

**Study Meeting**  
**Monday, November 24, 2014**  
**Bloomington Civic Plaza**  
**1800 West Old Shakopee Road**  
**Bloomington, Minnesota 55431-3027**

- 1      **Call to Order - 6:00 PM**      Mayor Winstead called the study meeting to order at 6:00 p.m.
- Present:      Councilmembers C. Abrams, T. Busse, A. Carlson, D. Lowman and J. Oleson.
- Absent:      Councilmember J. Baloga.
- Community Development Director Larry Lee served as Acting City Manager in Mark Bernhardson's absence.
- 2      **INTRODUCTORY**      None.
- 3      **CONSENT BUSINESS**      None.
- 4      **PUBLIC COMMENT PERIOD**      None.
- 5      **HEARINGS/PUBLIC INPUT**      None.
- 6      **ORGANIZATIONAL BUSINESS**
- 6.1      **Minnesota River Valley Master Plan Update**      Requested Action: Receive an update on the Minnesota River Valley Master Plan and comment on the draft recommendations.
- Parks & Recreation Manager Randy Quale and Senior Planner Julie Farnham jointly presented this item. Their slide presentation included the following slides:
- Progress Update, General Recommendations (City of Bloomington [COB]-owned lands are blue on map), Access Typology - 4 types (if City promotes a Normandale Boulevard site, it will have to provide some parking), Access Locations, Access – General Recommendations, Utilization, Utilization - General Recommendations (City only desires to maintain what it has. No plan to add trails beyond what the DNR is planning to do), Utilization – Trail Recommendations, Awareness – General Recommendations, Awareness – Opportunities, Protect & Preserve – General Recommendations, Commission Input (High priority items based on all commission input. Queen Avenue and Nine Mile Creek trails are pedestrian only but some have wanted it opened up to others. The Mountain bike skills course will only be offered at Public Works Maintenance at the Lyndale/Burn site just west of the 35W bridge at the end of Lyndale Avenue).

They continued with the presentation as follows:

Site Specific Recommendations: (Council could provide feedback tonight on the following trails or get it to staff within the next week. A draft plan to be ready by the end of January.) Indian Mounds Park (COB owned), Mounds Spring Park (COB owned - goes down to Long Meadow Lake. Was closed 20+ years ago due to neighborhood requests that it was a teen hangout. Council desired more discussion on this one.), Parker's Picnic Grounds (an opportunity for expansion here due to parking -- could become a more active park), Pond Dakota Mission Park (COB owned - looking at possibly adding a gate for security -- City desires to keep it in a rustic environment), Hopkins Road (COB owned - not the most welcoming -- could be evaluated for parking and needs some clean up, Russell A. Sorenson Landing (US Fish & Wildlife), Lyndale Avenue/ Public Works Maintenance Area (COB owned - could add some enhanced bike amenities -- bike repair/pump station, drinking fountain, etc.), Harrison/Moir/106<sup>th</sup>/James (COB owned - might be good to add a bike path, as bikes are not allowed.), Queen Avenue (COB owned - could use better signage).

Oleson said mountain bikers have spread the word beyond Bloomington so there needs to be some signage about respecting private property. Farnham said plantings could be considered to separate private property from the trail.

The slides continued as follows:

Overlook Drive (COB owned - very steep trail so it's not open to public use. Perhaps it should be re-evaluated.), Normandale Boulevard (COB owned - could be evaluated for on and off-street parking. Still a potential to use the railroad.), Suggested Improvements, Ft. Snelling State Park (State owned), MVNWR Visitors' Center (USFWS - could be the entryway into the headquarters.), Long Meadow Lake Trail (USFWS -- clarity needed on signage).

Community Development Director Larry Lee said visitors to the area have said signage is needed inviting people down to this area.

Slide presentation continued with the following slides:

33<sup>rd</sup> Avenue/Ceridian (Private - evaluate its potential), 28<sup>th</sup> Avenue/Kelly Farm (Private - should be explored to see if there is potential for a natural access), "Hydrant Park" (MAC/Cypress owned), Bass Ponds (USFWS - lower area only - some opportunity for discussion on this one), Old Cedar Bridge (USFWS/City), Bloomington Ferry (USFWS - expand interpretive signage), Public Engagement Approach, Stakeholder Meetings: - Key Messages - keep it natural, coordinate signage, issue with surface of State trail), Open House (7/31/14) Comments, Online Survey -- Summary Messages (keep it natural - staff will take that under advisement), Online Survey -- Summary of Responses (989 total respondents), Project Schedule (public input in early February with a more formal review of the draft plan in March/April).

