

**Study Meeting**  
**Monday, July 13, 2015**  
**Bloomington Civic Plaza**  
**1800 West Old Shakopee Road**  
**Bloomington, Minnesota 55431-3027**

- 1      **Call to Order - 6:00 PM**      Mayor Winstead called the study meeting to order at 6:00 p.m.
- Present:      Councilmembers C. Abrams, J. Baloga, T. Busse, A. Carlson, D. Lowman and J. Oleson.
- 2      **INTRODUCTORY**      None.
- 3      **CONSENT BUSINESS**      None.
- 4      **PUBLIC COMMENT PERIOD**      None.
- 5      **HEARINGS/PUBLIC INPUT**      None.
- 6      **ORGANIZATIONAL BUSINESS**
- 6.1      **Metro Transit Orange Line Update**      Requested Action:      No action required - information update.
- Christina Morrison, Metro Transit Senior Planner provided an update on the Orange Line Bus Rapid Transit project that is now in the development phase. Construction is scheduled for 2017 and is proposed to open for service in 2019. This update focused on the Knox Avenue guide way. She said two routes are being considered along Knox Avenue. The direct route and a “bowed” route through the Kraus-Anderson (KA) parcel which KA brought to the table. The bowed route would curve behind the Lucky’s 13 restaurant and would accommodate a new hotel. Both of those concept designs to move through the environmental stages. The direct route would involve less infrastructure costs but more land use impacts. The bowed concept would involve higher capital costs but less land costs. It was stated there is a desire to keep Southtown Drive now and in future phases of the interchange design. She said this project is a strong candidate for Small Starts federal funding.
- When asked if one of the buildings on the site plan was for structured parking for the Orange Line, Morrison said there is the potential for shared parking on that site as part of a KA redevelopment. She said the Orange Line stop will be north of American Boulevard.
- Abrams asked how the Orange Line might affect the park and ride capacity at the 98<sup>th</sup> & 35W lot.

Morrison said the station at 98<sup>th</sup> Street is planned to co-locate with the current park and ride but it depends on what happens at other stops on the line; i.e. the American Boulevard station and the Knox Avenue station. She said all of the surrounding stations could impact 98<sup>th</sup> Street but Met Transit will try to give people the best mix of options.

Busse asked about the status of the funding application.

Morrison replied they're already in the Small Starts Program and it's their intent to be ready to roll with the federal application in the winter of 2016.

**6.2 Penn American  
Rezoning - Preview  
Draft Agreement with  
Kraus Anderson**

Requested Action: No action is required other than for Council to convey any concerns relating to the draft amendments to the Development Agreement between the City and Kraus Anderson (KA). The amendments will come before the City Council for formal action on August 3<sup>rd</sup> at the public hearing on the rezonings.

Planning Manager Glen Markegard presented the staff report. He explained most of the areas in the Penn American District have been rezoned except for the Southtown area. The rezoning of that area will be considered by the Council on August 3. On January 26, 2015, KA signed a Memorandum of Understanding (MOU) voluntarily pledging a moratorium on development of their parcels. As both KA and the City have reached an "amicable resolution of the regulatory framework governing their property," amendments have been drafted to their 1995 Development Agreement. Those amendments provide Southtown with some flexibility while advancing the Penn American District Plan vision. He said the rezoning of the Southtown area is being recommended as originally proposed by the City with no changes. The rezoning establishes minimum Floor Area Ratios (FAR), higher building design standards, and building placement standards among other things. The amendments to KA's development agreement will provide Southtown Center "the flexibility required to sustain, modify and evolve with the ever-changing marketplace." He reminded Council the Southtown Center area does not include the Jiffy Lube or Wedding Day Jewelers.

