

**Study Meeting**  
**Monday, August 11, 2014**  
**Bloomington Civic Plaza**  
**1800 West Old Shakopee Road**  
**Bloomington, Minnesota 55431-3027**

- |     |                                       |   |
|-----|---------------------------------------|---|
| 1   | <b>Call to Order - 6:00 PM</b>        | <p>Mayor Winstead called the study meeting to order at 6:06 p.m.</p> <p>Present: Councilmembers C. Abrams, J. Baloga, T. Busse, A. Carlson, D. Lowman, and J. Oleson.</p>   |
| 2   | <b>INTRODUCTORY</b>                   | None.   |
| 3   | <b>CONSENT BUSINESS</b>               | None.   |
| 4   | <b>PUBLIC COMMENT PERIOD</b>          | None.   |
| 5   | <b>HEARINGS/PUBLIC INPUT</b>          | None.   |
| 6   | <b>ORGANIZATIONAL BUSINESS</b>        |   |
| 6.1 | <b>Facilities Management Overview</b> | <p><u>Requested Action:</u> Receive a presentation, provide comments, and respond to the Facilities tour survey.</p> <p>A joint presentation was made by Jim Eiler, Maintenance Superintendent, Deb Williams, Assistant Maintenance Superintendent, and CR-BPS Inc. representatives Nancy Schultz, and Chad Kraemer. They presented a facilities management software program that utilizes a facilities asset management tool to help the City track the condition of its facilities and aid staff in the management of its assets. CR-BPS Inc. was selected as the result of the City's Request for Proposal (RFP) process. This program uses industry-standard ratings so staff can determine the life cycles of its facilities and create a replacement schedule. A Facility Condition Index (FCI) is used to rank all of the City's facilities (Good, Fair, Poor and Unsatisfactory). It indicates what it will take to bring the facility up to perfect. The term "renewal" represents in-kind replacement, which means the asset should be replaced in whole. "Non-renewals" mean only a portion of the asset, i.e. one door out of 20, might need to be replaced. The program contains a budgeting model that analyzes all of the rated assets and other pertinent data and determines the funding needs lifecycle and replacement management of its facilities 20 years into the future. This is valuable information that will help staff budget long-term and plan for the future.</p> <p>During the presentation, it was indicated the City's pool is one of the facilities that will be tracked by this program, but the Bloomington Ice Garden (BIG) will not. It will be assessed separately.</p> |

Council members discussed the condition of some of the City's facilities including the fire stations, and in particular, Fire Station #2, as it's the oldest. Questions were asked about what determines replacement vs. repair. When asked if the software will calculate deferred maintenance, the CR-BPS reps replied it will. The life expectancy of HVAC systems was discussed and it was stated the ratings for those are based on years remaining or years observed.

With regard to the budget, it was noted the "needs" amount averaged approximately \$5-6 million while the average "budget" figure was approximately \$1.7 million for the years 2017-2026.

Council appreciated the presentation and agreed this program will be a great benefit to City staff in managing the lifecycles of its facilities long into the future. Staff to provide Council with an electronic copy of the City's FCI report

Due to Council members having received the facilities study, the City Manager requested they indicate which City buildings they desired to tour. These tours to be scheduled by staff in the fall.

## 6.2 Normandale Lake District Plan Update

Requested Action: Receive an update on the Normandale Lake District Plan (NLDP). No action is necessary.

Larry Lee, Community Development Director and Jen Desrude, Civil Engineer-Development Coordinator jointly presented the Normandale Lake District Plan Update. Their presentation included background on the District Plan, traffic issues at the intersection of 84<sup>th</sup> & Normandale Boulevard, completed improvements in the District, the Intersection Implementation Plan and related updates, the funding plan and the funding sources that include special assessments and tax abatement.