Busse likes the goals and recommendations. As a Council, they need to talk about establishing a long-term financial resource to fund all of it. He said the trails are highly valued by the residents so Council needs to find a way to fund the maintenance and enhancement of the current trails.

Oleson asked if a maintenance agreement has been discussed with the DNR.

Abrams suggested the City will need to have a conversation regarding what it will be required to provide per the Americans with Disabilities Act when the City enhances a trail head, for example, and the costs associated with that.

Cindy Wheeler and Kent Score from the DNR distributed copies of the Minnesota Valley State Recreation Area Trail from Bloomington Ferry Bridge to USFWS. Wheeler talked about the authorizing legislation.

Score stated the DNR has been working with the City and USFWS on this for 2.5 years to establish its potential. He said the DNR doesn't own any property in the river valley and defined what could be done. He stated a conceptual engineering design plan was created to determine if there was a dry, sustainable corridor that doesn't require extensive wetland fill. He said there is limited detail on this trail to date. He explained there is an existing use down there right now -- a natural trail that gets used. The DNR is proposing a single corridor with two separate alignments: a bituminous surface trail (multi-use and ADA compliant) along with a natural trail. He said there would be some movement of the existing trail to accommodate a hardened surface trail. He reported the bicyclists are currently using the roadway. The DNR proposes the roadway be enhanced for bikers' use and maintenance vehicles.

Winstead asked if the dual trails would parallel each other and Score replied they would.

Using an aerial photo of the Nine Mile Creek crossing, Score explained the dashed line shows the current natural trail while the white line is the proposed hardened trail. He said the survey work on site to date has been on stream crossings. The estimated cost is approximately \$2.5 million based on their previous experience in trail development. He said the current funding at this point involves Legislature-appropriated bonds to fund all activities from this point forward. Further work will be focused on those funding sources.

Lee inquired if the DNR has enough funding currently.

Score replied it's a reasonable estimate but there is a shortfall. There is concurrency with both USFWS and COB to begin the design process in 2015 with final design for the entire trail in late 2015 or early 2016. DNR staff will do the environmental and cultural review. He said 2016 is probably the earliest for any physical construction; which will be a challenge. He commented the long-eared bat is nearing distinction so it's protected. He said maintenance of the State trail corridor will be the responsibility of the DNR, as the State trail system is basically one system.

Wheeler said a meeting will be held with USFWS and the City to develop an overall publication plan for the project. They plan to hold open houses in early spring and fall of 2015. They plan to initiate discussion with the stakeholders that wish to have input into the design. They will be requesting a resolution of support from the City for the design process.

Score said in order for the DNR to invest the full scale legislative money, they'd like the resolution soon. He said a letter of support would allow the DNR to move forward. He said before the DNR implements the final design, there will be a formal agreement between the State and the City that will need to be executed.

Wheeler said they want to continue working with COB and USFWS. It would be their trail on City/USFWS owned land. She added once the final plans are completed, the DNR will request a Memorandum of Understanding.

Lee said the DNR has offered to conduct the public input process and asked Council what other information they needed in order for the plan to proceed.

Winstead said before the Council moves forward with a resolution, the DNR should address the issue of maintenance of the trails and the costs associated with that maintenance; who will do what.

It was stated the DNR will put together a communication plan that will be shared with the Council.

Winstead asked the Council if they had any concerns with what the DNR has put forth.

Lowman said he'd like to hear more about the paved trail and how it will be used. Will it be open for bikers as well as the natural trail? Is there the possibility of a public/private partnership for the Ceredian site?

Lee said staff will provide Council with those answers and a draft resolution of support.

Carlson asked if a draft MOU would be coming forth before the final resolution.

Lee explained the DNR is requesting a letter of support on the process.

Oleson inquired as to what collaboration is going on with the other side of the river.

Score replied the State trail is a linear trail and the paved trail currently goes to Chaska.

*(There was Council consensus to move forward with the Minnesota Valley Master Plan including the Minnesota Valley State Trail.)*

## 6.2 Old Cedar Avenue Bridge Enhancement Update

Requested Action: Receive an update on the Old Cedar Avenue Bridge enhancements and other associated projects and provide feedback to staff.

