

**Study Meeting**  
**Monday, June 08, 2015**  
**Bloomington Civic Plaza**  
**1800 West Old Shakopee Road**  
**Bloomington, Minnesota 55431-3027**

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| 1   | <b>Call to Order - 5:00 PM</b>            | <p>Mayor Winstead called the study meeting to order at 5:00 p.m.</p> <p>Present: Councilmembers D. Abrams, J. Baloga, T. Busse, A. Carlson, D. Lowman (arrived at 5:22 pm), 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>Pavement Management Program Update</b> | <p><u>Requested Action:</u> Review current and proposed Pavement Management Program (PMP) and discuss modifications needed to meet overall street and trail condition goals.</p> <p>City Engineer Shelly Pederson and Chief Financial Officer Lori Economy-Scholler jointly presented this item.</p> <p>Last year Council indicated the desire for a PMP-type program for trails within City parks and the Right-of-Way (ROW). In 2013, Council discussed the PMP and overlay needs and it was stated 4.5 miles per year of trails needed to be reconstructed, which is still the plan today. Tonight Council will look at the funding of the Overlay program, which wasn't done in 2013. The following slides were presented:</p> <ul style="list-style-type: none"> <li>▪ Pavement Life Cycle Graph: Goal is to have 10% or less of City streets in the problem area. There are 342 miles of streets in Bloomington. There is no graph for trail asphalt. Trail pavement is much thinner and has no curb. Some type of maintenance program would prolong the life of the trails. The freezing/thawing, what's under the trail, and the absence of curbs causes the degradation from the edges of the trail inward to the center of the trail.</li> <li>▪ PMP Needs Analysis: Council appropriated maintenance funding for asphalt trails beginning in 2015.</li> <li>▪ Overall Program Needs Graph: Just over \$7 million for PMP, which includes park and trail maintenance and street sealcoat, overlay and reconstruction.</li> <li>▪ Streets</li> <li>▪ Condition Distribution – Historical data from 1992 to 2019 shows City is getting close to having 10% of its streets in the marginal category.</li> </ul> |

Abrams asked if the 2019 estimate is reflective of the full funding in the preceding years. Pederson replied it is. That's where the City will be if it does the current program.

- Street Repair and Maintenance (2014 National Citizen Survey): Ratings dropped on street repair and maintenance. An additional survey regarding streets was conducted resulting in citizens rating 70-80% of the condition of streets overall at Very Good or Excellent.
- Street Maintenance Support: Majority of residents were willing to pay more taxes for street maintenance.
- PMP Street Seal Coat: 30 miles per year using a 3% inflation factor in the 2015 General Fund Budget and in the 2015 Proposed General Fund Budget. Program is where staff wants it to be.
- PMP Street Reconstruct: Now doing 4.5 miles per year using a 5% inflation factor. City pays 75% and 25% is assessed. This amount is in the levy to pay off the bonds. Is included in the CIP-approved document through 2019. This is where staff wants it to be.
- PMP Overlay: Have started increasing funding for the overlay program. Fund balance is gone. 20-35% increases are needed. To get back on track, 7 miles annually are proposed for 2014-2018 with 9 miles proposed in 2018-2019.
- Trails: Separated asphalt trails in ROW and in the parks. Different funding sources for those two areas.
- All Trails Maintenance: 24 miles of narrow asphalt trails. 14 miles of asphalt trails. Total of 38 miles of asphalt trails -- 9 miles in the problem category all which are in the ROW. Out of 38 miles, 24 miles are in the ROW and 14 miles in the parks.

Winstead asked if there is a formal Code standard for trails. Pederson said there is through the Minnesota Department of Transportation (MnDOT). Per the standards, any multi-use trail is to be 8-10 feet wide depending on the type of users. Winstead asked if the City could build a narrower trail and still qualify for grant money. Pederson said if MnDOT money is used, the City would have to follow MnDOT Guidelines or Standards. Otherwise, it must be labeled as a sidewalk and cannot be shown as a trail on the Trail Plan.

- Map of PMP ROW Trails: Approximately 9 miles of bad trails. (Normandale Boulevard is the worst.)
- PMP ROW Trails: Start seeding the fund in 2016. Various lengths of trail miles per year because it makes sense to connect the segments to other trails. This is a pay as you go. No debt service with this program.

Baloga questioned what happens to the rest of the trails after the first 9 miles. Pederson said it costs \$660,000 to do 1 mile. He said with 38 miles in total, the City will average 1 mile per year. Economy-Scholler said staff tried to build this up steadily. He commented it's a conservative approach, which should be sustainable in the future and staff agreed.

Oleson asked if there would be co-pays by a developer. Pederson said there are very few places where there would be copayment by a developer. He asked if the concept of park dedication fees could be used for this given the increased interest in trails for use and connecting desirability. He said the trails are well used at Normandale Lake.

- Map of PMP Park Trails (Asphalt park trails Pavement Condition Index (PCI)): Will need in 2017. Most of the miles are in the marginal category so will go into the maintenance program.

- PMP Trails within the Parks: Do 1.0 miles per year.

Abrams asked if these trails would be replaced at a width of 6 feet or 8 feet. Pederson replied the estimated costs are for replacing the trail at an 8-foot width.