Using a site map, Markegard described the latest KA concept plan for the east side of their parcel, which they propose will be anchored by a hotel containing ground floor retail, two restaurants, and a park and ride structure with residential units on top. Buildings F (auto service) and G (retail between Herberger's and Bed, Bath & Beyond) on the map might be completely removed. He said minor amendments are planned to all of the other buildings on their site. He described what minor amendments include. He said other amendments and site characteristic changes would be subject to the new zoning standards. He described the flexibility proposed regarding FAR and said as soon as the Bus Rapid Transit station is funded, the FAR requirements would revert back to 1.0 in that area. He described the options for which KA could request additional flexibility on which Council will have discretion.

Winstead said it's good the original proposed rezonings will move forward for the Southtown area.

Baloga commended everyone who was involved in reaching this resolution and said it exceeded his expectations. Abrams concurred.

Oleson inquired as to when KA would come forward with permits.

Markegard replied there is nothing that binds KA to this concept but the zoning will regulate redevelopment. He said if this portion of their plan doesn't move forward, something with the required density would have to come forward if this portion of the site was redeveloped.

Winstead thanked Kraus-Anderson's Ken Vinje and Dan Engelsma for working with City staff to resolve the issues regarding the rezoning of Southtown.

Englesma said it was a pleasure working with City staff.

### 6.3 Community Center Process Update

Requested Action: Provide feedback on the community center process draft timeline.

Community Services Director Diann Kirby explained this is a follow-up to HGA's review of the results of the Needs Assessment they conducted and presented to Council on April 27. In response to Council's charge to staff on April 27, she presented a process on how to solicit more community input and conduct a funding analysis for a potential new facility. Her presentation included the following slides:

- Recreation Center Opinions (National Citizen Survey results): Regarding citizens' opinions on Creekside Community Center, 76% of citizens view Bloomington's recreational centers as "good" or "excellent", which is a drop of 5% since last year.
- Community Center Process Goal
- Community Center Draft Timeline
- Guiding Principles: 2015 Community Center Needs Assessment
- Proposed Community Center Objectives
- Community Center Task Force: Form this fall to help determine what the community would like in a new community center. Others can be added into the group. Task force will be further discussed in August.

When asked how long the task force will be meeting, Kirby replied it will probably start in September and go into January 2016 but said that timeline could be shortened or lengthened.

Abrams asked why not keep the task force involved longer through the funding analysis phase and the survey phase to compare their recommendation against that of the public. She suggested working those great task force members to great commitment. Kirby said they could certainly serve for a longer period of time.

Winstead said he could see the task force staying active well into 2016 even through the site analysis and selection.

Oleson inquired if the City has requested the School District to assess how it might want to adjust their facilities in conjunction with a new community center. Kirby replied her meeting with the District will be to get their take on the Needs Assessment with regard to how they use their facilities. She said the School District did provide input into the Needs Assessment process.

Verbrugge reported the Needs Assessment was provided to the School District staff so the upcoming meeting of the Council and School Board will be to validate the Needs Assessment process to determine if it's a true reflection on how the District is using their facilities.

Lowman commented he'd like to see the task force continue longer.

Winstead said this will be back to Council mid-August to review the principles and objectives.

Regarding site analysis and selection, Carlson asked if a parallel analysis will be performed taking into account what could be included in a community center to help determine which sites would work for its location. He requested staff keep the Council informed on which sites remain as viable ones for a community center as the needs come forward.

Kirby said the type of community center, design and the funding analysis will help determine the appropriate site.

Winstead said central and accessible sites will be key so the task force needs to stay engaged through the site selection process.

Baloga suggested a member of the School District serve on the task force given the facilities they have in the city.

Verbrugge asked Council if they desired any additional steps in the timeline. The Council indicated it is good with what has been proposed.

#### 6.4 Charter Amendment Recommendation

Requested Action: Information on the Charter amendment was provided for discussion purposes only. No action is required.

