them and the built environment provides social and economic value to the City; by reducing long term infrastructure costs, creating higher property values, and supporting a healthy and thriving community.

Victoria's Chain of Lakes will leverage the City's extraordinary natural resources into an interconnected and publicly accessible greenway system. The Chain of Lakes plan seeks to build off of the City's existing park and trail system, incorporating new public nodes on each lake, connecting to passive and active recreational areas, and enhancing the public experience of natural systems. The greenway will provide enhanced multimodal connections to housing and area amenities, including Downtown, Lions Park, Carver Park Reserve, the Minnesota Landscape Arboretum, and Lake Waconia. Figure 4.4 provides an illustrative view of the Chain of Lakes vision.

The 2040 Comprehensive Plan serves as a roadmap for this effort to enhance future development through the preservation and enhancement of Victoria's natural heritage. Following plan adoption, the City will work to develop complementary land use tools and, in partnership with Minnehaha Creek Watershed District, Carver County and other public and private partners to develop a strategic implementation plan to realize the vision of the Victoria Chain of Lakes. The implementation of this vision is explored further in "Victoria Chain of Lakes Greenway Policy & Implementation" on page 46.

FIGURE 4.4 VICTORIA CHAIN OF LAKES GREENWAY VISION



VICTORIA CHAIN OF LAKES GREENWAY POLICY & IMPLEMENTATION

PURPOSE

Through its Land Use policies, Victoria seeks to preserve not only what is required by existing State and regional statutes, but additional high quality natural resources and open spaces. In partnership with the Minnehaha Creek Watershed District and developers, Victoria will create a contiguous network of natural area patches and corridors. This network will provide corridors for outdoor recreation, non-motorized transportation, habitat preservation and restoration, and ecosystem functions. Figure 4.7 highlights a conceptual greenway network, which includes existing and proposed parks, trail corridors, and open spaces and some upland areas that serve as critical connecting areas.

Concurrent to the 2040 Comprehensive Plan process, Minnehaha Creek Watershed District (MCWD) and the City of Victoria collaborated on a study for the future of the western growth area. The purpose of the planning process was to:

- Understand likely future development patterns
- Preserve and enhance ecologic, hydrologic and natural systems
- Balance property owner and future developer desires with City-wide objectives

The goals for the study are:

- Improve natural systems
- Improve quality of development
- Reduce public expenditure
- Reduce public conflicts
- Reduce developer time and cost of review
- Reduce risk for development
- Align Shared values between City, MCWD, land owners, home buyers and residents

WHAT DOES THE GREENWAY CORRIDOR INCLUDE?

Tier 1 includes areas that are already restricted for development by Federal, State, or Local statutes:

- Wetlands
- Open Water (Lakes, Streams)
- Floodways and Floodplains
- Hydric Soils

Tier 2 further looks at land cover and natural resources and adds the following layers:

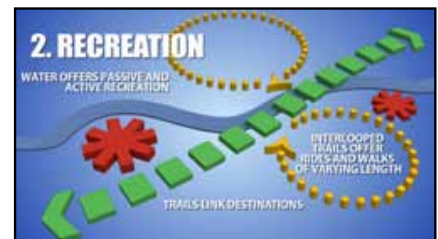
- Stream and wetland buffers
- Natural corridors and woodlands
- Steep slopes

Connective corridors that help achieve the Victoria Greenway framework by looking at Tiers 1 and 2 and connecting them to form a network of open space corridors that will benefit ecological, environmental, and recreational systems in Victoria.

Corridors link larger hubs allowing plants and animals to thrive in a functioning ecosystem.



Destination trails with a natural signature tie together a seamless system of local parks, regional parks, local trails, greenways and schools.



Buffer strips, native vegetation and land management practices improve water quality and ecosystem health.



Trails with grade separation and four-season maintenance link activity centers across the county and link a feeder system of local trails.



The Dakota County Greenway Guidebook outlines four major objectives for its greenways, shown above.