- All Trails Maintenance Program: Proposed at a 3% yearly inflation rate.
- Overall Program Needs
- Additional PMP Funds Needed

Baloga asked if there was any bonding source available to the City for trail maintenance today. Economy-Scholler said staff could set up abatement bonds. Other than that, the only other option is to have a referendum or use the new Charter bonding ability if that gets adopted.

- Levy Needs: Conceptual 2016+: \$500,000 for Fire Pension; another 1%. Staff will put a list together to start seeding some of these programs. Currently proposing a 6.69% levy.

Baloga asked about other options available to Council for programs while reducing the levy impact. He suggested the City could increase the amount of money it assesses residents for this work. Economy-Scholler said staff could model that out but it wouldn't make a major impact on a 1% levy.

Carlson said some cities assess for sealcoats. He said the Council doesn't want to increase the assessment for reconstructs.

Baloga commented the City's assessment rate for street reconstruction is low at 25% while Edina assesses its residents 100%.

Winstead said a policy decision could be made if the Council wants to crank up the levy in order to take care of a major infrastructure in the city.

Baloga commented the Council owes it to the citizens to relook at the programs the City has traditionally done to see if they should be reaffirmed or changed.

Abrams asked about the willingness of some citizens to pay more for street maintenance. She asked what would happen if citizens paid an additional \$3. Economy-Scholler said every additional 1% levy change, which equals \$500,000, results in a \$.77 monthly addition on the median valued home. A \$3/monthly increase would result in a 4% levy increase. She said other cities utilize franchise fees to pay for street work. Staff will bring back some examples of franchise fees at the next meeting.

Oleson asked if Local Government Aid (LGA) could be used for this. Economy-Scholler said LGA has been programmed for Strategic Priorities but the City doesn't know what the State will do with that in the future.

Winstead commented lobbyists and legislators were shocked when Bloomington received LGA for the first time. He said it's possible, given the political will at the Legislature, the LGA formula will be such that the suburbs and wealthier communities such as Bloomington might not get it again. Economy-Scholler said it would take a \$1.3 million decrease in the budget to reduce the levy to 4%.

Baloga believes this is the right thing to do for Bloomington's infrastructure but the question is how to get it funded in the most reasonable fashion.

Winstead said an additional 4% levy increase will be needed to handle the streets. Economy-Scholler said a 1% increase is included for trails in 2015.

Verbrugge said slowing the PMP program will have significant impacts down the road, which can be demonstrated so it depends on how the Council wants that message put out.

Baloga said it won't look good if the City is looking at an 11% levy while other cities are considering a 5% increase. Economy-Scholler said staff can model more and narrow it down. She said \$700,000 is proposed for Strategic Priorities in 2017 to fund the housing pieces but more funding will likely be needed to build the Fire Pension reserve and pay for trails and park equipment.

Busse said it's an extra \$1 million per year for park trails and Right of Way trails but that's what the Council heard per the survey results -- a new priority and a new way of thinking that might be worth the funding. It would also be worth Council having a discussion to look at the \$45 million in the General Fund to determine what the City could stop doing. He said programs can't be continually added without looking to see what programs could be cut.

Winstead said this is a policy decision – different types of assessment, etc. It's additional dollars from the residents if the Council says yes this is needed and Council will need to deliver the message.

Baloga asked if there was a graphic on street reconstruct assessments showing Bloomington residents pay 25% compared to surrounding cities.

Winstead requested staff indicate how other cities are paying for overlays.

Baloga said Bloomington gets compared to other cities when it comes to the levy and suggested the Council should have a discussion if the City is paying for more within its levy than are other cities.

Carlson said it would be hard on the citizens if the City were to go from using the General Fund to pay for street reconstructs to assessing the citizens more. He'd be interested in the cities that use franchise fees for trails; not necessarily for roads. It's not essential infrastructure and is one that would be used very frequently. While the trails would be appreciated, he said it would be worth calling out its funding source for further exploration.

Baloga said he'd like to know which cities use franchise fees and for what. Economy-Scholler replied there are many.

Carlson said essential services should be within the general levy.

Baloga asked why previous city councils didn't want to use franchise fees.

Winstead said it was about transparency. If you're going to provide these services, put them in the property tax levy.

Baloga said it would be good to see what other cities are doing with their levies and franchise fees.

Winstead restated the preliminary levy needs to be adopted in September so that's when the maximum is set.

**6.2 NE Penn Storm Sewer Improvement Project**

Requested Action: No action is required. Informational only.

Pederson and Water Resources Manager Bryan Gruidl provided some history on the NE Penn Storm Sewer Improvement Project and an update to get Council ready for next month's decisions regarding the Penn American District. They said there is not a lot of room for more storm sewer storage. The land is used predominantly for commercial/industrial and reported the main area of flooding is in the American Boulevard and Knox areas. They presented the following slides:

- Project History: The Barr Report in 2010. Lawsuit with GRMN, LLC (GN ReSound lot). Drainage Project was ordered in 2012. Project was deemed unreasonable later that year and the lawsuit was cancelled. Now there's an issue with flooding on the west side of GN Resound.
- Why the project: History of flooding. It's long outgrown the storm sewer system. Goal is to reduce flooding area and water depths to get it to an acceptable level.

