



City Council Meeting AGENDA

STUDY MEETING MONDAY, AUGUST 22, 2016 5:00 PM

MAYOR: GENE WINSTEAD

COUNCILMEMBERS: TIM BUSSE
DWAYNE LOWMAN
JACK BALOGA

KIM VLASAVLJEVICH
ANDREW CARLSON
JON OLESON

View regular meetings live or via archive at BloomingtonMN.gov, keyword:Webcast. Catch the replay on Comcast cable by tuning to Bloomington TV channels 14(SD) and 859(HD) and CenturyLink Prism TV channel 8214, the Wednesday after a meeting at 7:00 p.m. and the following Thursday at 1:00 a.m., 7:00 a.m. and 1:00 p.m.

BloomingtonMN.gov: A yearly meeting schedule is available in the Council section. Also posted in this section are agendas (the Friday before a regular meeting), and the official minutes.

1. CALL TO ORDER – 5:00 PM Haeg Conference Room

2. ORGANIZATIONAL BUSINESS – Study Items

- 2.1. Metropolitan Airport Commission (MAC) Issues Update
- 2.2. 2016 Bloomington Resident and Business Survey Results
- 2.3. 2017-2020 Strategic Plan
- 2.4. 2017 Preliminary Levy and General Fund Budget and Conceptual 2018 Tax Levy and General Fund Budget Discussion
- 2.5. 2017 Employee Insurance Benefits
- 2.6. City Manager Council Update

3. ADJOURN



Request for Council Action

Originator Community Development	Item MAC Issues Update
Agenda Section Study	Date 8/22/2016

Description

Brian Ryks, MAC's newly appointed Executive Director/CEO, will present a briefing describing MAC, its mission and business model, a look at past and projected passenger traffic, and some of the projects underway and planned to address the passenger traffic projections.

Requested Action

Hear presentation and ask questions.

Attachments:

Brian Ryks Bio
Presentation

Brian Ryks

**Executive Director/Chief Executive Officer
Metropolitan Airports Commission**

Brian D. Ryks, A.A.E. was appointed Executive Director/CEO of the Metropolitan Airports Commission in May 2016.

Before arriving in Minneapolis, he held a similar position as Executive Director/CEO of the Gerald R. Ford International Airport in Grand Rapids, Michigan. While there, Mr. Ryks oversaw the completion of several significant projects including an airport re-branding campaign, a transition from a county controlled airport to an airport authority, a major expansion and renovation of Concourse B, construction of a state-of-the-art stormwater/aircraft deicing natural treatment system, a new general and corporate aviation arrivals terminal and initiated a 45-million-dollar terminal expansion and consolidated TSA passenger screening checkpoint. Ryks also led an innovative funding campaign to raise \$20 million in private capital in support of the terminal expansion.

During Ryks' tenure, the Gerald R. Ford International Airport set all-time records for passengers in 2014 and 2015 and was rated in 2015 as the number one airport in North America by size by the Airports Council International Airport Service Quality survey.

Prior to his time in Michigan, he was the Executive Director at the Duluth Airport Authority overseeing the Duluth International Airport in Minnesota and Sky Harbor, a general aviation airport. During his ten years in Duluth, Mr. Ryks oversaw the completion of \$135 million in airport improvements, culminating with a \$77 million new terminal project.

Prior to arriving in Duluth, Mr. Ryks was employed for five years as the Airport Manager at the St. Cloud Regional Airport and two years as the Airport Manager in Aberdeen South Dakota.

Before Aberdeen, Mr. Ryks spent six years in Denver where he was the Manager of Noise Abatement at Stapleton and Denver International Airports. He was also the Project Manager for the development and installation of an Airport Noise and Operations Monitoring System at the Denver International Airport.

He began his career as a Noise Technician at the Metropolitan Airports Commission in 1986.

Mr. Ryks holds a Bachelor of Arts degree from St. Cloud State University, is a licensed pilot with an instrument rating and an Accredited Airport Executive with the American Association of Airport Executives. He currently serves on the Airports Council International North America (ACI-NA) Board of Directors. He also holds a professional affiliation with the Great Lakes Chapter of AAAE (GL-AAAE) and is Past President of GL-AAAE.