Civil Engineer Julie Long provided the staff report and introduced Matt Cramer, SRF and architects Michael Jiski and Roger Christensen. She began the presentation by reviewing the Old Cedar Avenue Area projects and project schedules.

Council asked about the weight of the traffic proposed on the rehabilitated Old Cedar Avenue Bridge (OCAB) and asked for more details regarding the Three Rivers trail expansion. Long replied future construction to occur in June 2016. When asked what impact the Right-of-Way (ROW) acquisition will have on the existing Old Cedar Avenue, Long replied she doesn't believe the City will need to acquire ROW at the bridge. Three Rivers will need to acquire ROW further north. She said ROW is needed, however, from 86<sup>th</sup> Street to Old Shakopee Road. She said no new sidewalk is being proposed but rather an ADA compliant multi-use trail for bicycles and pedestrians is proposed.

Lee said there will be techniques to address the construction of Old Cedar Avenue and the bridge itself.

Long said they will put a final layer on the roadway sooner to make the road stronger plus a plan will be developed to address the natural springs in the area.

Long's presentation continued with the Project Estimates: (\$13.9 million is a 60% bridge estimate. Trail head construction will cost \$1.9 million.) She explained the legislative funding the City received for the OCAB requires some additional amenities required by the State; the first of which is a sign package.

Busse was surprised to see the sign package estimated at \$1.2 million. Long replied the legislation dictates the number, size and scope of the signs.

Long continued the presentation with the Bridge Project Funding and Enhancements.

The presentation continued with slides on the Additional Funding Opportunities. (Three Rivers Park District has applied for a Federal Transportation Funding grant.) Long presented staff's concerns, one of which is the Corps permit approval timeline. Other concerns include a shortage of iron workers and cement, an increased demand, and a risk of flooding.

Matt Cramer, SRF and architects Michael Jiski and Roger Christensen jointly presented an update on the bridge elements. Cramer began the presentation by stating they anticipate bidding the project in 2015. The following slides were presented:

- Project Update: (*Cramer*)  
(Fiber optic utility needs to be relocated. It will be shifted 50-60 feet to be away from construction. That agreement is being finalized for Council approval on December 1. The piers are tilting more than first anticipated and the supports need replacement. That will be reflected in the 95% estimate.)
- Project Context: (*Jiski*)  
(The east and west (USFWS) approaches will connect with the future State trail alignment.)
- West Approach – Site Base Plan:  
(Regarding 100-year flood plain.)

Lee stated the sanitary interceptors are 36" and 32".

- West Approach – Site Concept Plan Overview
- West Approach – Primary Views and Interpretive Points
- Building Placement – Primary Views
- Shelter/Toilet Building – Concept Floor Plan: (*Christensen*)  
(A simplified structure to gather, orient and disperse. Shelter would allow 30-40 people to stand under cover. 2 skylights proposed.)
- Shelter/Toilet building – Concept Design – View North
- Shelter /Toilet Building – Concept Design – View Northwest
- Shelter/ Toilet Building – Concept Design – View Southeast

Council asked if the building was ADA compliant and Christensen replied it is. They also asked if the needed number of toilets for each gender was studied and the reply was there are an equal number of toilets for each gender.

Christensen continued with his presentation:

- West Approach – Site Section 1
- West Approach – Access, Circulation, and Wayfinding
- West Approach – Site Concept Plan Enlargement: (714 feet is the 100-year flood elevation)
- West Approach – Main Trail Existing View
- West Approach – Main Trail Perspective View
- West approach – Entrance Gate Option A
- Details: (Images of various elements)
- East Approach – Site Concept Plan
- East Approach – Site Section 2
- East Approach – Section 3
- Wayfinding Signage
- Conclusion: (Focus was making this a memorable place)

Lowman liked the signage at the beginning of the trail head but asked if there was a way to integrate some of the cultural aspects of the Indian tribes that were native to the area.

Busse complimented the architects but wanted reassurance that the 714-foot elevation and the construction materials are adequate to handle any flooding that could occur. He asked if emergency and maintenance vehicles will have easy access to the site. He commented on the high cost of the signage.

Winstead commented there might need to be some prioritization of funding or some cutbacks.

Carlson said the paved, striped parking lot is necessary and the Legislature is requiring the signage be incorporated from the beginning.

No action required.

### 6.3 Penn American Rezoning

Requested Action: Receive background information on the pending rezonings in the Penn American District.