Abrams asked about the frequency of the flooding and how the property owners in the area are affected. Gruidl replied one to two times per year where it affects traffic. Pederson said one event has already occurred this year where it caused cars to stall out after driving through the water on American Boulevard and Knox Avenue.

- Aerials from 1945, 1957, 1972, 2009
- Anticipated/Planned Development: Lots of impervious surface. Planned high density development.

Gruidl said new development will be required to adhere to the 1-inch of water volume retention, which is a quality aspect. Lots of parking ramps and limited surface parking. Then it becomes desirable to have underground parking, which is where potential flooding can occur.

Oleson asked if the soil has been tested and about the percolation rates given a lake was located there previously. Gruidl reported the perk rate at Penn & American Boulevard is 19" of water per hour. However, it changes rapidly the closer it gets to 35W. Those soils are less conducive to drainage. He said the question is what is lying beneath the Southtown Shopping Center.

Oleson asked if MnDOT's plan to construct ponds in the quadrants of the 35/494 intersection and pipe stormwater down 35W to the Minnesota River would help alleviate the situation. Gruidl replied the goal is to handle all of the drainage within the interchange. He said the tunnel option was to run down 494 to the river to come out by the Airport.

- Existing System Conditions: Large parking lots and community buildings are causing the overland flows through the parking lot and into the street.
- Existing Frequent Short-Duration Flooding: Aerial showing 1% chance flooding event. Staff has checked it out post-event. A 1% event is 4 feet of water on the road at the deepest point. It's 3-4 feet on Knox Avenue.

Oleson questioned whether GN ReSound went through with that project and Pederson confirmed they did not.

- Last Flooding: Knox Avenue -- 3-4 weeks ago. Cars stalled in the intersection.

Lowman asked if putting a small pond or lake into the development is an option. Gruidl said the volume of water that would need to be retained in order to bring flood levels down to what staff considers an acceptable level is 30 acre feet of water; a large volume of water.

- Next Steps: Staff to bring back more details and project funding for consideration in July.

Pederson said staff is looking at either special assessments or special stormwater districts by legislation. It would be considered a tax.

Winstead asked about the impacts of more drainage to Lower and Upper Penn Lake, which is shallow. Gruidl explained the City isn't redirecting more water there but is getting it there a little quicker. He said they're looking to spread out the bounce between Lower and Upper Penn Lake.

Verbrugge asked if Council wanted any additional information.

Winstead requested information on who would be getting assessed and how much. Pederson replied staff has talked to United Properties and has received some positive response and some good direction, which will help in putting the financial policy together.

Busse said he'd like to see the work on this project consolidated with the work that will be done on the 35W/494 interchange. Pederson said this project will have to be done along with the work on the Orange Line so it can stay dry.

Baloga asked if the Met Council pays for mitigation of water issues like every other owner does. Karl Keel, Public Works Director replied the City has an agreement whereby they will pay their fair share.

Baloga asked if the specs the City is creating for the water demands include what the City knows Met Council's plans to be – the tunnel and the 35W/494 interchange. Pederson said they do.

Pederson said this is between a \$7 - \$9 million project.

Oleson said the baseline for what the City is requiring for development and redevelopment is set by Nine Mile Creek at a retention rate of the first inch of water over a 24-hour period. He asked if the City has adequate requirements regarding impervious surface. He mentioned the requirement for holding ponds but asked specifically about the Penn & American District. Pederson said there is a stormwater chamber underneath the parking lot of the Genesee development at Penn & American.

Verbrugge questioned how much an underground chamber costs on a per acre basis. Are they limited in their functionality and would it be feasible in the Penn American District. Gruidl said the site will dictate the constructability of them.

Pederson added the City is limited as to where these could be located; i.e. under a huge surface parking lot. Keel reminded Council 30 acres of storage are needed.

**6.3 City Code Amendments  
- Residential Zoning  
Standards Phase II  
Ordinance**

Requested Action: Provide input and direction to staff on the policy questions in the attached staff report.

Planning Manager Glen Markegard and Planner Jason Schmidt jointly presented the staff report on the Residential Zoning Standards for Phase II. They anticipate finalizing the ordinance this summer. They requested Council's input on the following four policies: Minimum floor area per unit, multiple-family design and performance standards (minimum setback along streets and required storage space outside units), manufactured home park standards (minimum site size and density requirements), and minimum lot sizes. Schmidt said there is a movement to smaller square footage houses and apartment units so staff is looking to lower the Floor Area Ratio (FAR).

They presented the minimum floor areas for single-family, two-family, apartments, townhouses and senior citizen/accessibility housing and provided samples of each. Also shown was an SRO/podment project in Redmond, WA with 384 units/acre that received no public subsidy. Staff said they were uncertain on whether or not this concept would come to Minneapolis but said it's starting to become more popular in other metro areas. It's popular with millennials who travel or those that have a cabin as a primary residence. They asked Council if they wanted to establish a flat minimum Floor Area Ratios (FAR) per unit for all unit types.

Lowman believes millennials would like this concept and said it would be worth discussing, as it might be a good fit for Penn and American and over by the Mall of America.

Examples of various floor plans of the different unit types were shown.

