

Study Meeting
Monday, March 23, 2015
Bloomington Civic Plaza
1800 West Old Shakopee Road
Bloomington, Minnesota 55431-3027

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| 1 | Call to Order - 6:00 PM | <p>Mayor Winstead called the study meeting to order at 6:00 p.m.</p> <p>Present: Councilmembers C. Abrams, J. Baloga, T. Busse, A. Carlson, D. Lowman, and J. Oleson.</p> |
| 2 | INTRODUCTORY | None. |
| 3 | CONSENT BUSINESS | None. |
| 4 | PUBLIC COMMENT PERIOD | None. |
| 5 | HEARINGS/PUBLIC INPUT | None. |
| 6 | ORGANIZATIONAL BUSINESS | |
| 6.1 | Charter Change for Bonding | <p><u>Requested Action:</u> No action is necessary. Information only.</p> <p>Chief Financial Officer Lori Economy-Scholler and the City's bond counsel John Utley, Kennedy & Graven, presented an overview on a charter change that would provide the City with more flexibility when it comes to bonding for projects; specifically for new trails included in the Alternative Transportation Plan and for the maintenance of trails. Under the current City Charter, the City can only levy tax monies and pay as you go for trails. She proceeded to present the following information:</p> <ul style="list-style-type: none"> • Enhanced Financing Tool • Proposed New Section of the Charter • Comparison Charter Elements • Discussion – Proposed Charter Change • Timelines: May 7 Charter Commission Meeting, advertise a hearing before the Council in the late June/early July timeframe, could become effective in October if not challenged by the voters. <p>She said the proposed amendment language is similar to that of St. Louis Park, which would allow bonding for trails, park facilities, or a community center. Without a Charter change, if the City wanted to issue debt for a new community center for example, it would have to put forth a referendum for the voters to decide. As the amendment is being proposed, it would require 5 of 7 Council votes to authorize the bonding for an improvement and does not include a referendum requirement. The bonding authority could be for any type of capital improvement, would be exempt from referendum, and would require 5 of 7 Council votes to approve. She reviewed the proposed timelines for a Charter amendment.</p> |

Economy-Scholler explained if within 60 days of Council's approval of the Charter amendment, a petition is received containing signatures from 5% of the registered voters or 2,000 signatures, whichever is less, the amendment question would have to be added to the November ballot. She said if Council is interested in this proposal, staff would forward it to the May 7th Charter Commission meeting. She said the Council could limit the bonding authority to specific types of capital improvements and it could add back into the amendment language pertaining to a referendum, whereby the City would have to put the question to a referendum if within 30 days of the published notice of the City's intent to bond, a qualified petition is received by the City. She said the Council can determine how many Council votes it wants to require for approving these types of bonds.

Council comments/inquiries:

Mayor Winstead asked the Council if they were interested in making such a change in the Charter.

Carlson and Oleson said it was definitely worth discussing and asked why the City shouldn't have this tool available since it could be used as much or as little as Council desired. The potential interest savings to the City makes it worth discussing.

Busse was interested but said changing the City Charter is major so perhaps it should be done in increments. Use it for certain expenditures for capital improvements; not an open-ended blank check.

Abrams said it would be helpful to have the past history regarding City and School District bond referendums ... how successful have they been and how supportive have Bloomington residents been of the parks and trail system.

Baloga was interested in the discussion but expressed discomfort with the proposed amendment to the Charter. He asked staff to define a capital improvement. He considers the repairing and replacement of trails and park equipment as normal maintenance.

Winstead said there was enough interest by Council members to continue the discussion on a proposed Charter amendment. He said he would never want to see the City have the ability to bond for maintenance and ongoing operations but he would for capital improvements, which need to be defined.

Lowman desired Council use caution in making such a change to the Charter.

Abrams requested staff provide information on how other Metro cities have used such a bonding tool; not just the outlying cities.

For information, Economy-Scholler said the last City referendum was in 2000 for the art center portion of Civic Plaza. The other referendum was in 1991 for a new city hall but it failed. She added public safety facilities and libraries qualify for bonding under the City's Community Investment Program. She clarified a courthouse, on the other hand, is not a facility for which the City could bond directly.

Utley explained State statutes define what capital improvements can be financed using this bonding authority. He said the counties were initially given capital improvement powers which were the basis for the current statutes.