Planning Manager Glen Markegard presented the staff report. Using a slide show, he presented background information on the rezonings as recommended in the Penn American District Plan and the Code amendments interrelated to those zonings. Both of those items are scheduled for public hearing at the December 1, 2014, City Council meeting.

Markegard introduced Christina Morrison, Met Transit who provided an update on the Orange Line Bus Rapid Transit with the following slides:

- Orange Line Budget: \$150 million capital project. (50% Federal, 30% Counties Transit Improvement Board, 10% Local, 10% State)
- Funding Secured in 2014: \$10 million secured to complete all of the project development and engineering.
- FTA Small Starts Entry
- Schedule: Funding keeps them on track for 2015 and 2016.
- Small Starts Significance
- 2015 Orange Line Work Items

Winstead asked Morrison about a conversation Met Transit had with one of the landowners last week regarding alternatives.

Morrison explained the general concept was a direct routing straight through but Met Transit wants to incorporate the ideas that have been put forward that meet Met Transit's standards and all of the options. She said they'd like to have a dialogue with Kraus-Anderson, Lupient, Peerless and Infiniti. They'd like to bring them together to discuss how the impacts can be minimized. She desires to have an open discussion with the land owners once a conceptual design is ready.

Carlson inquired how the City's rezoning decisions will impact Met Transit's preferred route moving forward.

Morrison replied they're compared to all of the other projects in the Small Starts Project group. She explained there is some subjectivity on the part of the Federal Transportation Administration (FTA) regarding the 30 projects in the program to see what are the most compelling stories regarding land use and transit. The FTA wants the most for its funding and the Met Transit's goal is to create a compelling story that can compete on a national level. She said the criteria looks at transit-supportive land uses so the more there are the better the score. She said this is a transit plus land use project, which should improve our chances.

Lowman asked how BRT would complement Light Rail Transit (LRT) down American Boulevard at some point.

Morrison replied the planning that has been done is for another BRT line on American Boulevard that will result in intersecting service at Knox Avenue & American Boulevard. It's more about its potential to connect transit routes than it is about existing transit ridership. The east/west connections are very important to the overall planning.

Abrams said given two of the funding sources are the State and the Federal government and the leadership changes that have occurred in those legislative bodies, asked what actions are technically in the timeline for the next two years that could be affected by a change in direction due to shut downs or budget revision.

Steve Elkins, Met Council Representative reported the Federal Highway Trust Fund is only two-thirds funded right now but said the Federal government has never welched on a funding commitment in the Small Starts Programs. He said Congress hasn't passed a new transportation funding bill in ages so the status quo keeps getting extended, which will continue to be the case going forward.

Abrams asked Morrison if any State money would need to come in within the next two years in order to fulfill this commitment. Morrison replied \$5 million has been secured by the Met Council to get through the next couple of years but they will look for an additional contribution from either the State or some combination of State/Met Council funding. Met Transit tends to front load these projects with local money, which need to be lined up by mid-2016.

Elkins said there is bipartisan support at the state level for bus investments.

Markegard continued his presentation by locating three recent district plans on a map and the location of three LRT stations. He showed examples of where development that hasn't met the City's vision hasn't moved forward and where it has. He showed a concept plan of the vision for the Penn American District and the rezoning recommended by the District Plan. He reviewed the concerns of key landowners in the Penn American District. He reported the Planning Commission (PC) recommended denial of the rezonings and the Code amendments at their meeting on September 11, 2014. The PC recommended the City take a less prescriptive and a more permissive approach to the rezonings. The less controversial zoning runs the risk of developments that don't match the City's vision.