Markegard said staff doesn't know if this will come to Minneapolis but it's starting to be more popular in other metro areas. It's popular with millennials, people who travel, and people that have a cabin as their primary residence.

Schmidt showed a Twin Cities Metro Comparison of Minimum Floor Areas.

Baloga questioned how the Building Code functions as the governing aspect regarding the minimum square footage. Schmidt said the Building Code requires each unit to have at least one room that is 120 square feet. Any room categorized as a bedroom needs to be at least 70 square feet. He said cities with no minimums are using the International Building Code as standards.

Council was asked if they wanted to establish a flat minimum FAR per unit for all unit types. Schmidt said the PC has recommended 500 square feet would be the minimum for everything except for the efficiency units, which could be 350 feet.

Council's feedback was as follows:

Baloga questioned how a 500 square foot single-family home would affect the garage situation. Markegard replied a minimum of two stalls is the required. The maximum is 1,000 feet, but the footprint of the garage can't exceed that of the house.

Carlson asked if a variance for the unit size could be requested. Markegard said it could but said it would be easier to make the findings as a Planned Development rather than getting a variance.

Winstead commented this gets one to an affordable unit but asked if it could create over occupancy issues. Markegard replied not so much in a licensed apartment. Winstead said there have been problems with too many people living in a 1,040 square foot rambler.

Carlson said it's worth keeping an eye on but doesn't believe the Council should move on this today. He doesn't see a need to rush to modify the Code on this. He said the Council needs to be mindful of affordable housing but doesn't have to act on this as part of this residential code package.

Oleson said it's not a requirement, it's simply a floor. He said according to the materials, it can promote a feeling of community if managed well. If not, it could be a real problem. He talked to an airline pilot who bought a foreclosed property near the Mall of America to develop a concept called "crash pads" for flight attendants. Oleson looked at them. He said there were four buildings in the complex. They had some nice common areas. He said the City shouldn't sell short the possible demand for this but added Bloomington is not Seattle. He asked if no public subsidy was required in the Seattle example due to the size of the units. He said that would be a good thing for the City. He believes it's worth giving the public an opportunity to provide input on this as it moves forward.

Abrams concurred with reducing the flat minimum unit area for the multi-unit dwellings but not for the single-family or two-family units.

Oleson commented in northeast Bloomington for example, there are widowed women living in their homes alone who don't want to go into a senior high rise because they don't want to be subjected to the smells of someone else's cooking. He said it would be wise for the Council to give some thought to that. He questioned what the long-term future demand will be for people in their 70's. He suggested The Wilder Foundation could be a partner in conducting research on that. He believes there could be a sizable number of people interested in a small dwelling without the need for garage space.

Winstead asked for staff's view on what effect this will have on Bloomington 50 years down the road.

Busse supported this concept for apartments stating it gives the City another tool in the tool box. He said it will be market driven and will probably start in Uptown or on the Green Line; eventually making its way to Bloomington. He shared Abrams fear regarding single-family homes. He asked about occupancy limits -- how many related people and unrelated people can live under one roof.

Baloga asked if someone wanted to propose some apartments like the example shown, could be done as a Planned Development. Markegard explained that could it be done in Bloomington today but the developer would have to make an argument that there's a public benefit and the City would have to treat others down the road in the same manner.

Baloga asked if the City would be taking itself out of the market if this concept isn't used today. Verbrugge said there isn't a market demand for this type of housing with 800 square foot, two-bedroom homes that were built in the 1950's and 60's. He said considering this in the context of "driverless" cars, etc., it might be beneficial to bring in an anthropologist to do the backwards look and a futurist to talk about what communities will look like in the next 100 years.

Baloga said his concern with single-family, two-family, and townhomes is there is a trend for family units with children. He said this type of housing wouldn't work for families, as those couples desire more space in the more traditional environment they grew up in. He suggested the City might be reacting too late to the trend.

Winstead questioned whether this concept could be a sustainable trend, as he's heard the suburbs are getting hot again.

Baloga added the vacancy rates for apartments appear to be growing in Minneapolis.

Verbrugge said he's been trying to set up an Urban Land Institute (ULI) session for Bloomington titled, "Navigating the New Normal, during which they would provide lots of trend information on what's happening in the suburbs.

Schmidt continued the presentation with Structure Placement. He showed an example of an R-4 apartment complex and listed the apartment complexes that requested a deviation from the 40-foot setback to something less. He said the Planning Commission (PC) recommended reducing the required setback from 40 feet to 25 feet for multi-family districts.

Winstead said allowing a building to set back 25 feet could be an issue next to a building set back 40 feet. He said it appeared appropriate in the examples shown as no one was impacted.

Baloga questioned how the City could protect itself from possible misalignments in the case of an encroachment. He suggested going with a Planned Development or a variance, as it would give the City an opportunity to look at each application location by location.

Winstead said it's almost site specific depending on the surrounding area.

Carlson asked if it was 25 feet regardless of the height or number of stories and Schmidt replied it is. Carlson asked if staff considered a step back approach; something to minimize the walling effect. Markegard said there are step back standards along designated residential pedestrian streets but not on the majority of the arterials in Bloomington.

Markegard mentioned using the Planned Development process and flexing where appropriate. Council concurred.