He was awarded a TSA Partnership Award in 2006, a Patriot Award in 2008 from the Employee Support of National Guard & Reserve, a 2009 Minnesota Council of Airport's Award of Excellence for Outstanding Promotion of Aviation, a 2012 Minnesota Council of Airports

Distinguished Service Award and was named the 2015 Newsmaker of the year in Economic Development by the *Grand Rapids Business Journal*.



The Metropolitan Airports Commission



Brian Ryks
Executive Director and CEO



Minneapolis - Saint Paul
INTERNATIONAL AIRPORT
msp
going your way

Metropolitan Airports Commission

- Public corporation created by Minnesota Legislature in 1943
- Owns and operates airports within 35 miles of downtown St. Paul and Minneapolis
- Policy set by 15 commissioners
- The chairperson is appointed by the governor. Mayors of Minneapolis and St. Paul each appoint a representative.



Bloomington Council Study Meeting



MAC Staff

- 600-person staff
- Operates much like a city, with its own:
 - Police
 - Fire
 - 9-1-1 dispatch
 - Building inspection
 - Planning
 - Maintenance Department



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MAC Vision:
Providing your best airport experience



MAC Mission:
Connecting you to your world



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Sample Accolades

2016

- **Top 10 World Airport and Best in U.S., Skytrax**
- **Best Innovative Consumer Experience Concept, Best New Retail Concept and 2nd Best New Local Concept, ACI-NA**
- **Environmental Leader Project of the Year, Environmental Leader Project Awards**

2015

- **Sustainable Infrastructure Award, Airports Going Green**
- **Technology and Innovation Award, MNDOT Office of Environmental Stewardship**
- **Certificate of Honorary Recognition, Minneapolis Advisory Committee on People with Disabilities**
- **Wellness by Design Award, Hennepin County**

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Aviation: Built on Partnerships



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Airport Business Model

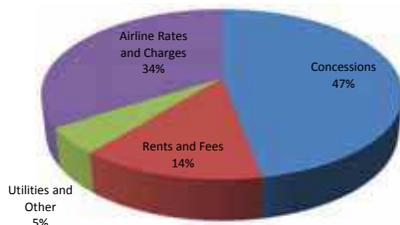
- Airport authority builds shared infrastructure: terminals, airfield, ground transportation facilities and roadways
- Tenants generally build private infrastructure: FBOs, offices, stores, restaurants, etc.
- Airport operational and capital costs funded by rents and fees paid by airport users



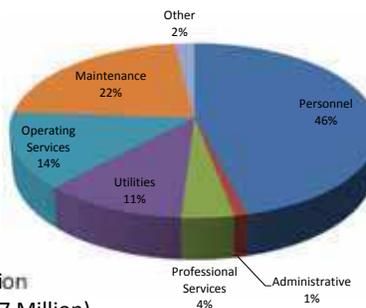
Bloomington Council Study Meeting

MAC Finances

2016 Budgeted Operating Revenues



2016 Budgeted Operating Expenses



Projected 2016 Operating Revenue: \$330.4 Million
 Less Projected 2016 Operating Expense: (\$173.7 Million)
 Less Non-Operating Revenue/Expense Total: (\$97.4 Million)
 Equals **Net Revenue of \$59.2 Million** to reinvest in airport system