He explained the pros and cons of the more permissive – less prescriptive approach. He showed a map of the New Starts/Small Starts Projects from around the country for which Met Transit will be competing. He explained in the proposed ordinance, some of the amendments are more permissive and some are more prescriptive. He said Council needs to let staff know if they want changes to some of the standards. He reported the Housing & Redevelopment Authority (HRA) recommends rezoning per staff's recommendation so as not to lose momentum in the District. He talked about the misconception the public has regarding the Penn American District; in particular, that the Southtown Shopping Center would close if that site is redeveloped. Next, he discussed the types of nonconformities and said the uses can remain as is indefinitely with no changes if they are repaired, replaced, restored, maintained, or improved. A nonconformity, however, can't be expanded under State law unless the City specifically allows it to. He then explained the definition of "expansion" and the Code Amendment definition of "expansion." He described the processes in place that would allow expansion: Conditional Use Permit (CUP), variances, and Planned Development (PD) flexibility. With regard to the uses at Southtown specifically, they are entirely conforming, which would still be the case even if they were rezoned. The Jiffy Lube and Wedding Day parcels, however, are completely separate parcels and are not part of Southtown. As far as structure nonconformity, he said Southtown would be conforming because it received the appropriate flexibility under the Planned Development process. Southtown could remain as is indefinitely but the impact of the rezoning would be felt at the time of redevelopment. At that time, the standards would have a real impact on what could be developed in the future. He described the Council's and PC's directions with regard to motor vehicle sales. He said the Council's recommendation is that motor vehicle sales be conforming uses and that a small expansion (10% of floor area) be allowed. He said Legal has a major concern with that approach. Due to Legal's concerns, staff took a step back and is proposing two alternatives: Option 1 - Nonconforming Uses and Option 2 – Conforming Uses – expansion or redevelopment must meet standards required of other uses in the district. He discussed the market demand for apartments and reported fourteen different developers have shown interest in multi-family or senior housing.

Markegard went on to describe the Kraus-Anderson (K-A) proposal. He said they want to voluntarily extend a development moratorium via a Memorandum of Understanding (MOU). Staff believes there is value in continuing the ongoing discussions and that it might result in a win/win for all parties. He said per a conversation that occurred in the hallway tonight, it might make sense for Lupient to be part of the voluntary moratorium, however, they would like to have Luther on board also. He said that would add a new dimension because it takes the conversation beyond the Orange Line alignment and into more pure zoning issues. He said the moratorium expires in February 2015 and there are four Council meetings before then. Council was asked if they wanted staff to continue working with the landowners in this discussion.

Staff to bring a specific MOU to the Council for approval. Staff asked Council if they should continue working with landowners in this discussion.

Winstead asked if new information would be coming forward from K-A or will it just defer the rezoning so Council can hear the same arguments they've heard before.

Markegard said there is a potential interest by K-A to revise their plans on the east side and said they might be more open to zoning that would allow higher intensities on the east side of their parcel. It was stated K-A plans to talk about it at the December 1 Council meeting. He said even if the rezoning proceeds, staff will continue to talk to K-A.

Council comments/inquiries:

Carlson asked what Met Transit has to say about a proposed moratorium.

Busse said the rezonings are City driven and there is no drop dead date for this so encouraged staff to continue the discussion with the landowners.

Abrams said the City has to present a compelling story for the Federal government to realize this is a team effort; adding the City has until February to act. She is interested in what those conversations will entail.

Winstead questioned K-A's purpose for a moratorium.

Markegard said staff could talk to K-A more about their proposal before the December 1 meeting while requesting further input from Met Transit and MnDOT. He recommended the Council not make any decisions tonight but wait to get public input, as the auto dealers think the bar is set too high. They retail a product and want to retail that product in the Penn American District.

Winstead said retailers can achieve the criteria of the proposed zoning district and used the BMW store as an example.

Carlson said with regard to Option 2, the concerns pertain to preserving flexibility and the ability to refinance. Markegard reviewed the standards of Option 1.

In response to Winstead's question about Lupient and Luther parcels, Lee asked Markegard to explain the minimum FAR for the existing zoning and for the proposed zoning.

Markegard said Luther is in the C-1 Zoning District where the current minimum FAR is .04 but there is language that allows an existing dealership to go below 0.4 as long as they're making progress towards the 0.4 FAR. The minimum for Luther is what it is today and they can't go below that. He said Lupient is zoned CR-1, Regional Commercial and there is no FAR minimum. In both cases, the minimum proposed FAR would be 1.0. He said currently, the largest auto dealer in Bloomington is the BMW at 0.6 FAR.

Winstead said there might be a new twist on the moratorium when this comes to Council on December 1.

No action required.

**6.4 2015 Budgets and Draft TNT**

Requested Action: Receive a presentation on the Proposed 2015 Enterprise Fund and Special Revenue Fund Budgets and the Draft 2015 Tax Levy and General Fund Budget.

Budget Manager Cindy Rollins began the presentation by highlighting the following information regarding the Proposed 2015 Budgets:

**Enterprise Funds**

- Water: The upper limit of Tier 1 will be lowered from 10,000 gallons per month to 9,000 gallons per month (or 18,000 gallons bi-monthly) while the rate for Tier 1 is increased by 3% and the rate for Tier II is increased by 13%.

With the cap change, Council inquired as to what proportion of the users in Tier I will be pushed into Tier II.