Winstead suggested the bonding could be used for major capital park improvements, construction and total reconstruction of trails, a community center and asked about transportation projects. Economy-Scholler said this authority would allow the City to issue debt for the type of road construction that doesn't utilize any special assessments. Winstead requested more examples of how other cities have used this authority.

Baloga said once something like a trail is built, it's the City's fiduciary responsibility to maintain it so money needs to be budgeted for annual maintenance. He said the City would appear financially lax if trails and park equipment were allowed to deteriorate to the point where the City had to bond for them. He said there needs to be an annual maintenance budget for trails, park equipment and buildings. By considering bonding for these types of needs makes it appear the City is not exercising adequate discipline in those areas. He said the bonding could be used for an extensive trail. However, trails are somewhat controversial so having it available could lead the City down a slippery slope. He believes the City needs to depreciate park equipment and start reserving funds to replace it.

Winstead said the City hasn't reserved any replacement funding for equipment when it's reached its useful life of 25 years and needs replacing. Economy-Scholler reported many park facilities are not being covered by facility charges so there is no bank to replace the park facilities or the equipment. She reported the City receives approximately \$200,000 in park dedication fees for park equipment but that is not enough to cover future maintenance and replacement.

Community Services Director Diann Kirby explained the money set aside to replace park equipment comes from park dedication fees but it varies from year to year.

Winstead asked if a system should be set up to levy and reserve for replacement of all capital items.

Baloga believes it should be and said he's concerned with the City trying to use this bonding mechanism to do a one-time catch up on all capital items without voter input.

Oleson requested more information on a reverse referendum.

Utley explained a reverse referendum occurs after an approval has been made under this provision by the Council to proceed. A reverse referendum would require the Council publish a notice that it has adopted a resolution to approve bonds under this provision in the newspaper. Voters then have a period of time, between 30-60 days, to put together a petition that meets a certain minimum number of signer requirements. If it's submitted to the City with the required number of signers, the City is required to have a referendum. A reverse referendum only kicks in if a sufficient number of voters petition for that to occur.

Oleson said bonding for trails and infrastructure might be acceptable improvements for this type of bonding if it results in cost efficiencies and interest savings. He cautioned about not reducing the City's transparency regarding significant chunks of taxpayer money.

Lowman suggested if Council goes down this route, it be stipulated in the amendment that a reserve needs to be built into the Capital Improvement budget to show voters that the City will not be back to fund the same thing. He asked if the bonding tool could be used for sidewalks and certain types of housing.

Winstead said the City is already doing some conduit bonding for senior housing in Bloomington and capital improvement projects can be bonded and paid for, plus there is revenue from TIF districts, etc.

Abrams stated there are mechanisms in place to take care of certain needs but it's at a different interest rate due to the City's role through its Port Authority. She asked about the cost savings for different projects if this type of bonding authority were to be utilized. Economy-Scholler replied difference in interest rates could be between 50-150 basis points compared to the rates for normal General Obligation bonds but it depends on several factors.

Busse said ongoing maintenance would require an increase in the levy to fund more or a reduction would have to occur elsewhere in the budget. He suggested the City use the IRS definitions relating to repairs and capital improvements.

Winstead directed staff to move forward with the proposed Charter change but said there is a question regarding capital improvement vs. operational funding. He said the City needs to reserve for replacement in its operations funding. He said there are mechanisms in place to pay for a community center, etc. but asked what savings could be realized by this type of bonding so Council can determine if it's worth changing the Charter. He requested staff provide examples of how the cities listed in staff's chart have utilized this type of bonding authority.

Baloga asked if the Housing & Redevelopment Authority (HRA) has bonding authority. Utley replied they do but said any bonding by the HRA has to be carefully scrutinized. He said although cities are required by statute to have voter referendum when it elects to bond, the exceptions to that completely swallow up the rule. He said cities are given a tremendous amount of authority to issue bonds without voter referendum. He said this type of bonding authority is intended to plug the gaps in funding.

Winstead said reverse referendum language needs to be included in any amendment and requiring 5 out of 7 (super majority) Council votes to pass a bonding project makes sense.

Oleson supported 5 votes provided the reverse referendum language is included.

Lowman said he'd prefer 7 out of 7 votes but could compromise on 6 out of 7 votes.

Winstead suggested a minimum of 30-60 days for a reverse referendum.

Abrams asked for examples of how other communities articulated the conditions for a reverse referendum including how many signatures would be required on a petition. Utley said 30 days to submit a petition containing 5% of the voters in the last general election is typical. Staff will provide additional information on the petition requirements for a reverse referendum.