HOW IS THE GREENWAY CORRIDOR POLICY IMPLEMENTED?

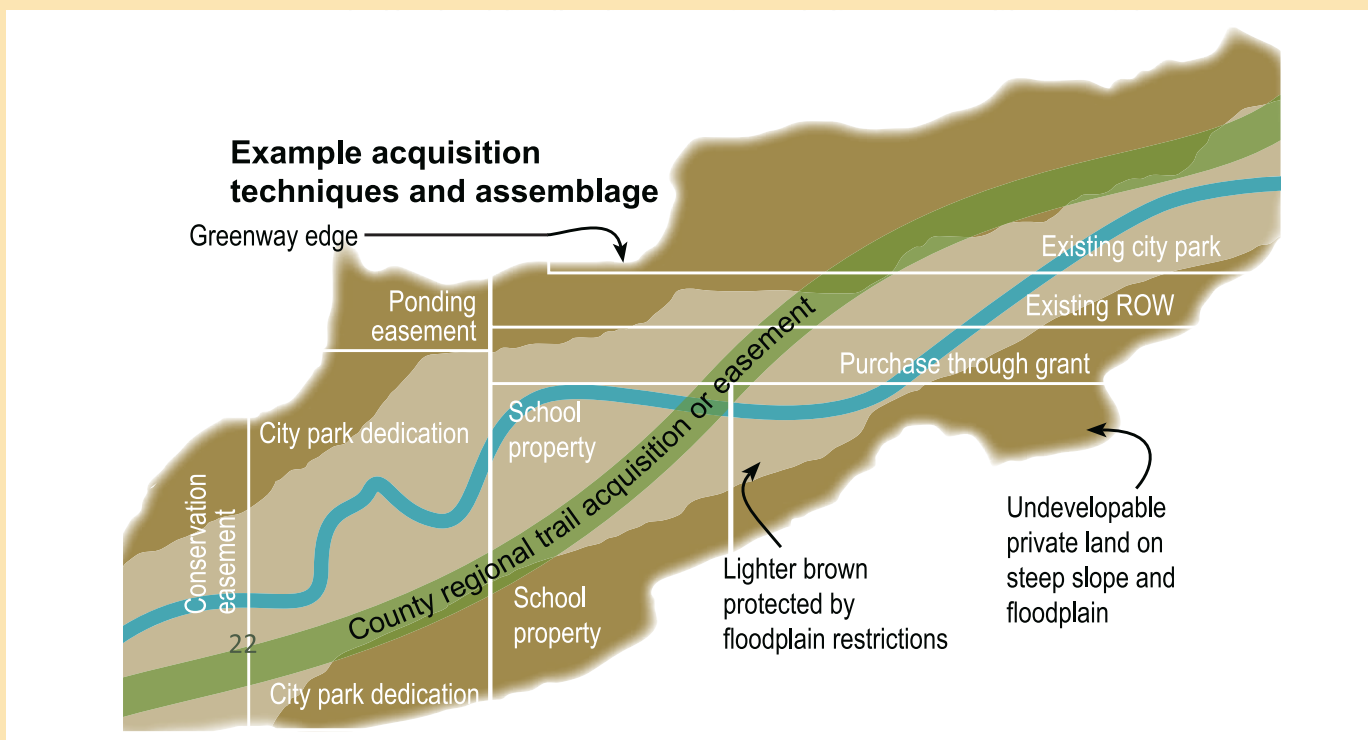
Existing development regulations protect Tier 1 items.