Chief Financial Officer Lori Economy-Scholler reported the Charter Commission met on June 30, 2015, as a follow-up to their annual meeting in May to continue their discussion on a possible Charter amendment. They made a recommendation to the City Council at that meeting. She distributed paper copies of some of the information that was also included in their electronic agenda packet. She presented the following slides:

- Discussion
- Proposed Charter Language: Bond Attorney John Utlej amended the ordinance language to add the third restriction based on the Commission's June 30<sup>th</sup> discussion. The Charter Commission recommended the ordinance require five Council members to approve this type of bonding authority and include a 30-day reverse referendum and a cap on the amount of bonding to be issued.
- Enhanced Financing Tool: It's an additional tool to fund trails and park facilities.
- Trail Improvement Photos
- Trail Funding and Needs
- Park Facilities and Equipment: The last referendum for parks occurred 25 years ago for \$3.7 million. The current Park Dedication fees provide \$200,000 for the parks annually. An additional \$14 million of needs have been identified in the Community Investment Program (CIP) for the years 2015-2019. Currently, the only type of bonding available for parks is a tax abatement district.
- City Facilities: There are more facilities needing improvement or replacement.
- City Building Portfolio Overview
- Facility Condition Index (FCI) by Square Footage
- Budgeting Model: 2017-2026
- City Facility Funding Ability: City's last referendum occurred in 2000 for the Art Center bonds in the amount of \$7.2 million. The last tax levy request for those bonds will be made in 2020.

- City of Bloomington Net Debt Limit: The third restriction was added by the Charter Commission. The City is limited in the type of debt that falls into its Net Debt Limit -- a referendum, pension bonds, and Capital Improvement Bonds. That debt is 100% paid by the tax levy. The Pavement Management Program (PMP) and sewer improvement bonds do not fall under this limit. City's current net debt is 2.2%, which equals approximately \$8.2 million. It includes the current CIP bonds for the center portion of this Civic Plaza, the Art Center bonds, and the fire pension bonds, which will fall off at the end of this year.
- Legal Debt Margin: Bloomington had a debt limit of 2.70% at the end of 2014 compared to St. Paul and Minneapolis. They get a 3.3% limit.
- Tax Supported Debt Outstanding by Segments
- Bonding Timeline: It would take approximately 100-112 days from the first notification to the Council of staff's desire to use this bonding method until the City could issue debt and receive proceeds. The proposed bonding would appear on three Council agendas, would be noticed in the Sun Current, would include 30 days for a reverse referendum petition, ordinance would be published in the Sun Current, and bond rating calls would be conducted.

Oleson said per the Charter Commission meeting minutes, someone at the meeting questioned the amount of lead time provided for people to become aware of a potential bond sale. He asked if a petition could be started earlier in the process. Economy-Scholler replied yes, it could start when the item first appears on the Council's study agenda. When the Council approves the resolution, it will be printed in its entirety in the Sun Current. People will have 30 days from that date of publication to submit a petition. She reminded Council use of this type of bonding would first appear in the City's CIP. She said the public would see the project for this type of bonding numerous times during the year before the debt would be issued. There would be no less than 90 days of public exposure on the issue.

Abrams requested clarification on a comment made by Rod Axtell at the Charter Commission meeting regarding whether or not the proposed bonding cap would increase the cost of bond issuance. She said the minutes state Economy-Scholler replied, "if the City issued up to the \$100 million and there was a downturn in the economy resulting in a drop in market values, the City could be against the Charter." She asked for clarification on that statement. Economy-Scholler said if the amendment were to pass, there would be a 1% cap. If in some year the City reaches that 1% cap and it wants to issue bonds again but the City's market values have decreased, it wouldn't be able to issue any more debt in that category until the market values increased.

- Bonding Types: These Charter bonds would be similar to the General Obligation Capital Improvement Bonds.
- Vote Definition
- Survey of Charter Cities: Charter cities with this funding ability.

Winstead stated if this amendment were to be adopted, it should be made clear the City will never bond for operations; only for facilities, capital improvements, and assets/amenities in the community.