It was explained a triple left turn and a pedestrian bridge was originally planned but was not accepted by the neighborhood nor did the City receive the funding for which it had applied. It's been determined the westbound on-ramp from East Bush Lake Road to I-494 is less expensive at \$23.2 million and is more likely to receive grant funding. It will provide benefit to the buildings on the north trying to access westbound 494. Staff indicated as the NLDP is revised, they plan to contact property owners to gain their consent for the new Plan and agreement on the second phase of the assessment relating to the interchange improvements. It was reported the total cost for work in the District is \$35.8 million, which includes work that has already been completed. Staff plans to apply for grant funding in 2015.

Council members commented the plan for office square footage in the District is less and residential is selling out quicker. Staff explained the demand for office isn't currently there and it might become very user specific. They said it would be better for the City if office became high density residential.

A Council member commented on the dramatic shift from single-family home ownership to apartment occupancy and said lending institutions are almost back to their pre-crash qualification criteria. He disagreed with the timing of kicking off this District Plan due to the fluidity in the marketplace and wasn't comfortable with the amount of residential predicted by staff for this District. He suggested delaying the updating of the NLDP until 2016.

Staff explained the City is mandated to do an entire update of the Comp Plan in 2018, and in order to do that, the Planning Commission and the Council need to be working intensively in 2017 to submit that framework to the Council.

Council questioned why developers have run from developing condos. Staff explained the State has established case law that says condo developers are liable for class action suits from condo owners for construction defects for a 10-year period of time. As a number of awards have been made to condo owners based on that extended period of liability, staff said developers have backed away from condo development.

Staff to update the Plan and funding scenarios and apply for grants in 2015.

### 6.3 E-Cigarettes and Pack Size

Requested Action: Receive a presentation and provide feedback on the proposed changes to the City Code amending Chapters 5, 12 and 14 as they relate to the use of electronic delivery devices and tobacco sales.

Bonnie Paulsen, Public Health Administrator and Eileen O'Connell, Health Promotion Manager presented the staff report. Their presentation reviewed the discussion that took place at the June 9<sup>th</sup> study session in which Council directed staff to form a working group to address the issue of e-cigarettes and the price and packaging of cigars. As a result, the work group drafted changes to three sections of the City Code, which treats e-cigarettes and cigarettes the same. The changes would eliminate the sampling of e-cigarettes in a vaping lounge. They discussed cigars needing to be sold in packs of at least five at the price of \$2.10 per cigar before sales tax. It was also recommended that no restrictions be placed on the sale of flavored tobacco products at this time, including cigars, as no city has yet to tackle flavored tobacco products. Following this discussion, staff to review the draft Code amendments with the Parks, Arts & Recreation Commission and the Advisory Board of Health. It will then come before the Council for final hearing and adoption.

Council discussed the proposed changes and some commented the price of \$2.10 per cigar was not high enough. It was suggested the draft changes be forwarded to the School Board for their review, as the impact of this issue on Bloomington's youth is of great concern to the Council. They disagreed with the reason for not addressing flavored tobacco in the ordinance because no other city has done it. They believe Bloomington is a groundbreaker and needs to be willing to assume whatever risks that action might entail.

Council commented e-cigs have come on fast and referenced the City's two vaping shops on Lyndale Avenue. They asked how the proposed ordinance changes will affect those two businesses. They reported hearing from smokers who have used e-cigarettes to get off of nicotine but haven't been able to rid themselves of the hand to mouth need. Council asked if the City needs to give that some consideration. They agreed these amendments continue the promotion of Bloomington as a healthy place to be.

One member brought up the issue of smoking in apartment buildings and the effect that has on youth. He requested staff look into it.

When Council was asked what they wanted to set as the minimum price for a single cigar, they made it clear they didn't want to provide a bulk discount, which could incent customers to buy them in a larger quantity. After some discussion, Council agreed on pricing a single cigar at \$2.60. As a result, cigars must be sold in packages containing no fewer than five cigars and the package must have a retail sales price of at least \$2.60 per cigar.

Staff to forward the ordinance to the School Board for review. As there was no consensus by the Council to address flavored tobacco products in the ordinance at this time, staff was directed to take the ordinance to the public hearing process. They requested the issue of flavored tobacco products be revisited a year from now.