Utilities Superintendent Bob Cockriel explained 20% of the City's customers use more than 10,000 gallons per month. Approximately 12 households use well into the Tier II level even during the dead of winter.

Oleson said people respond whenever taxes go up. He said if the City presses the point of conservation, it could mute some of the pushback on any increase in taxes regardless of the reason.

- Wastewater: 7% rate increase is proposed.
- Stormwater: 4% rate increase is proposed.
- Solid Waste: 12% rate increase is proposed. Includes City-wide Curbside Cleanup Program, storm debris removal, diseased tree removal, and a solid waste study. Monthly fee to increase \$.30 to \$2.84.

Rollins continued with the Enterprise Fund Budgets:

- Ice Garden: \$1.8 million remaining to repay the Golf Fund.
- Golf: Fee increases are planned. Expected to have a negative Working Capital at the end of 2015 if no action is taken.

Winstead commented the Council needs to provide input to the City Manager on a proposal by a private management company to operate Hyland Greens Golf Course.

Chief Financial Officer Economy-Scholler said the \$800,000 transfer from the Ice Garden to the Golf Fund planned for 2015 will have to occur at year-end 2014 and reported the budgets have been prepared accordingly.

Rollins presented the following Special Revenue Fund Budgets:

- Park Grants
- South Loop Revolving Development Services Fund
- Cemetery: Purchased one residential lot in 2014. Fees are set up to make this fund self-sustaining and have been removed from the General Fund.

Carlson indicated a desire to talk about the Golf budget per staff's new information.

Winstead asked how the budget will affect the consideration to have Hyland Greens privately managed.

Economy-Scholler said Golf will have a slightly positive balance at the end of 2014 with the \$800,000 transfer. She said the two golf courses combined could still have a negative balance at the end of 2015. She said the proposed 2015 Budget will cover operations. If a management agreement for Hyland were to come forward, staff would look to restructure the budget in 2015.

Community Services Director Diann Kirby said staff is currently considering a one-year management agreement with a private management company while the City considers a longer lease arrangement with a building or alternatives. She said staff will be looking at alternatives as well as the financial fall backs. She said staff is looking for a short-term agreement that would give the City or the management company 90 days during which to terminate the agreement. This outside company would simply manage the course for one year; not creating any major changes to it. She said the cost is a flat \$70,000 plus 4% of the gross revenues. The management company would rent the two employees.

Winstead said it's \$85,000 income to the City for allowing a private company to run a golf business on a City-owned course. He asked what risks would there be for the City.

Lee stated the cost is \$85,000 but the private company will bear the cost of running the course. He said they'll be subject to City ordinances and oversight be City management.

Winstead asked where the City is at in reviewing Minnesota Golf Academy's (MGA) business plan.

Economy-Scholler said Finance has been waiting for Council direction but said they are figuring out what each party will pay.

Lee explained City staff needs outside assistance to perform the due diligence on Minnesota Golf Academy and evaluate the MGA alternative as well as other options for the land which Springsted is providing.

Winstead said more work and analysis needs to be done to determine if MGA is a viable entity, etc. and asked if MGA has been approached to manage Hyland Greens for one year.

Lee said staff's recommendation is for a one-year agreement.

Winstead asked about having additional expenses such as two golf pros; one at Hyland and one at Dwan, and other changes that would be made to the City's overall golf program.

Kirby said for now they're just focused on Hyland.

Oleson said he could support a one-year management agreement but said it seems premature to have Springsted involved. He said this needs community input given the options for use of the land.

Lee said the five options to analyze require different degrees of exploration; the MGA option requiring more. He said the other options include the City continuing operations at Hyland, redeveloping the site with housing, or allowing other forms of recreation on the site turning it into a park, which the City Parks and Recreation staff can evaluate.

Economy-Scholler stated it will cost \$10,000 to do the background and \$15,000 to analyze the entire project.

Abrams asked if the City needs to engage the services of Springsted to initiate the one-year management agreement. She understands they would have to evaluate the options.

Kirby discussed the timeline for choosing one of the five options. She said MGA wants to know as soon as possible if they are going to be putting up a building at Hyland Greens.

Winstead suggested Council direct staff to agree to a one-year management agreement. Get MGA in and get them going. By mid-2015, the City should have the necessary information on them and on the other options. He asked staff to get back to Council by mid-2015 with the information from Springsted so they can make a decision.

No action required.