Lowman asked about including a cap on the amount of bonding. Economy-Scholler said any proposal of bonds would come before the Council for a vote. She said staff can set up a policy but it's what language the Council wants included in the Charter amendment. She said this proposed amendment will be on the April 6 Regular meeting agenda for formal direction by the Council.

**6.2 External Auditor
Overview of Annual
Audit (20)**

Requested Action: No action necessary. Information only.

Lori Economy-Scholler introduced External Auditor Dave Mol, Redpath and Company who provided the Council with an overview of the annual auditing activities to review fiscal year 2014. His slide presentation covered the following slides: Agenda, Communication to Those Charged with Governance, Overview of Reports Issued at the Conclusion of the Audit, Audit Timeline, New Accounting Standards for 2014, New Pension Accounting Standard for 2015, and an Overview of the Audit Presentation.

Mol stated field work by the auditors will begin in April and should be completed in May with a goal to issue reports by June 30. Regarding the new pension accounting standard for 2015, he said there is a liability for PERA (Public Employees Retirement Association). There is no change in the funding of it but where the net liability is reported needs to be disclosed.

Baloga asked about the trend with PERA. Mol replied it's come down a little and contribution rates go up a little bit every year. Baloga asked about the State's plan to resolve the deficit. Mol replied it's an estimate and it's impacted by investment income and on mortality rates. If someone retires at age 60 or 65 and they live to the age of 90, there's an impact. He said PERA is monitoring it from year to year and is projecting out to determine the life expectancy of City employees so employers can fill the gap. Baloga commented the City's contributions to PERA will continue to grow with normal return on investments.

Economy-Scholler said the City's PERA group works to get it fully funded.

Abrams commented it will be a fluid number from here on out so in 2015, the City will be required to include it in its financial statements.

Mol said it's based on the rate of return and life expectancy. He explained the auditors work for the City Council and work with City staff. He encouraged the Council members to contact him should they have any questions.

Winstead asked is the City's new financial management system will cause any issues for the auditors. Economy-Scholler explained the auditors will be conducting the review using the new software.

Baloga asked if the auditors determine the viability of various funds going forward. He asked if there is a standard in government systems accounting standards whereby those items are reported and an opinion is given as to the ongoing ability of a particular fund to continue; particularly when there are continued losses year after year. Mol said there is a requirement that if the auditors don't believe an entity can continue as a going concern, they're required to disclose that on their opinion on the financial statements. He said there are some standard practices that people subscribe to. He said the City has a policy to address what the appropriate fund balance should be. It addresses the fact that the City's primary funding source comes in the second half of the year. He said the City adheres to those policies.

Economy-Scholler said Golf is an enterprise fund with issues regarding fund balance. She said staff discusses whether to reclassify it from an enterprise fund to a special revenue fund that would receive tax support.

Baloga asked for Mol's opinion on whether he sees the Bloomington Ice Garden and the Golf funds as ongoing revenue funds in their current state. Mol said it's a Council determination on how to finance those types of funds, i.e. what fees to charge for those activities.

6.3 Overview of Fire Pension (30)

Requested Action: No action is requested. Information only.

Lori Economy-Scholler and Fire Chief Ulie Seal presented an overview of the City's Fire Pension. Their presentation included the following highlights:

- **Statutory Obligation:** The benefit is based on a police officer's salary. If there is a loss in any year, it can be smoothed over a 10-year period.
- **Bloomington Fire Relief Association (BFRA) Pension Obligation Variables:** It's an open plan so it continues to grow. It's dependent on the police officer's wages.

Winstead commented there is a built-in escalator for those firefighters who currently receive a benefit. Seal said there is also an escalator in PERA but it freezes for a number of years after one retires but then it picks up again three years following retirement.

- **Actual vs. Authorized:** The Fire Department had approval to go over 155 firefighters but all firefighters are considered to be paid on call. The only full-time Fire employees are Ulie Seal, Assistant Chief Jay Forester and Assistant Chief Laura McCarthy. He said there are duty crews that run Monday-Friday, 8 am – 5 pm. There are 125 volunteer firefighters that are being paid a part-time wage. He said he closer to 116-118 actual firefighters. Bloomington has an authorized strength of 175 but is currently sitting at 125. He said the F.D. is very lean right now. It runs more efficiently with 150 volunteers.

Baloga asked about the minimum number of firefighters needed to provide protection for the community. Ulie replied he needs 155 volunteers for fire protection to be adequate.