**6.4 2015 Preliminary Levy, Proposed General Fund Budget, and Imagine Bloomington Strategic Initiatives #6 Discussion**

Requested Action: Receive a presentation and provide feedback on the 2015 Preliminary Property Tax Levy, proposed General Fund Budget, Conceptual 2016 Property Tax Levy and General Fund Budget, and Imagine Bloomington Strategic Initiatives #6.

Chief Financial Officer Lori Economy-Scholler, Budget Manager Cindy Rollins, and Larry Lee jointly presented this item.

Economy-Scholler began the presentation by reporting there will be no levy limits in 2015 so staff is proposing a 4% levy increase, which Council will consider adopting as the preliminary levy at its September 8<sup>th</sup> regular meeting. Citizen feedback from the National Citizen Survey relating to the quality of life in Bloomington and City services was reviewed. Bloomington's average levy growth was presented as well as a comparison of the monthly cost of City services. Information was provided on the ranking of City services in Tiers I, II and III. A pie chart showing the 2014 tax levy categories was reviewed along with the budgetary changes proposed in 2015 and 2016. Staff recommended the 2016 conceptual levy be set at 7.43%. In a review of the City's levy history and comparison to the Consumers Price Index (CPI), it was indicated staff will work to keep the 2016 numbers at or below the CPI. Next, the strategic City initiatives that were funded for 2014 were reviewed along with the strategic priorities, which resulted in a total monthly cost to the median homeowner of \$67.82. In reviewing the strategic priorities in more detail, it was stated Golf has transferred \$2 million over the years to other funds so the \$800,000 will help pay them back. A breakdown of the potential levy was reviewed and it was indicated that each 1% levy change equals approximately \$500,000.

Council asked about the Transitional Reserve Fund, which staff explained is similar to a savings account. In the 90s, the City anticipated it was going to lose Local Government Aid (LGA) and started setting aside positive performance. It was stated the transitional reserve has been blended with strategic priorities. Council was reminded to think about the Fire Pension Fund when prioritizing its initiatives, as the City will either have to fund it out of strategic priorities or bond for it. It was explained how the City has used a multi-budgeting process for many years. The Council is given the 2016 conceptual budget and works it down from there.

One Council member considered staff's underlying budget assumptions to be too liberal and commented there is a 2.5% inflation rate but staff is proposing raising the levy by 4%. He questioned what accounts for the 2% change from 2014 to 2015. He understood salaries are programmed for a 2.5% increase but requested an "apples to apples" comparison of the 2014 and 2015 budgets to understand the deltas.

Staff responded the City has tried to set the levy parallel to property values, which have averaged around 3%. However, for 2015, staff is looking at a 4% increase, slightly over what has been done in the past. It was stated while insurance premiums have remained flat for three years, the City is expecting a 15% spike increase. Payroll makes up 75% of the budget and the City is ramping up the Pavement Management Program (PMP). It was stated the County is usually at 3% and most cities in Hennepin County are averaging approximately a 4% levy increase in 2015.

Staff presented information on the City's financial obligations to the Bloomington Fire Relief Association and the Golf Courses Budget before Council was asked to start ranking the 2015 initiatives.

Staff reviewed the 2014 Council-indicated initiatives. Council was then asked to consider the following initiatives as Very Important, Important, or Somewhat Important. Council tried to provide this feedback using voting devices but they were not working properly so they were asked to vote by a show of hands if they considered each of the initiatives Very Important. Following are the voting results using a show of hands to indicate whether or not the Council considered the initiatives Very Important or not:

- Cultural Arts Funding: (This is where the voting equipment failed)
- Placemaking/Public Arts Funding: (No)
- Creekside Community Center: (No)
- Additional Capital for HIA Loans: (No)
- Capital for "Dirty Dozen" Program: (Yes-Very Important)
- Normandale Boulevard Right Turn Lanes: (Yes-Very Important)
- Enhanced Trail Improvements: Expand existing trails to 10 feet in width, including ROW. (Yes-Very Important)

Council discussed the trails and one Council member indicated a preference to see the existing trails repaired to a usable condition rather than improving them to a standard different than what they were originally built. As this is an issue citizens bring up to Council as a concern, it was indicated the City has fallen behind on its trail maintenance and needs to show a dramatic improvement as quickly as possible. Staff indicated it will cost \$2 million to repair the City's very worst trails.