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Cost Per Enplaned Passenger

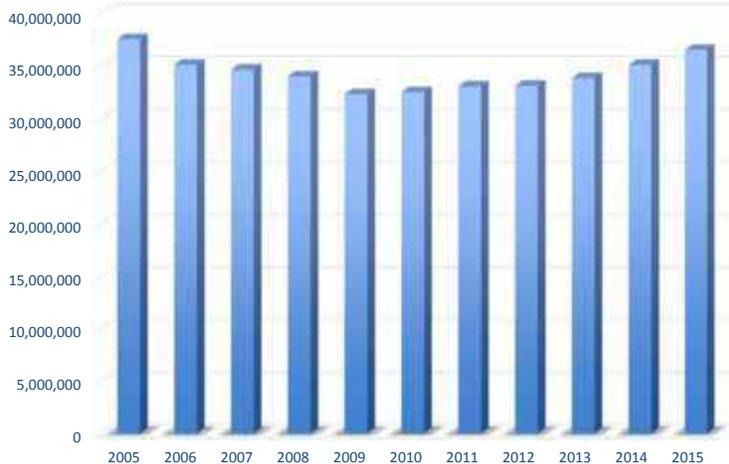
Airport	Forecast 2016(\$)
Newark	30.14
John F. Kennedy-New York	25.94
Washington-Dulles	24.43
Miami	20.44
La Guardia-New York	18.87
Los Angeles	16.89
San Francisco	16.78
Chicago O'Hare	15.80
Boston	14.94
Philadelphia	14.74
Denver	13.64
Washington-Reagan	13.61
Las Vegas	12.07
Seattle	11.43
Detroit	10.60
Portland	10.50
San Diego	10.49
Dallas-Fort Worth	10.32
Houston-Bush Intercontinental	10.18
Baltimore	9.82
Minneapolis-St. Paul	6.53
Phoenix	6.15
Orlando	5.58
Atlanta	5.37
Tampa	5.02
Fort Lauderdale-Hollywood	4.81
Salt Lake City	4.03
Charlotte-Douglas	1.58
Average	12.53

Airline costs per boarding passenger are significantly less at MSP than at most large hub airports