Economy-Scholler and City Assessor Matt Gersemehl jointly presented the Draft 2015 Tax Levy and General Fund Budget. Highlights from their presentation included the following slides:

- Assessing - Factors Impacting Property Taxes: For 2015, there is a greater impact on residential value. Gersemehl said to find out what one's property value did, use his subtract five rule to realize the tax impact on a property.) Bloomington is in a period of residential strength. It's a diversified community (50% commercial/50% residential).
- Finance – City-Wide Budgeted 2014 Revenues: 43% fees/42% property taxes.
- Proposed levy at 4% or \$71.64/month on median value home.

Carlson said Council needs to have a conversation about how to sustain funding for Fire Pension rather than using positive performance. It's not a liability the City can afford to have. Getting the Fire Pension in place would be a step in stabilizing Bloomington's Fire Department. He'd like to use Strategic Priorities for strategic priorities.

Oleson questioned the status of the cable TV franchise agreement. Kirby said the franchise agreement extension goes through the end of the year and Council will be hearing something on that soon.

Economy-Scholler said the presentation for the tax levy public hearing will be at 4% unless Council wants it to lowered to 3.5%, which would reduce Strategic Priorities by \$240,249.

*(There was Council consensus to present the levy at 4%.)*

No formal action taken.

## **6.5 Investment and Budgetary and Financial Control Policies**

Requested Action: Receive a presentation on the Revised Investment and Budgetary and Financial Control Policies.

Revised Investment Policy

Economy-Scholler quickly presented the slide presentation and touched on the following: Administrative changes to the policy, statute/law updates, policy changes regarding diversification, and policy changes regarding maturity.

Oleson requested staff comment on the risk level and potential risks.

Vogel replied when looking at municipal bonds, the City is conservative and looks at safer and stricter procedures regarding diversity than what the City's policy allows. She said the City currently doesn't buy anything that matures in longer than five years so the biggest change to the policy states the City will have a long-term portfolio of no more than 15% of the City's total portfolio. Using an average portfolio of \$120 million that would equal \$18 million.

Economy-Scholler said the current proposed investment for the residential piece is a 20-year bond for the Lennar residential development in Bloomington Central Station. She said staff could take it out to 20 years while keeping it at the 15%.

Winstead asked if it could be a combination of 12% at 10 years and 5% at 20 years.

Vogel replied yes and said by specific Council action, the City could go out past the 10 years.

Lee asked the Council if they had any objections to what the Mayor described and they did not. It will be formally adopted by the City Council on December 1.

Budgetary & Financial Control Policy

Economy-Scholler presented this item. Highlights of her presentation include the following:

- General Fund – Cash Balances to Working Capital Goal 2010-2014. Staff looked to see what other revenues they could base the 50% policy on to increase what is held in the General Fund to allow for the availability of more cash in the May/June timeframe to keep the balance from going below \$5 million.
- Fund Balance Levels: Staff is proposing incrementally increasing 1% each year to be at 40% of total revenue and to stay at 40%.

Winstead said 35% was the low recommendation but the City wants to be more secure.

Lowman said the National League of Cities recommends having an audit committee and asked why Bloomington doesn't have one.

Winstead explained the City Council serves as the audit committee.

Economy-Scholler said Dave Mol, HLB Tautges Redpath is the City's external auditor and he's available to answer Council questions.

Lee said the entire Council has been the audit committee because no one wanted to give that up to a couple of Council members.

Winstead commented that was a good suggestion but it hasn't been necessary in Bloomington.

Economy-Scholler said the policies will be formally adopted on December 1.

No formal action taken.

## 6.6 Utility Capacity Funding Study

Requested Action: Discuss funding options for development related sanitary sewer upgrades.

City Engineer Shelly Pederson and Civil Engineer-Development Coordinator Jen Desrude jointly presented this item. They reported staff was assisted by Springsted in the preparation of the Funding Sanitary Sewer Capacity Improvements Report. Some of the highlights from their presentation included the following:

- Sanitary Sewer Issue: \$20 million of upgrades are needed through 2030.
- Two Funding Options: Developer fees or increase rates for all users.
- Developer Fees: A SAC unit is approximately the flow of one single-family home. It's a one-time fee for new development when the permit is taken out.
- Who should pay for sanitary sewer capacity? Sewers went in with the development so the developers paid.
- Should there be a combination of approaches? Founder's Ridge development (example), District Funds, or Bloomington ratepayers?