Tier 2 items and connective corridors will be protected through a number of different tools available to the City, County, and Watershed Districts such as:

- » City, regional, and State policies
- » Zoning overlay district
- » PUD negotiations
- » Density transfers
- » Dedication
- » Acquisition of land
- » Coordination with Landowners
- » Conservation Easements
- » Utilization of existing public land
- » Grant funding

A typical acquisition strategy for protecting greenway lands and features might utilize the following prioritization:

- 1) Use existing public land that is already secured to create corridors. No ownership change is required. Examples include existing parks, ponding areas, schools, wildlife areas and other public land.
- 2) Preserve corridors in coordination with land development. Use park dedication, ponding areas, PUDs, and subdivision requirements to assemble corridors.
- 3) Take advantage of existing land use regulations that protect open space. Public ownership may not be needed in these areas beyond the 30-foot trail easement. Examples include floodplain regulations, shore land zoning, wetland protection areas, bluff protection areas, etc.
- 4) Strategically purchase property or easements as necessary. Leverage regional, state, and federal grants and existing land conservation programs as sources of revenue and provide local match as needed. Use local funding from county and city sources without match only when all other avenues have been explored.



The connective corridor search areas identified in Figure 4.7 should be considered diagrammatic and as the name implies, search areas. It may not be necessary to protect the entire search area, but rather a portion of it, to create and preserve connectivity between existing patches of Tier 1 and 2 lands.

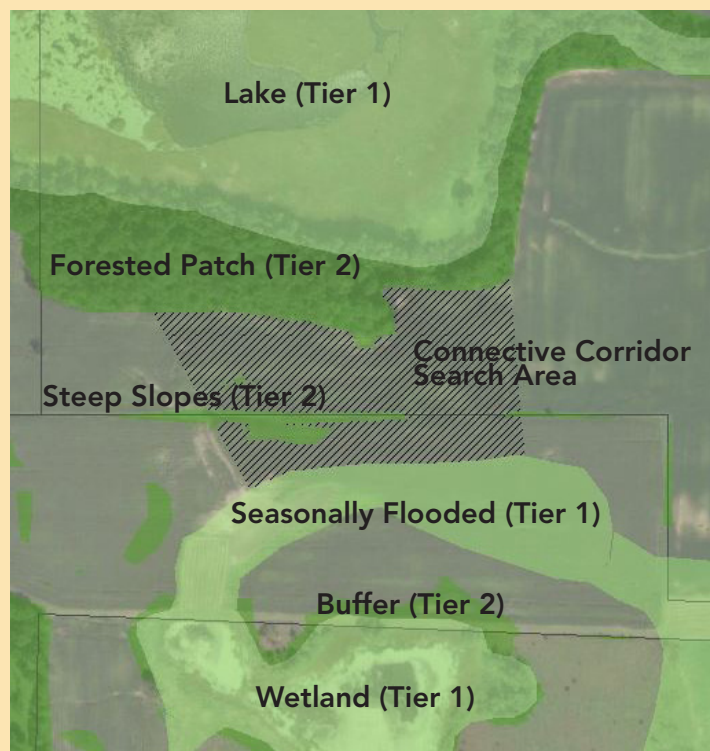
As opportunities arise for the preservation of lands within Tier 2 or the connective corridor search areas, the City and/or Watershed District should undertake actions to protect these natural features and connections considering the following principles of landscape ecology:

- » Bigger patches function better than smaller patches
- » Smaller patches function better than no patches
- » Patches connected with multiple connections function better than patches only connected by one connection
- » Connected patches function better than isolated patches
- » Wider corridors function better than narrower corridors
- » Continuously connected corridors function better than "stepping stone" corridors
- » "Stepping stone" corridors function better than no corridor

For more information, see "Landscape Ecology Principles in Landscape Architecture and Land-Use Planning" by Dramstad, Olson, and Forman.

WHAT IS THE IMPACT OF THE GREENWAY CORRIDOR POLICY?

In order to fully realize and continue to support The City of Lakes and Parks Vision, the Greenway Corridor Policy will provide a framework for a connected system of open areas, parks, greenways, trails, wetlands, and water bodies. By establishing a set of guidelines and strategies for growth and development early on, the implementation of the greenway corridor vision can more easily be realized.