Baloga said Section 7.17 defines the purpose for this bonding as being for capital and related costs. It precludes it from being used for ongoing operations. Regarding the timeline, it's 30 days for a reverse referendum but it becomes 100 plus days and that's if the Council only has one study meeting on it. He said there may well be additional study meetings on the bonds itself or on the items that will be funded so the public notice will be substantial. He stated the vote by the Charter Commission was 12-1 in favor of recommending the Council amend the Charter.

Oleson recalled Council's previous discussion at the study session on this was robust. He appreciates having several checks and balances. Referring to the June 30 Charter meeting minutes, he asked for clarification on a self-limiting levy. Economy-Scholler said the Budget tends to be self-limiting with regard to how much debt the City issues. The City can issue debt but then it has to be paid for in the Debt Service, which is one of the tax categories. For every half million dollars in debt service over 20 years on a \$50 million community center, for example, there would be \$2.5 million in debt service without interest; just principal. She said the levy isn't just for the debt service; it's for the entire City operation. She sees the debt service and the tax levy being the limiting pieces of where the City is going. She said Bloomington is a conservative city. If it was considering a big project such as a community center, there would be a lot of public input and people would be made to understand how that would impact the levy.

- Charter Timeline: When the Charter Commission Chair signs off on the amendment language, a notice on this Charter amendment will be published in next week's Sun Current. The item will appear on the Council's August 3, 2015, Regular meeting agenda. All Council members must vote yes in order for the amendment to pass. If the Council doesn't agree with what's before them, they could send it back to the Charter Commission. If the amendment is unanimously adopted at the August 3 meeting, it would be published in its entirety in the August 13 Sun Current. If no petition is received by October 12, 2015, this amendment is passed. If a petition is received before October 12, 2015, this Charter amendment would go on the next General Election or the Council would need to set up a special election for this amendment. She said each election costs approximately \$35,000.

Winstead asked what would happen if the Council couldn't pass it unanimously. Would it be dead or would it go back to the Charter Commission?

Lowman asked if the Charter Commission could bring this topic back again.

Economy-Scholler said it could go back to the Charter Commission. The Commission could discuss it again and it could be extended into next year.

Baloga said whenever the Council votes on it, the ordinance will be as the Charter Commission proposed it.

Oleson said if this amendment were to pass, it would cost the City much less to borrow money. Economy-Scholler confirmed that and used the example of a \$30 million community center. She said currently, the City could ask the Port Authority to issue lease revenue bonds to build it but having the ability to use General Obligation bonds would cost the City much less to borrow the money. She explained the City of Chaska, for example, could have saved \$1.8 million in interest paid over a 20-year span had they been able to issue General Obligation bonds to build it vs. using lease revenue bonds.

Regarding the third restriction, Economy-Scholler referenced the handouts she provided Council in which she modeled the net debt out to 2050, increasing the market value by 1% each year, which is on the conservative side, to see what it would look like at the statutory 3% debt limit vs. the 1% Charter amendment cap. She modeled debt out to 2050 to see if issuing a crazy amount of debt -- worst case scenario (a community center, four fire stations, park capital improvements, and trails, etc.) could possibly harm the City and determined it would not get the City into any fiscal trouble.

Winstead suggested the words, “worst case modeling” or “crazy example” be highlighted so people don’t think that is what the Council intends to do.

Economy-Scholler stated the 1% constraint included in the ordinance won’t hurt the City.

Verbrugge said it reemphasizes Council’s control over the levy decisions.

- Discussion: Council was asked if they had any other questions on the 30-day reverse referendum, on the strong majority of 5 of 7 Council members needing to pass this type of bonding, or on the 1% cap. Types of bonds subject to the 1% cap are these types of Charter bonds, any capital improvement bonds, pension bonds, street reconstruction bonds, and general obligation bonds. A City referendum would fall into this category. The following bonds would not be impacted by the 1% cap: Normal Permanent Improvement Revolving (PIR) bonds, enterprise bonds, and tax increment bonds.