Lee said this is what the Utility budget looks like under this approach from 2015-2033.

Pederson said this presentation is to educate the Council and get the conversation going. Staff believes it should be a combination.

Busse said the community benefits from the increased sewer so it should be a combination.

Carlson said it will take \$20 million of sewer investments over 15-20 years. He said it can be treated differently and it should go onto the developer. He said Bloomington is an attractive place for development. Developers can proceed with a certain assurance that their development is not a risk. He believes it's a necessary part of the development. He doesn't believe it needs to be split.

Public Works Director Karl Keel said staff looked at it from a philosophical discussion and then looked at the actual size of it. He talked about the burden associated with the administration of a relatively small SAC charge and provided the following three examples:

- If there is a development that has a 100% immediate need for a sanitary sewer improvement directly related to it, the development would have to pay that cost 100%.
- If there are improvements for which there are other funding options available, i.e. district funds, an abatement district, or Met Council participation, etc. those options would be utilized. After that, utility fees would be utilized. Staff would not pursue a City SAC or development fee because it is not as useful.

Abrams inquired if the \$20 million chart includes any support from the Met Council and staff replied no; it's 100% cost.

Oleson said there are SAC charges for sewer but asked about a parallel charge for water. He said there are impacts on development and on residential but the maintenance of water infrastructure will automatically appear on everyone's water bill. He asked if a similar discussion would be taking place regarding water.

Keel explained a set of projects came out of a citywide modeling of its sewer system. He said there aren't as many citywide water projects. He reported there will be a few upgrades in the South Loop District.

Lowman inquired what other cities are doing with these charges.

Keel said he doesn't believe other communities are as far as along as Bloomington in modeling what the City will need.

Winstead commented Bloomington is in the redevelopment game.

Carlson said if this was about maintenance, taxpayers would understand the cost, but it's about upgrades, which he believes should fall to those that are causing the need for it. He struggles with expanding capacity for those that already exist.

Lee said when there are expansions in the immediate vicinity of a development, the developer pays. Then there are developments that are downstream that cause usage to go over the top because of new development but it's harder to make the direct connection for them. He said that's why MCES is sharing the cost; because it's a multi-city pipe.

Winstead said Met Council should be picking up all of those charges.

Met Council Representative Steve Elkins said if a city has good redevelopment coming down the pipeline, they're not going to stand in the way.

Regarding the ratepayers, Abrams said the sewers were built in 1955 and asked what part of the budget covers what needs to get done on Colfax. She said it's Asset Management and the 7% was mentioned in Rollin's budget presentation.

Winstead said a combination is needed.

Carlson again said it's a cost of doing business. It should be a development fee. He said the residents are already paying their fair share.

Oleson said it's a combination that doesn't follow a strict formula but it's based on scenarios.

Lowman said he agrees with mapping it out like the Pavement Management Program.

Carlson suggested the cost be split with 80% paid by the developer and 20% paid by the ratepayer.

Winstead said he believes it should be switched.

Lee asked if there was a way to liken it to Planning. Council is saying new development shouldn't carry all of it but should carry some of it.

Keel asked if the development fee should come from the district or in a SAC fee.

Pederson said staff will develop some scenarios based on Council's discussion.

Carlson commented these types of fees and reduction subsidies are just part of doing business.

Staff to bring back something for Council's review.

No formal action taken.

## 7 ADJOURN

Before adjourning the meeting, Winstead commented on the memo the Council received from the City Manager on governance. He said it's good and solid and it's something about which the Council as a group needs to have clarity and an understanding. He told the Council they need to be prepared to discuss some of these points going forward. He doesn't think any of the actions outlined in the memo are what he would consider doing. He said he wouldn't propose hiring someone. He said the form of interaction from Council to staff can take place but it's the outcome of it.

Oleson said he took the memo as Bernhardson's concerns for the City. He said every management person has a style. He said the Council has had some discussion about what is the proper relationship between the Council and staff. He took Bernhardson's memo to be some cautionary thoughts in doing it his style. He believes it will work out as Council conducts the interviews for the new city manager and develops a working relationship with him or her.

Winstead said the new manager needs to understand what the relationship needs to be. He said Council has received packets on the candidates and encouraged them to contact him if they have questions or issues they'd like to see discussed with the candidates. He said Council will be receiving a copy of the current contract and the areas that need to be included in the contract per the City's consultant.

He adjourned the meeting at 11:43 p.m.

Barbara Clawson  
*Council Secretary*