- **Members:** The pension fund is growing with retirees.
- **Comparable Cities Cost for Fire 2015:** Budget per FTEs and Paid on Call (POC), including fire pension, for Bloomington is \$43,501.58.

Verbrugge said it would cost \$500,000 to \$750,000 annually to go from 125 firefighters to 155.

- **Graph:** Investment Performance vs. Funding Ratio Net Change.
- **Fire Pension:** BFRA funding ratio based on year-end 1991-2014:
- **History of Contributions**

Verbrugge asked for the amount of annualized payback for the debt that was issued in 2010 and is scheduled to expire after 2016. Economy-Scholler replied it's \$500,000 per year. Verbrugge said after it's paid in 2016, that debt levy becomes available for future levy authority. Economy-Scholler said not necessarily because whether or not the actual levy authority will be available depends on how it would be utilized.

- **History of City Contribution**

Baloga asked staff to flesh out reserve vs. levy. Economy-Scholler said the City needs to levy more than it needs to start accumulating a reserve.

Carlson said the recommended smoothing is to come up with funds to get to the \$1.5 million annually, which should be adequate to deal with market volatility. Economy-Scholler said the obligation in total is \$1.5 million. After Fire aid, that leaves \$1 million. She said conceptual 2016 levy is currently at 6.5 percent, which doesn't include any fire pension. She said staff will try to determine where it can levy \$500,000 while not increasing the levy beyond the 6.57 percent and will utilize Strategic Priorities. She said the reserve will be built slowly.

Oleson asked if there is a financial benefit to building a reserve. Economy-Scholler replied the City is just looking at sustaining the fire pension funding.

Baloga said the Fire Pension is a statutory obligation of the City.

Winstead said the graph of volatility needs to be smoothed out. He said \$500,000 is a good place to start. It will be a \$1 million obligation per year.

Baloga said the City needs to have a plan and a program that designates a certain portion of the levy for fire pension to cover the obligation as best the City can foresee it.

Carlson commented Strategic Priorities is part of the levy; it's the positive performance left over from other departments.

Verbrugge said Strategic Priorities is funded with a combination of levy and positive performance. The fire pension is a statutory obligation, for which the City should levy. The recommended approach is to mitigate the volatility in the market and to mitigate Bloomington's volatility within the City's own historical process related to Strategic Priorities. This is a phased plan to get the City to that place with a levy approach.

Carlson asked if the City is anticipating using any positive performance to fund it in 2015. He said do what it takes to make this sustainable and put as much control around it to manage it so the City can use Strategic Priorities for the things it wants to.

Baloga said 2016 is the year the 2010 bond will be fully paid. Economy-Scholler confirmed the final payment will be on February 1, 2016. Baloga said the levy for 2015 is producing the \$500,000 to pay off the debt on those bonds on February 1, 2016. Economy-Scholler concurred.

Verbrugge said the Council is supportive of the phased plan to get Bloomington to a place whereby the fire pension obligation is levy supported and not reliant on Strategic Priorities so what is laid out makes sense for assumptions.

Winstead said the City is going to need to levy about \$1 million per year to support the City's fire pension.

Baloga said the Council should talk about these kinds of things upfront and in great depth before getting into any of the other budget discussions. He said Council is looking for Strategic Priorities, which are initiatives driven by the Council rather than using that to fund the City's mandatory obligations.

6.4 South Loop Creative Placemaking Framework (30)

Requested Action: Provide input and direction to staff on the Creative Placemaking Plan budget and approaches presented.

Larry Lee, Senior Planner Julie Farnham and Bloomington Theater & Art Center Executive Director Andrea Specht jointly presented the Creative Placemaking in the South Loop vision, goals and capacity and discussed the framework for getting to the momentum phase. It was stated there are (12) demonstration projects as a result of the National Endowment for the Arts (NEA) grant.

Their presentation highlighted the following slides: Presentation Online, What is Creative Placemaking, South Loop Creative Placemaking Vision, Creative Placemaking Goals, Where Are We Now, Power of Placemaking: Early Successes, Building Muscle – City, Building Muscle – BTAC, Lessons Learned So Far, How We Get from Now to Future Vision, Momentum Phase Components, Activities (It's more than sculpture), Creative Placemaking Governance, Management Structure, Estimated Annual Budget, Total Estimated Annual Budget, Possible Funding Sources, Questions for Council, and Next Steps.