Winstead asked if any of the revenue bonds issued by the Port Authority are subject to the 1% market value cap. Economy-Scholler replied no. She said the revenue bonds are supported by tax increment over the revenue stream.

Economy-Scholler restated this Charter amendment will be before the City Council on August 3.

## 6.5 2016 Budget

Requested Action: Staff to present information on the upcoming 2016 Budget season. No action is required.

Lori Economy-Scholler and City Engineer Shelly Pederson began the presentation by presenting information on franchise fees. Their presentation included the following slides:

- Minnesota & the 7-County Metro Area Map
- Hennepin County Map: Most cities have both CenterPoint Energy and Xcel franchise fees. Most of the densely populated counties in Minnesota have franchise fees.
- Population and Franchise Fees Fix: Bloomington is in the 28% of the population that doesn’t have a franchise fee.
- Residential Rates: Richfield’s franchise fee is at \$4.10.
- Commercial & Industrial Rates
- Potential – CenterPoint/Xcel: Would bring in over \$1 million in fees for Xcel Energy and just under \$3 million for both utilities.
- Franchise Fee Use in Hennepin County: Majority of franchise fees are utilized for streets, parks and trails. It’s another revenue source.

Pederson said if the City was to have a franchise fee on Xcel Energy; it would be required to have a companion fee on CenterPoint Energy.

- Additional Pavement Management Program (PMP) Funding Needs: Base amount of levy going into the overlay program is \$1.054 million. The franchise fee program could start mid-2016. It would help the City catch up on a lot of the trails to get them into better shape and into a maintenance program.

Verbrugge said from a policy perspective, the important thing about franchise fees is to make the connection of a nexus between fees that are generated from the City’s rights-of-way and those fees being applied within those rights-of-way. He said most of the cities that have franchise fees make sure they are utilized for that purpose.

Pederson said she contacted Eden Prairie and Richfield about their public hearings. They reported a small number of public appeared. There was no huge opposition so the franchise fees went through smoothly in both cities.

Oleson said the need for increased PMP funds is due to road degradation and the timing of when they were built. Pederson said the PMP took a dip during the downturn so now it's time to catch up the fund so the cash flow is available to keep a large enough fund balance to do these projects.

Verbrugge said the PMP costs have a compounding effect on the miles.

Winstead said a franchise fee is a way of collecting revenue for City functions. This puts a layer of taxation or franchise fee on the tax-exempt properties, which would be in a pay mode due to franchise fees.

Busse asked if staff can show that Bloomington's Xcel bills are lower than Richfield's due to their franchise fee. Economy-Scholler said there is a specific line on Richfield's bill and there would be on Bloomington's bill if franchise fees are approved.

Baloga said the Public Utilities Commission sets the rates so the basic rate is the same for all ratepayers. The only difference on the bill is the franchise fee.

Economy-Scholler said staff will bring in outside legal counsel to discuss franchise fees in August.

Verbrugge stated Bloomington is a member of the Suburban Rate Authority.

Winstead said this is an alternative identified in the budget as a mechanism to fund things as opposed to a levy increase or a deferral of programs.

Verbrugge said it's something the Council will want to consider regarding the 2016 budget policy. He said Council could start looking at this during the budget process if it gives staff direction to work with the utilities on drafting the language.

Lowman asked how cities handled these fees during the downturn.

Winstead commented cities rarely change the franchise fee once it's set.

Verbrugge said staff has information on when cities enacted franchise fees and that it's been since 2012 for the majority of them.

Pederson said some cities started them in 2005.

Lowman again asked what happened to the franchise fee in those cities during the downturn. Did they go up? Winstead said St. Paul didn't raise their tax levy but added all sorts of franchise fees. He said they have a lot of tax-exempt properties so it broadens the fee base.