Oleson said a Planned Development looks at a comprehensive redevelopment of an area and asked if a Planned Development needs to be brought to the entire neighborhood. Markegard said it's not individual lots in a single-family neighborhood. If several units were purchased in a single-family residential block, a Planned Development could be pursued and over which Council would have discretion.

Winstead asked if Covington would be able to build another six stories with a 26-foot setback on the opposite side of the street or would it depend on what's adjacent. He said the language has to be crafted so that it takes into what could happen.

Schmidt talked about the space needed for outside storage units. He said multi-family developers have said that requirement is too high. He compared the regulations for outside storage space in other Metro cities, which showed Bloomington's is most restrictive. He asked the Council if they would support reducing the required 175 cubic foot storage space and establishing a two-tier approach. He said if the owners provide a common bicycle storage area it could be reduced to 54 cubic feet; otherwise to 112 cubic feet.

Lowman said he'd prefer to see the storage space in apartment buildings doubled but said having 175 cubic feet is a good thing. He's run into a lack of storage in the some apartments he's lived in. Some apartments charge a higher rate due to the size of their storage area.

Baloga said reducing the required amount of storage could cause people to pile up stuff on their deck and asked what effect smaller storage units would have on off-site storage units, which requires the use of a car.

Carlson said he was intrigued by the incentive for communal bicycle storage and said he'd be alright with reducing the outside storage space provided there is community bike storage within the building.

Winstead said there is push back from developers because they're looking for more leasable space and the storage area is costing them a unit or two. He said storage is an amenity. He asked what they're building in other cities that don't have regulations on storage units. Markegard replied they're building smaller storage units.

Lowman expressed a desire to add more space for a bicycle in addition to the 175 cubic square feet.

Winstead said leave the 175 square feet in but come up with something for bikes.

Markegard continued by discussing mobile home parks of which Bloomington has two; Krestwood and Southgate. He said the policy recommendation is to set a minimum lot size and a maximum density in R-1 to 10 units per acre. He said the PC concurred with both recommendations, which would make both mobile home parks nonconforming.

Council concurred with bringing these changes forward.

The next item related to minimum lot sizes -- Devonwood Planned Development has the smallest lot sizes at 3,920 square feet. Markegard referenced the memo from Community Development Director Larry Lee and asked the Council if they wanted to re-evaluate minimum lot sizes or look to the PD process to achieve alternative designs.

Baloga, Oleson and Lowman stated they would like to look at that.

Winstead commented the City has this at 84<sup>th</sup> & Lyndale and near Kennedy High School. He said those projects are more aesthetically pleasing than the examples shown.

Abrams said every redevelopment will have its own characteristics and lot size is a big question. She said shooting for small and micro units doesn't get the City to the best project for the best neighborhood. It won't make people want to get in and redevelop some of these areas so the City needs to have some flexibility.

**6.4 External Auditor's Draft 2014 CAFR Review** Requested Action: Presentation only. No formal action is required.

Finance Manager Julie Vogel introduced External Auditors Dave Mol and Andy Hering from Redpath and Company, Ltd. who presented the External Auditor's Draft 2014 Comprehensive Annual Financial Report (CAFR). They stated this is a draft so no formal reports have been issued yet. Their slide presentation indicated they anticipate issuing a clean opinion on the City's 2014 financials. They commented the City has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellent in Financial Reporting for 43 consecutive years. He said during their audit, no deficiencies were noted and no items of noncompliance were noted. It was stated the letter to the City Council, for whom the external auditors work, will address any accounting policies that were used and/or changed in 2014 and will state no difficulties were encountered with staff while performing the audit and there were no disagreements with management.

Moll talked about a new liability within the government statements that will be reported in 2015. The liability isn't new, just the reporting of it. What the City funds to PERA will not change, just how it's reported. He commented projects with multiple funding options create a greater risk to the City in reporting. He added there were no findings to report in 2014.

Baloga asked if the reported pension liability is on a comparable statement and will it be reflected next year. Moll replied it will only appear on the balance sheet in 2015.

Moll reviewed the financial summaries from the CAFR, the financial balanced constraints, General Fund Working Capital Goal, government fund revenues and government fund expenditures. He talked about tax rate considerations reporting \$20 million of Bloomington's net tax capacity or \$.28 out of every dollar goes into the Fiscal Disparities pool on a commercial property. He reviewed the monthly cost for City services on a median valued home and talked about the City's net debt, which has come down over the past two years. He discussed the City's three AAA bond ratings explaining Bloomington is one of 30 municipalities out of 19,000 nationwide to have earned AAA ratings from all three rating agencies. He said these are good audit results.

Vogel distributed a couple of handouts to Council as a result of their previous request to know more about government vs. private sector accounting. She said the balance sheet is only for one day of the year; December 31. She explained Proprietary Statements are the most like private sector accounting. She said the biggest difference between private sector accounting and government accounting is there are no capital assets or long-term debt in governmental accounting. She explained the reconciliation between fund balances and net position. She asked the Council if they wanted any more detail on the balance sheet.

Mol explained the focus is different in the private sector. In the public sector, the focus is on the statement rather than on the balance sheet; as the balance sheet contains the constraints. Hering said Business-type activities are meant to be self-sustaining whereas Governmental activities get supported by property taxes.