They reported Cypress Semiconductor will be hosting a mural and IKEA and the Mall of America want to work together on a project. They explained the momentum phase will take 3-5 years. They also said it is critical there be a point person for placemaking. Regarding the estimated annual budget, it was stated the artists' commissions subtotal is \$270,000 and the estimated staff subtotal is \$49,500 - \$66,500 putting the total estimated annual budget at between \$357,000 - \$384,000.

Lowman questioned the 3-5 year phase. Lee replied 3-5 years is reasonable but it could go to more of a permanent phase after this.

Oleson inquired about the three possible sculpture projects. Lee replied the major piece will be a permanent James Brenner sculpture at the intersection of 28th Avenue and Lindau Lane, which will cost \$150,000. He said two major pieces could be funded during the momentum phase. There could be some minor commissions, such as the LBS mural, a performance, or a small project. He said those would cost less than \$40,000.

Baloga inquired about identification of the area. Lee replied signs are part of the South Loop Development budget and there's a placeholder for South Loop area signage.

Port Authority Administrator Schane Rudlang said it's not a high priority item but it's in the South Loop District Implementation Plan. He said there was an opportunity to put South Loop identification at the Alpha A plaza. He said there is an opportunity to put something in concrete at the Alpha B plaza. He said \$350,000 is earmarked for major signage in the South Loop District, which would include monument signage at all of the major entrances to South Loop.

Winstead said the Mall of America (MOA) is the major icon in the South Loop District (SLD) but no one would say it's located in the SLD. Farnham said a point person will be getting the word out on the SLD.

Baloga questioned how this dovetails into economic development opportunities. Rudlang replied there's an opportunity to do it in the Alpha B area.

Baloga asked how the City's request that developers do the public art within their development works together with this public art plan. Farnham said a creative placemaking director would serve as a liaison between the City and BTAC and would be a regular member of the internal Development Review Committee to offer ideas when developments are coming up. Specht said in year one, half of the commissions could be used for innovative approaches to wayfinding. She said wayfinding could become a priority for creative exploration.

Carlson said it's good there will be partnerships that can connect and the City should direct creative ideas to resources to achieve their goals.

Lee continued the presentation by talking about possible funding sources -- the South Loop Development Fund, the City's General Fund, the Port Authority levy, and tax abatement. Lee said the South Loop Development Fund is the best source to use for this. He asked the Council to narrow down the funding sources to two they would like staff to pursue.

Winstead said he supports this and said other cities have required a certain percentage of their development costs must go towards providing an art amenity (permanent fixture within the development). He concurred the South Loop Development Fund could be a funding source over time. Lee said staff talked about having a percent fee for the arts but that's either a percent of a public infrastructure project or a percent for new developments, which is already happening with Alpha A and B. Lee believes if this catches on, voluntary funding will come along.

Farnham said staff talked to the City of Minneapolis, which doesn't utilize a percentage because they felt it was putting too low of a ceiling on it. They believed if there was a certain percentage cap on it, they wouldn't be getting as good of quality as they were getting. They chose to lead by example and are providing art and the development community has responded to it.

Winstead suggested if a certain percentage of a development went to the arts, it would be a higher number.

Oleson said the City needs to keep its finger on the branding of South Loop and suggested having discussions with the players in the SLD regarding forming their own district. They're having more say could lead to more of their own funding. Lee said that's called a Business Improvement District (BID). He said the sense of community isn't there yet for the property owners in the SLD. He said setting up a board to guide creative placemaking might result from that but it's clear to him that after talking to people, the interest and momentum isn't there yet like it is in downtown Minneapolis.

Farnham added nothing is off the table yet.

Lee said the BID model is desired but this place isn't there yet.

Lowman said he attended an Ehler's conference and placemaking is important. He'd like to know how this could be more self-sustaining using a development fund as suggested by the Mayor. Regarding governance, he'd like to see the Bloomington Schools included as a stakeholder.

Busse said these are the entrepreneurial people so the South Loop Development Fund makes the most sense.

Abrams asked if the BID could be developed at the end of three years. She asked about the person being hired that will be challenged with working with the stakeholders, creating the community, and creating the communications mechanisms above and beyond all of the artistic talent they bring to the pool. She wants the City to be able to leverage this person so that he or she understands what the Council is trying to achieve.

Winstead commented there are elements of this that could be used in every development going forward.

Lee said staff is pretty thin in terms of getting this going. Staff has assumed that most of the momentum phase will be concentrated in the South Loop District for the next three years.