Carlson said the Utilities would collect this money for the City and pay us a check. He asked if they keep any of the franchise fees. Economy-Scholler said it appears to be a pass through but staff will investigate the cost to the City to implement franchise fees.

Winstead said it might be time for the City to consider franchise fees. There is a time and a place for them.

*(There was Council consensus to have staff pursue options for franchise fees.)*

Baloga said rather than raise the rate after 3.5 years suggested a slightly higher initial rate be set to soften the increase. Pederson said staff will bring back two or three options.

City Assessor Matt Gersemehl continued with the presentation on property tax and assessments. His presentation highlighted the following slides:

- Historical View: Total City Market Value and Tax Capacity by Tax Year: \$11.5 billion in market value for pay 2016. Bloomington is almost back to pre-recession numbers. With the new construction in the pipeline, the City should eclipse 2008 and 2009 in 2016 for pay 2017 going forward.
- 2015 Assessment for Pay 2016: Bloomington stands out at 11.7% in total tax capacity growth.
- Historical View: Total Gross City Tax Capacity Comparison by Property Segments: Bloomington is a 50/50 city.
- Commercial Industrial Share of Total Tax Base – Pay 2014: Bloomington contributed 54.1%.
- 2015 Assessment Results: Market Value for Taxes Payable in 2016

Carlson asked if there is any obsolescence in Bloomington's industrial tax base. Gersemehl said as office comes back, so will the single rise office and warehouse rates.

- Property Segments Market Value Changes: Commercial property is much more cyclable. Over 12 years, both segments are growing at a 3.7%.
- 2015 – Large Commercial Value Changes: \$500 million in commercial growth.
- City Property Tax Rate
- City Tax Base
- Pay 2015 Tax Calculation Comparison: Median-Value Residential vs. Commercial.
- Commercial/Industrial – Local vs. Fiscal Disparities Share Formula Over the Last 8 Years
- Historical Comparisons
- 2015 Residential and Commercial Dollar Segments:  
(For every residential dollar, \$.29 comes back and for every commercial dollar, \$.14 comes back to the City.)

Commercial Property Appraiser Mark Reichel said on a \$20 million Fiscal Disparities contribution, the distribution from the Fiscal Disparities pool is approximately one-third of that in tax capacity. It then gets converted to a levy amount according to Bloomington's local rate from the prior year. For pay 2015, the City had a \$49 million levy, a distribution tax capacity of \$8 million, and a local rate of approximately .45. The distribution tax capacity times last year's rate equals Bloomington's Fiscal Disparities distribution amount in dollars, which reduces Bloomington's levy. He said the City contributes tax capacity and it receives dollars.

Carlson said the City provides the capacity and gets dollars back.

Baloga asked for the absolute dollars in the formula that resulted in reducing the levy. Reichel replied it was approximately \$3.8 million. Economy-Scholler said \$4 million of a \$50 million levy comes from Fiscal Disparities. The remaining \$46 million comes from normal property taxes. The City gets back approximately one-third of the Fiscal Disparities contribution.

Winstead said the City pays in \$20 million but it nets out approximately \$15 million. He said the City can now capture the Fiscal Disparities Tax Increment Financing (TIF).

Verbrugge said it's hard to model Commercial/Industrial. Residential is more understandable using a median value home.

Baloga said if the City is looking at a 7% levy in 2017, the residential portion of that increase will be 5% and the commercial portion will be 9%. He said the commercial will bear a higher proportion. He asked if those percentages could be prorated. Reichel said 33 properties are picking up a huge amount of the tax base increase and said he would prorate the two.

Verbrugge commented on Council's sensitivity to the impact to commercial/industrial properties by the levy. The impact of the levy increase to commercial is felt less than it is on a residential property.