**6.5 Hyland Greens Options** Requested Action: Review the options presented for Hyland Greens and provide direction to staff on which alternative to pursue.

As a follow up to the October 2014 study meeting, Community Services Director Diann Kirby provided the staff report on the options for Hyland Greens. Her presentation included the latest golf industry trends and the following information pertaining to Hyland Greens: Statistics, recent enhancements, financials, and five options for Council's consideration. She said staff expects the losses for Hyland Greens to grow through 2015 and Dwan Golf Course can no longer cover for Hyland. She presented the five options for Council to consider and the costs/revenues associated with each: #1) Continue Hyland Greens as a City-operated course, #2) convert Hyland Greens into a park (\$60,000 in annual maintenance costs), #3) sell the Hyland Greens property for residential development (worth \$10-\$12 million), #4) contract with a private vendor to manage Hyland Greens or #5) enter into a partnership on a year-round golf facility. Kirby said Option #5 is off the table unless another partner can be identified.

Kirby asked Council which options they would like staff to pursue further and whether the community should be engaged in the process.

Verbrugge said other options include discussions regarding a community center and asked Council how this situation could dovetail into a community center discussion. He said the future is bleak for Hyland Greens.

Winstead said the City subsidizes parks and recreational facilities to a degree but Hyland Greens, an enterprise facility, is far out of whack. It's a business model that doesn't work. He said it would require too much public subsidy to keep it as a City park adding the trend in golf is not totally weather related. He asked Council which options should be eliminated.

Baloga commented he doesn't want to fund the property to the degree needed for a special purpose park.

Lowman asked if foot golf and the driving range would be self-sustaining at Hyland if the golf course was removed.

Winstead said the greens fees are the biggest contributor. He said municipal golf courses are crashing faster than private courses. He said municipalities haven't done a good job of marketing their golf courses; including Bloomington.

Verbrugge talked about the \$2 million investment the City of Brooklyn Park made in their municipal course a couple of years ago to make it successful. They partnered with Taylor Made for a program called Golf 2.0 and the size of the holes was doubled. They moved the 9-hole course into their recreation budget. He asked for Council's feedback on Options #4 and #5.

Winstead said this isn't a big enough deal for Option #4 – contracting with a private vendor to manage Hyland Greens. He said there were a lot of problems with the concept that was previously presented to the City Council to manage a year-round facility at Hyland.

Baloga asked if there were any other successful indoor golf facilities and Kirby replied not really.

Oleson said the Council appears dead on Options #1, #4 and #5 and asked about a combo approach. He suggested the Council further explore Option #3 and look at it in conjunction with a community center. He said there might be some amenities for the entire city on the Hyland property that wouldn't be included in a community center. He commented Bloomington Athletic Association (BAA) golf is also seeing some declining numbers. He said that leaves Option #2 and #3. Kirby said when golf courses sell to a developer, there is a lot of public outcry and many times it's turned into a public park or common space.

Winstead said turning Hyland into a park alone would require more discussion by the Council and an analysis by the City of its current open space.

Busse commented this looks like a stop doing list. He said a modified version of #3 or a modified version of Centennial Lakes. He said the City doesn't need another issue that enflames the public and generates more e-mails to Council.

Verbrugge said when the Park View Golf Course closed in Eagan, it was contentious for ten years. There will be strong neighborhood reaction to what is done at Hyland. He said a combination of Options #2 and #3 could be the basis for a discussion moving forward. He said this will be brought back to Council at a regular meeting so Kirby can present the history of Hyland, the options the Council is considering, and how the community will be engaged in the process before a final option is determined.

Abrams liked the idea of getting public input on whatever multi-use opportunity this property could provide apart from housing. She asked staff to go back through the 1962 minutes because Hyland was a boggy area and wondered how it was conceived to be a golf course. Kirby replied it was a private golf course before the City acquired it for recreational purposes.

Carlson asked if any improvements or delayed maintenance was needed at Dwan Golf Course and if that should be part of the discussion.

Lowman said he hasn't taken Option #4 off the table.

Verbrugge said the idea of selling both courses is also an option.

Baloga said he's not opposed to senior housing in this location but would like to guide the senior housing discussion into the vicinity of commercial retail centers that need replacement.

Oleson suggested it might be worth having an Urban Land Institute (ULI) panel review this before the Council presents all possibilities to the public.

Winstead said the development scenario is what's trending now but added if it's speculative, it needs the surrounding area to attract buyers to the area.

Verbrugge said staff can do some preliminary work on drafting values the Council wants to accomplish in moving forward and use that as a foundation to engage the public to test those values. It's a good conversation starter.

Abrams asked if a conversation about this property will take place in the context of some other community center conversations and the needs that have initially been brought forward such as lacrosse fields or soccer fields, or the opportunity for some community purpose building.

Verbrugge said staff will test drive that internally.

Winstead said conversion of this site to big flat recreational fields would be tough due to the topography. He asked if a conversion needs to take place because of the demand for lacrosse and soccer fields and the waning demand for softball.

Oleson said Afton is converting to foot golf and lawn bowling so Bloomington needs to be thoughtful and explore all kinds of options.

Winstead suggested staff further explore Options #2 and #3.

Verbrugge asked Council if it wanted staff to prepare for the removal of Hyland Greens from the 2016 budget.