Voting results continued:

- Neighborhood Center Plans and Implementation (small strip centers): (Yes-Very Important)
- Fire Stations 2, 4, 5 and 6. (Yes-Very Important)

Council wanted more information about the fire stations. Staff stated Station #3 is the oldest, in the worst shape, and is not in a good location. The City is looking to build one at 86<sup>th</sup> Street & Old Shakopee Road but that one is not on this list. Staff is looking at adding additional bays at a couple of the stations.

The voting continued:

- BIG – Rink #2 Viewing Area and Lockers: (No)
- Dwan Bathroom Removal? (No)
- Park Building Upgrades/Replacements: Temporary and permanent buildings in City parks. Need to go through and decide which temporary and permanent buildings should be rehabbed, removed, and where new ones are needed. Staff is reviewing the park assets right now. (Yes-Very Important)
- Motor Vehicle (MV) Office: (Yes-Very Important)

There was discussion about Motor Vehicle and their building and whether or not the City plans on keeping it long-term. The question was asked if MV could move into city hall or to a retail location, i.e. a rented space at 98<sup>th</sup> & Lyndale. It was stated M.V. does pay rent to the City and if a new community center is a high priority and is done in a couple of years, the City could patch the MV roof for the time being.

Staff presented some additional ranking slides and performed some comparisons. It was stated Golf needs \$800,000 to break even or they could go out of business, as they have a negative working balance. Staff provided more information was provided on the situation involving the Golf Fund and the Bloomington Ice Garden. It was stated Golf has loaned over \$2 million to other funds in the past including the Bloomington Ice Garden (BIG) and this would help pay them back what they previously earned. When the City loses golfers in April/May, they're lost for the entire season. It was reported Dwan does alright but Hyland has been hurting. A proposal for a golf academy on site at Hyland Golf Course to be presented to Council in the near future. It was stated if Hyland doesn't convert to a golf training academy or the golfers don't come out in greater numbers, the option might be to develop Hyland Greens for park land or something else.

The City Manager asked Council to list their top five priorities for 2015:

Number #1: Fire Pension. Staff explained how it's been funded in the past and how it could be funded.

Council suggested using some of the cash on hand and some from the levy. Staff indicated it could work it into the levy but it would need to be stepped in. Council said it's for fire protection in the community and it's something people should pay for. It's a fire cost. It was suggested by one member that it might be a reason to think about a 5% levy increase.

Before asking Council to list their top five priorities, the City Manager provided the necessary funding amounts associated with each of the initiatives. Using paper, he requested the Council write down their top five initiatives. He indicated staff will figure out the top five after compiling Council's individual rankings and bring back options. There was Council concurrence on setting the preliminary levy at 4% on September 8<sup>th</sup>, which staff will work to lower by year's end. If necessary, it could be continued to the September 15th study meeting and adopted at the September 21<sup>st</sup> regular meeting.

**6.5 FD Live Fire Training Presentation and video**

Requested Action: Receive a briefing on recent Fire Department training exercise using a house that was scheduled for demolition. No action is needed.

Fire Chief Ulie Seal and Police Chief Jeff Potts presented jointly on some training exercises performed by both of their departments. They began by showing a Fire Department live fire training video. Following the video, Chief Seal discussed the training exercise.

Police Chief Potts reviewed the training exercise the Police Department's Bomb Squad performed at a house at 9624 Oregon.

Council suggested the first part of the fire video be shown at a Council meeting during Fire Prevention Week.

**7 ADJOURN**

Mayor Winstead adjourned the study meeting at 10:05 p.m.

Barbara Clawson  
Council Secretary