Winstead asked if there is any downside to Bloomington being 15-20 points ahead of surrounding communities in commercial tax base. Gersemehl said the City does a good job of estimating valuation. Winstead asked if there are social or community concerns if the City gets this far out there. Is there a pitfall in having that much commercial? Economy-Scholler said with that much commercial, the City still needs to provide City services on the roads. Gersemehl replied Bloomington has an economic driver within its city limits.

Baloga asked about the Commercial/Industrial to Residential ratio in the cities of Duluth, Rochester, Minneapolis and St. Paul. Staff to provide.

Winstead said the City needs to provide different Public Safety and fire services because Bloomington is heavy into the hospitality industry and businesses, etc. Gersemehl said having the locational benefits to I-35W and I-494, the Airport, etc. has helped Bloomington's tax base.

Community Development Director Larry Lee said commercial property has more propensity to become functionally obsolete than does residential. If an industrial property has too low of a ceiling and if there is a commercial property that's located in the neighborhood center where there isn't a huge demand for tenants any more, there is more of a tendency for the market and obsolescence to take a stronger hold on commercial than it does for residential property.

Oleson said if some of the industrial were to fade, it's helpful that Bloomington is home to companies like The Nerderly, Seagate, Cypress, etc., which should be around for a while. Lee said it's not the tenant or the user; it's the location of the building itself that makes it hard to attract a tenant because it no longer suits what the market needs.

Gersemehl explained Bloomington is a land locked city; no undeveloped land from which residential development comes. It has relatively high commercial land values pushing \$20 - \$30 per square foot. He said the City might not be building any more homes, but it will continue to see dense multi-family housing.

Economy-Scholler continued the discussion with the budget priorities. She presented the following slides:

- Listing – Operational: Fire, Human Services, Tier Services and Staffing Requests.

Baloga said Human Services is an ongoing operational service and should be part of the planned levy increase. He didn't expect to see the staffing items listed here. Verbrugge said the budget base line assumes increases in staffing costs but not necessarily an increase in head count. The presumption is the service level currently being provided will be the consistent service level the City will continue to provide. Following are some additional items:

- Listing – Finance (organized collection)
- Listing – Infrastructure
- Listing – Facilities
- Listing – Strategic Priorities

Lee said component options will be presented at the August study meeting including a new program called, "The Neighborhood Emphasis Program." He said there is no funding for Strategic Priorities in 2016. He asked Council if there were other strategic priorities they desired on the list.

Oleson said he attended a national Urban Land Institute (ULI) housing conference in Minneapolis. He went on a 2.5 hour bus tour of Hopkins and St. Louis Park. He said he's reminded of the importance to look at all the City does in terms of a return on investment. He said what's working well for those cities is the greenway heading west. He said Bloomington is in keen competition for employees so it's a plus having companies like The Nerderly located here. He said Bloomington is in competition with other cities in the Metro area so attracting people to live here is the return on investment piece of having nicer trails, etc.

Verbrugge asked the Council to let him know what other items they'd like to add to the budget priorities.

Economy-Scholler continued with the following presentation:

- Levy Rate History: 1999 to 2015
- 2016 Conceptual Levy: 6.69% increase
- Median Monthly Cost of City Services vs. Cost at CPI
- Dollar Changes
- Levy Percentage Change: Each 1% levy change is approximately \$500,000 or \$0.765 in the monthly cost for services. It would take a reduction of \$1.3 million to lower the levy to 4.0% and some of the items on the list would not get funded.

Staff will present where the preliminary levy should be next month. The preliminary levy needs to be filed with Hennepin County on September 30, 2015.

Economy-Scholler asked Council how they wanted to rank their priorities.

Baloga commented part of the City's needs could potentially be funded by franchise fees and the new Charter bonds if that's adopted. He said the City is trying to build up reserves for some of its services, which might allow the City to lower the levy increase in the future.

**7 ADJOURN**

Mayor Winstead adjourned the study meeting at 8:40 p.m.

Barbara Clawson  
*Council Secretary*