Baloga said the City is trying to make a place out of something that doesn't really exist. The City needs to identify it as South Loop and populate it with structures and people. He said there needs to be a mass of development and people there to create it. Currently there is one multi-tenant structure and one hotel on the far east side. On the west side, there's a hotel with a vast expanse in between; the majority of which is designated as office structure. He said the City can't put any individual or company name or other identification of anyone who has expressed the slightest interest in that interior part or that use. He sees more of a need for project area identification and project activities to define what it is. He said uses will come and it will be rezoned to the use that is proposed, which might be multi-family housing that will need parks.

Verbrugge asked about the next step coming out of this discussion in terms of a decision for the Council. At this point, Lee asked what the direction for staff following tonight's discussion is. Staff will refine the details of the plan, prepare a draft of the plan, have it reviewed by the Parks, Arts & Recreation Commission (PARC), the Planning Commission, and then by the City Council. The Plan could be approved by the BTAC Board and the Council in July.

Oleson suggested more partnering is needed with the community.

Abrams said the signage plan for the Minnesota River Valley is running at the prescribed sizes. Now the discussions begin regarding the identification of South Loop. She said those will be very prominent signs. She said Richfield and Minneapolis already have monument signs.

Winstead said there is Council concurrence to move the Placemaking forward using South Loop Development Funds. Move the plans through the various commissions but clearly define how it will be integrated. He said the placemaking needs to identify South Loop for the benefit of future development and making it a sustainable place that people know. There are major amenities in this area that might have a tendency to dilute what the area is. Bring it together.

Carlson commented there is not a single sign to identify Uptown (Lake Street and Hennepin Avenue) and yet everyone knows where it is. People know it just by being there.

Lee send staff will send an intermediate work product in City Manager's Information so Council can flag further issues.

6.5 2015 National Business Survey (15) Requested Action: Propose potential custom closed-ended questions for the business survey.

Diann Kirby presented this staff report. Her presentation covered the following slides: Methodology (up to 4,000 random businesses in Bloomington will be surveyed), Mailings, Demographics, Promotion, and Timeline.

Baloga said the survey felt like a remake of the Citizen Survey and commented it doesn't include hotels as a type of business.

Abrams said in Section 6, respondents are asked to rate the quality of several services such as snow removal, which everyone can chime in on. The lower portion of questions regarding land use, planning and zoning, building permits, Code enforcement, and economic development are more experiential to a business. She asked how the City will know if the questions pertain to a particular business. She suggested Question #7 be removed, as it compares Bloomington to the federal government.

Winstead said it would make a difference if the data could be categorized. If the question is not pertinent to a business, "not applicable" should be an option. He suggested getting some sorting criteria into the survey. He asked if the following comment could be added at the end of the survey, "Any other thoughts or comments?" He said what comes out of this survey will direct the focus groups.

Verbrugge said focus groups could be developed if the survey results range between average and fair and fair and poor on land use planning, Code enforcement, or economic development. He said business groups might be convened for greater exploration. He said the chamber is going to want to do the same thing.

Carlson commented Section D is the most interesting but asked if the City has any flexibility with it. Could the City identify Bloomington's top leading industries and go with that list? Rather than selecting "other" as a choice, have companies describe themselves. He said it would be good to know which companies are struggling to determine if a site visit should be made or if they should be directed to some resources.

Kirby reminded the Council this is an anonymous survey but said the survey could ask if the company is looking for more information on x, y and z. She said that would give staff an idea of what the business community is looking for. She said staff will work to publicize the survey. She also said there is no option for open-ended questions in the business survey because it takes a long time to key in the responses and categorize them. She noted those types of questions cost \$1,500 in the citizen survey. She said closed-ended questions are more actionable.

Lowman said he'd like the business community to have the ability to add some custom questions and suggested staff contact the Bloomington Chamber. Verbrugge said he would do that.

Winstead asked if the instructions could state, "If a question is not pertinent to your business, please respond with "don't know" or "not applicable." He was hoping there could be an open-ended question such as, "Any other thoughts or comments ..."

Abrams said for \$16,000 annually, the City could develop its own survey tool, obtain the mailing list, and customize some open-ended questions.

Winstead said it would cost the City a lot more to create its own survey but told Kirby to let the survey provider know that open-ended questions would be of great value to the City and that the option of paying for that type of question should be available.

Busse said if it comes down to open-ended questions, the City should pursue focus group discussions.