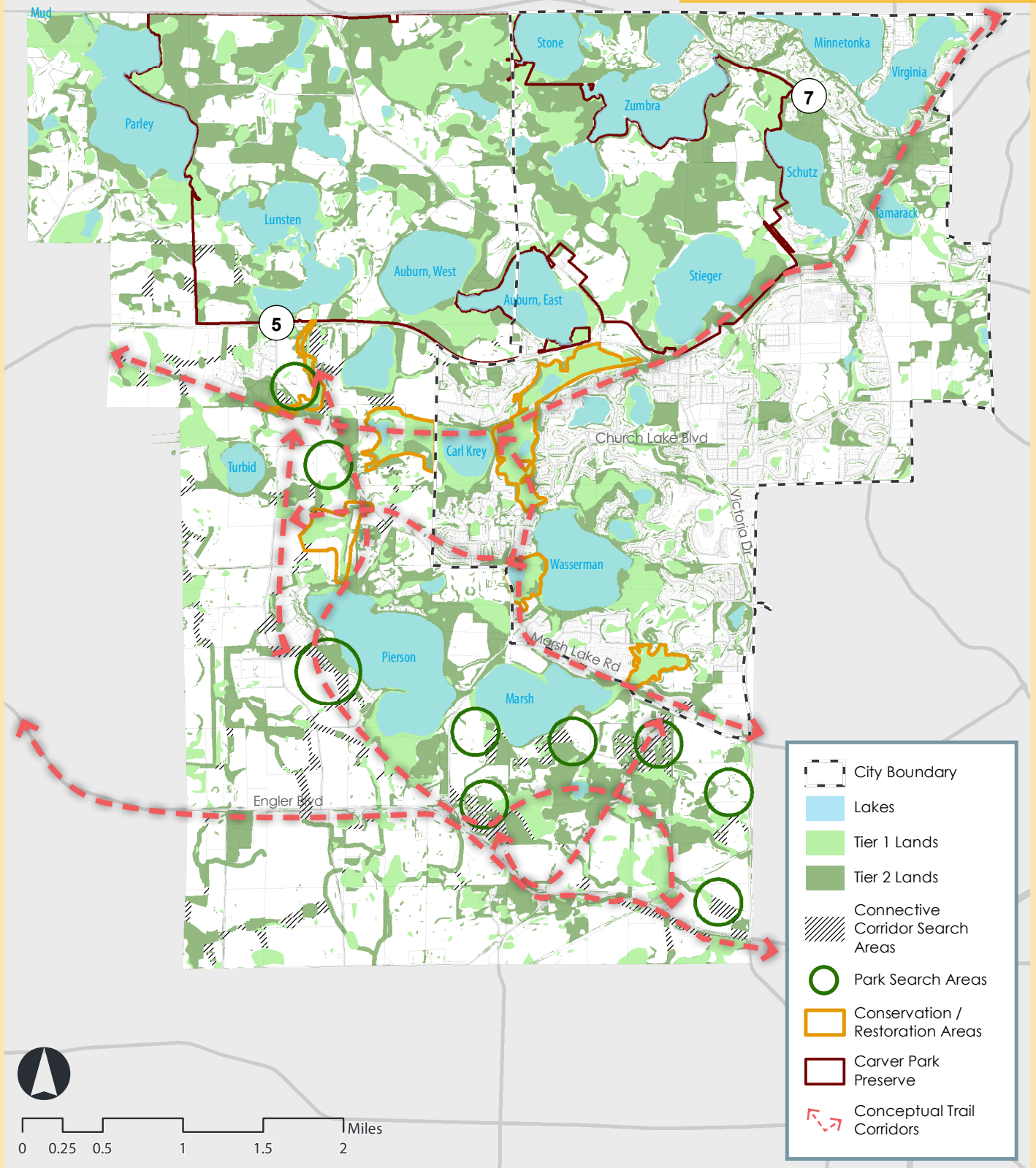


The image (left) illustrates the concept of the Connective Corridor Search Area, to connect natural features, habitat, and buffers for stormwater runoff. In some instances recreational features such as parks or trails may be able to be incorporated when the area develops.

While protecting more land leads to better ecological functioning, it may not be possible when weighed against development pressure.