Carlson asked if Hyland couldn't just be shut down for 2016. Kirby replied there is \$89,000 in Internal Service Funds that would have to be shifted across the board. There is \$70,000 for the three staff members at Hyland that would have to be folded into Dwan's budget.

Winstead said it's easy to close the gate and asked if the City show allow the bleeding to continue into 2016.

Baloga asked about the outlook for the current 2016 budget -- \$600,000 to cover the losses between both golf courses in 2015 and 2016.

Winstead said the Council needs to know the timelines before it considers shutting Hyland Greens down for 2016. He said Council is looking at options because the course isn't sustainable. Staff needs to figure out if this could be intertwined with other community facilities and requested a timeline for Council.

Verbrugge said staff will try and bring this back by the end of July. He said it might be good to have an environmental check of the soils at Hyland in the first phase.

Lowman asked if the Council will be back talking about a similar situation regarding Dwan in ten years.

Winstead asked what capital improvements that could be made at Dwan so future Councils won't have to have a similar discussion about that course. Verbrugge said staff would need a couple of years to prepare that analysis for Dwan.

Kirby stated the revenues for Dwan, as of the end of April, are twice what they were in 2014.

Winstead said the Council will need to have a discussion about Dwan earlier rather than later but it will be about how to enhance it.

Oleson asked if there are any estimates regarding how many Hyland users would go over to Dwan. Kirby said she doesn't believe the junior and senior golfers at Hyland would migrate over to Dwan.

**6.6 Hennepin County  
Courts Facility  
Proposal**

Requested Action: Staff to provide additional information and seek direction from the City Council.

Verbrugge reported Hennepin County has agreed not to ask the City to participate in the cost of the construction for an expansion of the Civic Plaza facility. They're aware the exterior of any addition constructed must match the existing exterior of the building. They will pay for the operation associated with their space. He said the tradeoff is regarding the parking. Hennepin County is not very interested in participating in a parking deck. Staff has evaluated whether or not the City needs a parking deck or how it could be accommodated differently. He said Police Chief Potts and Karl Keel have looked at different options. The area on the west side of Logan Avenue north of the old Public Works garage is currently being used for storage of forfeiture and evidence vehicles. He said the need for that space could be added onto the northern portion of the Public Works parking lot with fencing to maintain 35 spaces for the forfeiture vehicles while maintaining 70-80 spaces to be designated as overflow parking. He said staff anticipates a need for that additional parking would only occur 24 times per year when the Civic Plaza campus would be at maximum capacity for parking. He said Hennepin County is willing to craft some language to participate in a shared obligation regarding a future parking deck if it proves to be needed. The County plans to bring this before their Board this month in order to get it into their Capital Improvement Plan process.

Winstead confirmed Commissioner Johnson had also relayed those same sentiments to him. He doesn't foresee much movement in this endeavor. He said Edina supports a court in the suburbs but that's about it.

Verbrugge said the inconvenience factor for Bloomington would be doubled if the courts move downtown. When asked about other possible locations for the courts in Bloomington, he said that wasn't discussed with the County.

Baloga said he has an issue with the courts being attached to Civic Plaza.

Verbrugge said he'll pose a question to the County Administrator about whether or not it would be possible for the County to find another location in Bloomington.

Baloga suggested a location in Bloomington might be where Public Health and Licensing are located.

Winstead suggested Verbrugge kick that into the mix but doesn't believe it will change anything. He thinks the County is locked into hanging the courts off of Civic Plaza.

Baloga said parking will be an issue at Civic Plaza without a ramp and it's not a strategic priority for the Council to build one for Hennepin County.

**6.7 Non-Disclosure  
Agreement**

Requested Action: Approve the Non-Disclosure Agreement with JONES LANG LASALLE AMERICA'S INC. Company.

Verbrugge said from time to time the City gets leads from Greater MSP and others that an ex-broker has a client who wants to look at different cities for a possible business location. He said in this case, three cities were identified and each city was asked to sign a Non-Disclosure Agreement (NDA) and send it back in order to be considered for a particular company. It's not a new issue. He said the NDA that comes through is typically more onerous than what City staff and Legal are willing to sign due to the amount of exposure for the slightest release of information.

Verbrugge said the NDAs are not operational because they don't pre-empt the Data Practices Act. However, the City would not provide trade secret data. He said the City has modified the NDA to make it acceptable for the City. He doesn't know if it will be acceptable to the other party. He said in order to meet this particular client's June 10<sup>th</sup> timeline, staff put it on this agenda. He said City staff is comfortable with the draft that was presented to Council. He said one of the other cities is not signing NDA and is not preparing an alternative. He wanted the City to create the conditions under which it can say yes.

Winstead asked if this is a one-time non-disclosure or is it one that can be used going forward. Verbrugge replied if this particular broker accepts it, it will probably be acceptable for use in the future.

Oleson said it's for a time period of five years.

Larry Lee said it was drafted to remove the exposure to the City.

Motion was made by Baloga, seconded by Abrams, and all voting aye, to execute the Non-disclosure Agreement as presented.

#### **6.8 City Council Policy & Issue Update**

Regarding organized collection, Carlson asked if the Q & A's provided to Council have been posted on the City's website. Keel replied they will be after tonight's meeting.