**6.6 Old Cedar Avenue
Bridge Funding
Discussion (20)**

Requested Action: Provide input on the proposed funding scenario for the Old Cedar Avenue Bridge which will be brought forward for an award at an April City Council Meeting.

Verbrugge noted the 15% contingency is more than the 10% that was included in the electronic agenda documents.

City Engineer Shelly Pederson and Schane Rudlang provided this staff report. She said the bids were opened on March 13. Currently, the total project cost is \$19,830,000 and the amenities package estimate is at \$2,788,000. She reported the total project cost has reached \$22,618,000.

Verbrugge noted the 15 percent contingency amount is an increase over what was included in the agenda packet.

Pederson said a 15% contingency is more standard with projects like this. Regarding the amenities package, it allows for the east or west trail heads at the end of the bridge, and one monument sign (Old Shakopee Road and Old Cedar Avenue) and one kiosk sign (directional closer to the bridge, parking lot and amenities). She said six signs have been removed. She said the bridge bid came in at \$14,472,515. With a 15% contingency, the project is at \$14,600,000. She said a \$150,000 federal grant has been applied for that could be used on the trail heads but the City won't hear about that until June. She discussed what the \$2,788,000 buys in amenities. She said what is not included in the cost are the six signs and #10 (natural amphitheater land form area) or #11 (play area). Those could be bid as add-alternates. She said the school bus drop-off area will be paid for by the U.S. Fish & Wildlife Refuge. She continued her presentation by providing an explanation of Funding Scenarios #1 and #2.

Rudlang said Fiscal Disparities (FD) Tax Increment Financing (TIF) can be used for core bridge elements. He then reviewed the history regarding Mall of America (MOA) funding. He said the Old Cedar Avenue Bridge funding was from the 2014 MOA FD TIF in the amount of \$10.25 million. The FD TIF from MOA fully funds all future phases. It's a one shot funding source. He said the 2013 legislation doesn't quite fund the current bridge project. He said both scenarios utilize some of the FD TIF money from 2015 to fill the gap. He said Scenario #1 maximizes the City's funding flexibility because it utilizes more of the FD TIF from 2015 and saves the South Loop Development Fund money, which is more flexible for use by the Council and the Port Authority. Scenario #2 is an attempt to share the pain between the Mall's larger bucket and the South Loop Development Fund. He stated both of these uses of the FD TIF from 2015 are shrinking the larger available bucket for MOA slightly. He asked Council which scenario they support. He said a formal resolution to solidify the deal will be coming to Council in the next month or so.

Winstead asked what the downstream ramifications are if the City decides this project is too expensive. He said this amount is tied to a much bigger picture that is only beneficial to Bloomington.

Rudlang said not doing the bridge would have a great financial impact on the City. He said the Port Authority has regular TIF from the Mall of \$80 million. He said the City has a relatively large bucket that fully funds all of the public infrastructure (parking ramps, etc.) for the Mall's original 10 million square foot plan.

Winstead said the 2013 legislation is a very good thing for Bloomington. It fills up a \$250,000 million bucket. He said Scenario #1 takes \$5 million from that bucket, which is tied to this project.

When asked about staff's recommendation, Pederson said Scenario #1 (South Loop funding of \$1,058,000) is for the amenities package (minus the amphitheater and the play area), which has not yet been bid. She said Scenario #1 gives the City the most flexibility.

Verbrugge explained the South Loop Development Fund (SLDF) is a smaller bucket over time but it has more flexible usage. He said the City's ability to utilize that fund throughout the South Loop District is compromised if too much of it is siphoned off for this area. There are other places in the District that flexibility could be utilized.

Baloga asked how impaired is the SLDF at this point. Rudlang replied the SLDF is projected to dip down to a \$3 million balance in a couple of years if Council decides to take it all from the SLDF. He said with Scenario # 2, the SLDF would dip down to \$5 - \$6 million but then it would climb back up in a couple of years.

Busse asked if the 2015 legislation for the FD TIF allows this type of usage or is it only to be used in the MOA. Rudlang replied the MOA TIF District is a pre-1990 TIF district, which are more liberal than today. He said the legislation specifically says the FD TIF is bound by those same rules. He said using FD TIF for this type of project is a perfectly legal use of the TIF money.