In this case, it may not be necessary to protect the entire search area, instead protecting and enhancing a corridor within the search area to improve connectivity between the Tier 1 and 2 patches.

FIGURE 4.7 GREENWAY CORRIDOR





April 10, 2020

Dear Mr. and Ms. Schelitzche:

On behalf of the Minnehaha Creek Watershed District, we have appreciated your reaching out to the District to discuss your property at 8577 Tellers Road, Laketown Township, and to explore the possibility of cooperation between us to achieve our mutual conservation and financial goals for the property. On the basis of our several conversations, this letter describes the work we would like to do over the next six months, in cooperation with you, to assess the value of your property to the District and potentially our interest in acquiring the property under a range of ownership scenarios.

BACKGROUND

The property sits directly west of Carl Krey Lake and includes approximately 74 acres of upland that is undeveloped except for a pole barn along the south property line. The property is landlocked and is accessed via a cartway easement across a small parcel at the southwestern corner of the property that you do not own. Road access to the northeast is complex given the presence of wetlands in this area and requires crossing two privately owned tracts to reach your property. The balance of the property's acreage is 47 acres of wetlands distributed across the site. This acreage includes open water, emergent and scrub-shrub wetlands, some of which are very high quality.

The City of Victoria's comprehensive land use plan projects this area generally as emerging suburban edge and guides the upland portion of your property for low-density residential development. Carver County planning work suggests future non-motorized trail corridor traversing the upland from south to north and connecting to a planned extension of the Lake Minnetonka LRT Regional Trail, which currently ends to the northeast of your property, to residential development and trail networks to the south and east.

Future residential development will require connection to existing utilities. Water service would be extended from the Ambergate development to the southeast of the property, sanitary sewer from the Lakebridge development to the northeast. The City of Victoria is programming a lift station near the northwest corner of the property to support system extension westward. The timeline of these utility improvements is demand driven, with the City now prioritizing development in its southern growth area south of Marsh Lake Road.

We collaborate with public and private partners to protect and improve land and water for current and future generations.

The foundation of the District's interest in the property is the wetland resource and the potential to anchor a regional habitat corridor through the property. You are aware of this value, as reflected in the conservation practices you have implemented under state and federal programs to enhance waterfowl habitat.

DISTRICT'S PROPERTY ASSESSMENT

The District is willing to invest its time and resources into evaluating its interest in the property. This would involve several things:

- A natural resource inventory and a hydrologic and ecological review of the property to assess how the property contributes to water quality, ecology, flood management and other water resource elements of the Six Mile Creek subwatershed, and how ownership and control of the property might advance the District's water resource management opportunities.
- Engaging with the City of Victoria, Carver County and other public authorities to understand regional land use, utility, recreation and conservation plans and how District acquisition of the property would fit with local and regional public goals.
- Examining approaches to upland development on the property, including exploring with the City conservation development and similar approaches, and assessing the property's value under these development scenarios through property valuation.

To justify the District's investment of time and effort, we would ask that you agree to share with the District any information that you have about the physical and natural resource characteristics of the property, and grant to the District, its consultants and its appraisers the right to enter the property during normal hours to gain information relevant to its natural resource assessment. The District agrees to repair or restore any disturbance that it causes to the land.

The District also asks that you commit to advise us if at any point during this period you: (a) receive a credible developer inquiry, offer on the property, or request to negotiate for its sale; (b) revise your position toward a more active intent to sell the property; or (c) are approached to grant any right-of-way, easement, or other encumbrance on the property that might affect its development or natural resource value. We are not requesting a commitment to refrain from any such activity, nor are we seeking a first right of offer or refusal. But we ask to be advised at the earliest time, so that we can discuss with you and judge whether we should continue to expend public funds on our evaluation.

We will keep you informed of the progress of our work and, at the close of this period, will meet with you to discuss our conclusions and explore our further interest.

We collaborate with public and private partners to protect and improve land and water for current and future generations.