Winstead asked about the data Burt's and Randy's offered to provide regarding their pricing. Keel said staff talked to Burt's who said he was willing to share it but they haven't talked to Randy's. Burt said he isn't happy about sharing data with his competitors. He said if the City doesn't get the data from all of them, it's still biased data. Staff is going to ask each of the haulers to give the City summary data and give the City their average price.

Winstead said he's comfortable with staff asking and the haulers answering the way they will. The City's intent was to try and get a sampling of the type of billing and some representative pricing within the community. Not to put forth a hard number.

Baloga thanked Keel for his efforts on the organized collection piece and asked how this information will be used to answer the public's questions. He said it was obvious that most people who testified hadn't used the City's website as a resource. He said what the City Attorney put together to bifurcate the two issues explains them in very good and direct terms that should be shared with the public.

Verbrugge asked the Council how valuable would a responsive presentation be. How movable is the public?

Baloga said he'd like the City to be responsible in responding to the questions posed.

Keel said the City's webpage will be updated and suggested articles could run in the Star Tribune and the Sun Current.

Verbrugge said the comments could be grouped into common themes.

Oleson commented there are a number of items that aren't yet negotiated. Keel said the bulk of the items in concept have been negotiated. If the Council were to proceed with this on June 22, he said the document would be finalized in the summer and return to Council in the fall. He said the vote will occur on June 22.

Oleson said two things come to his mind on organized collection -- there needs to be a major savings and how to deal with the issue of quality service. Keel said they'll get contract language from other communities that have organized collection. He said the industry has standard language. Staff doesn't believe customer service will be a major issue. He said it will be a combination of specifications that state what the expectation for service is and would include some surety, either a bond or a cash deposit on the consortium's portion that they could go after. It would also include language that the City would accept a certain number of missed stops per year. Those are items staff would review with the consortium annually. He said people will never have the lever they currently to fire their hauler. That is a drawback to an organized system. Regarding lowering the price, he said the benefit of a consortium negotiated price comes at a price. He said the negotiated benchmark price is higher than the "competitively bid" benchmark. He said if the City wants the lowest price, it would go with a competitive bid but the chance of having a small hauler winning the bid is not likely. He said the balance is if the City is willing to accept a slightly higher price, which is still a good price, the companies currently doing business in town can remain.

Verbrugge asked if the public comment process would have to be conducted again if the Council decided to go through a Request for Proposal (RFP) process. Keel replied yes because the public hearing was based on the proposal of the hauler consortium. If that's what Council decides, it should direct staff to issue an RFP. Staff would go out for an RFP, analyze it, and bring that proposal to the Council at which time another public hearing would be held.

Lowman asked if there could be two proposals going at the same time. Verbrugge said staff will proceed to June 22 based on the presumption that the Council will act on the proposal from the consortium.

Keel confirmed the only avenue on the table is the hauler consortium agreement. He said if staff were to get information from all of the haulers, it would be a lot of data to analyze. It could take two-three months to perform a fully statistical and clean analysis.

Winstead said he doesn't think it's needed. He said the City's sampling is indicative of the trash bills. He said the Council heard loud and clear that a great number of residents are paying less than the negotiated price. He asked what the licensed haulers in town are required to do ... post their rates and turn over their customer lists, which hasn't been enforced by the City. Keel said the haulers were supposed to provide a listing of their accounts. He said they're doing that but the haulers' are reporting more customers than exist so the numbers are suspect. The City is supposed to require the haulers post their prices for different services but the City hasn't done that for decades.

Winstead asked why the haulers couldn't be required to post that price sheet. He said many bills he's seen say, "Promotional Rate" and that's how the haulers give a discount. Keel said people that say they're paying considerably less are making a mistake. He said the City's number includes all of the surcharges on the bills, which many customers haven't understood. They haven't been including those when asked what they pay.

Winstead said the City needs to get the City's response piece out to the public as soon as possible.

Regarding a referendum, Baloga said this issue is precluded from either a petition or a referendum according to the City Attorney. Verbrugge said the City Attorney's opinion articulated, "the field is occupied by the State in terms of this process." He said per the City Attorney, if there is a legal challenge and the City prevails, there is no opportunity for a referendum. He anticipates the City will see some kind of legal action prior to the June 22 meeting, which will likely be the subject of a closed session if something is filed. He said the threat of litigation alone does not warrant a closed session.

Lowman asked if this policy input could be kept as part of the study meeting agenda. Verbrugge said it could.

On another matter, Verbrugge said he'll provide the Council with Larry Lee's e-mail regarding the face of a building that fell off today.

Lee said there was a misconception by the media that the City inspects the structural quality of buildings on an annual or periodic basis. He said that's not true. He explained what inspections take place when a permit is taken out to build a building from beginning to completion. He said the building owner and manager are responsible for the structural condition of their building. If the City receives a complaint about the building structure, Building & Inspections will contact the owner of the property and evaluate the complaint with them. He said the building's owner has a big interest in checking on the quality of certain building qualities. He said the hotel will likely be closed for three to four months.

**7      ADJOURN**

Mayor Winstead adjourned the study meeting at 10:11 p.m.

Barbara Clawson  
*Council Secretary*