Lowman inquired as to the impact for the MOA with Scenario #1. Rudlang said the Mall is currently working on a funding package for Phase 2B and they have not revised their larger total package of public assistance requests, the City would consider as part of a Master Contract renegotiation. He said the last time the City worked with the Mall on that projection, the combination of current and FD TIF would fully fund the public investment for the project. He said \$5 million is within the margin of error.

Baloga asked about the amount of TIF spent on all iterations of Phase I to date. Rudlang replied it's approximately \$250 million in total to date. He said it's about \$110 million in principle and \$250,000 in total with interest. He said there is a balance of \$50 million in regular TIF.

Rudlang said there is a substantial balance in the regular TIF of approximately \$50 million today. He said the Council will need minimal bonding for this project.

Lowman said Scenario #1 is a no brainer but asked what the tax impacts would be to Bloomington Central Station if the City doesn't do this.

Winstead said if the City were to back away from the, then the entire Fiscal Disparities TIF 2013 legislation goes away and it eliminates the opportunity for the \$250 million worth of funding for future infrastructure for the Mall and the South Loop area. Rudlang said the Mall will likely double their plan, which will add 8-10% to Bloomington's property tax value.

Rudlang said when MOA Phase I comes onto the tax rolls when the district is decertified from collecting regular TIF, will have somewhere between a 3-5 percent impact on the average house in Bloomington and will reduce their total tax bill by about that much.

Lowman said rejecting this project will cause an increase in property taxes. Rudlang said there are districts that rely on the 2013 legislation.

Abrams asked why the City can't tap into the old TIF fund if it has \$50 million. Rudlang said the 2012 contract with the Mall specifically calls out the old TIF and doesn't talk about the new TIF. He said the City would have to get the Mall's consent agreement, etc. to use the old TIF. He said the Council has more discretion with the FD TIF than with the old TIF.

Baloga inquired as to the status of the new development contract and asked when those discussions will get started. Rudlang said the Mall has a real project coming into focus that will be the impetus for having a real discussion about a project in the context of the contract.

Winstead commented this has gotten very expensive and there is a funding gap. He said the City needs to move forward and build the bridge. He supports Scenario #1, as it ties better to what happened in 2013 with the legislation. He said the City needs to maintain all of the flexibility possible with the South Loop Development Fund. He said the Mall is concerned with the City's tapping into the SLDF and rightly so because it might need to be tapped into the future for projects in the South Loop District that are not Mall related. He said Council will formally approve the funding source when the bid is awarded, which should occur at one of the April Council meetings.

(There was Council consensus to move forward with Scenario #1.)

6.7 City Manager Evaluation (15)

Requested Action: Get consensus on the direction regarding the process for evaluating the City Manager.

Human Resources Director Kay McAloney presented this item.

Verbrugge distributed the e-mail he sent to Council last week. He said a Council subcommittee could be formed to dissect the list or he and McAloney could solicit proposals from a handful and make a recommendation to the Council.

McAloney asked Council how they wanted to handle the evaluation process -- meet with the consultant and then the City Manager?

Abrams said the Council would like to retain a consultant to advise the Council on a process that ensures the internal and external stakeholders are included in a tool of some sort that identifies performance based on some metrics that are developed out of the City Manager's contract and the position description. She said the consultant's advice will be time and price sensitive and the Council must be comfortable with it given the City Manager's leadership of an organization of this size.

McAloney talked about the deadline.

Winstead suggested conducting a baseline review at six months followed by another review in either six months or twelve months.

Verbrugge said per his Employment Agreement, an initial review is to be held at six months and then annually thereafter. This would mean a review at 6 months, 18 months, and then annually after that.

McAloney said it would be good to use the same vendor for all of the reviews going forward.

Winstead said he's familiar with three on the list.

Oleson asked how one of three vendors would be selected. McAloney said she and Verbrugge could narrow down the list or she could work with a Council subcommittee.

Lowman said the evaluation tools and the kind of results that are generated from those tools need to be reviewed to determine if it would be beneficial for the Council.

Busse suggested the City contact the consultants and have them explain what they do, how much they charge, and what would be the process for future evaluations.

Winstead said he wants the consultant to get feedback from all seven Council members, senior staff, and other community stakeholders.

McAloney said staff will move forward on the consultant process. A Council subcommittee will be formed to assist her in reviewing the consultant packages and select the firm.

Winstead asked for subcommittee volunteers. Abrams and Oleson volunteered to serve on the subcommittee.

7 ADJOURN

Mayor Winstead adjourned the study meeting at 10:52 p.m.

Barbara Clawson
Council Secretary