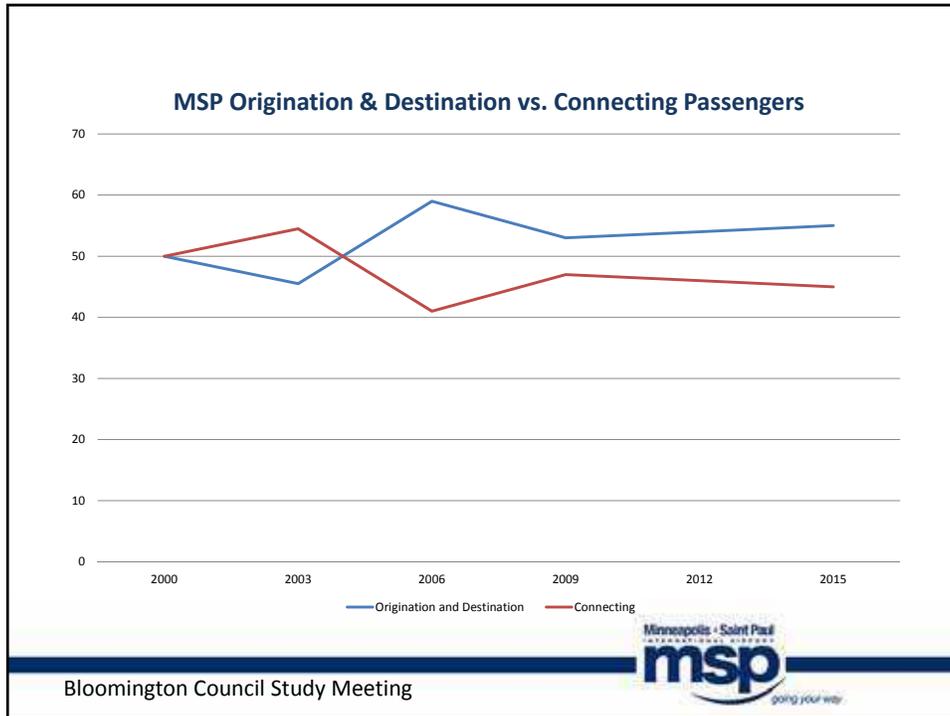


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MSP Passengers

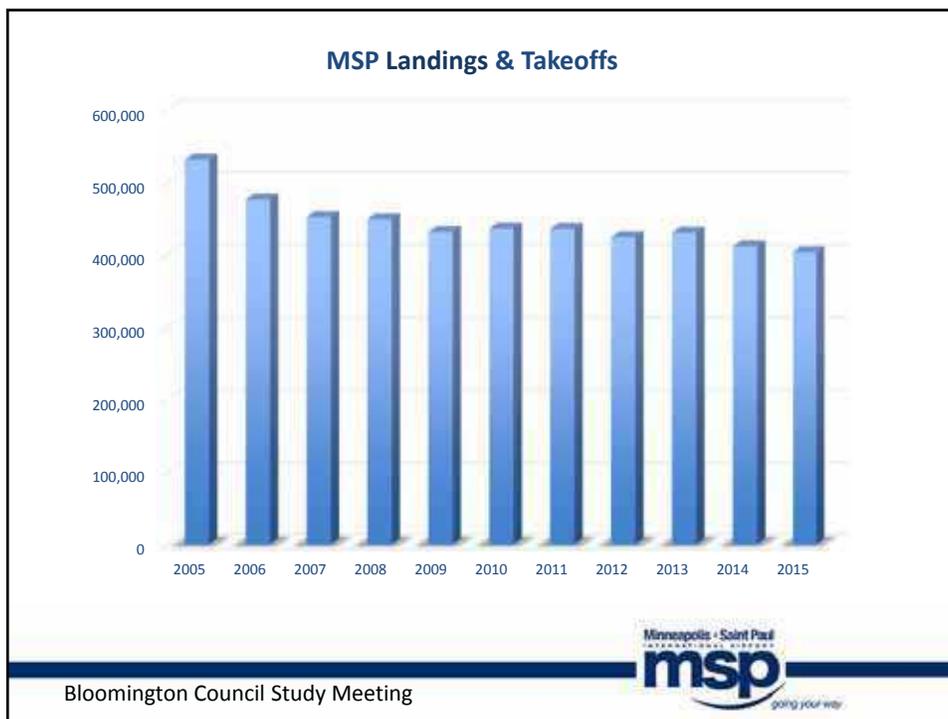


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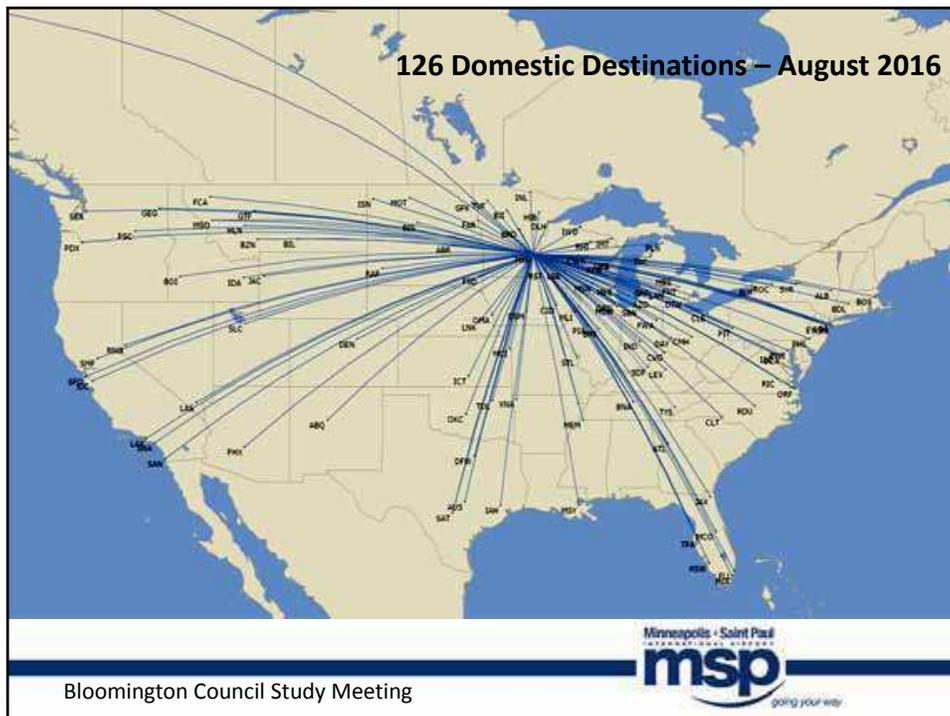
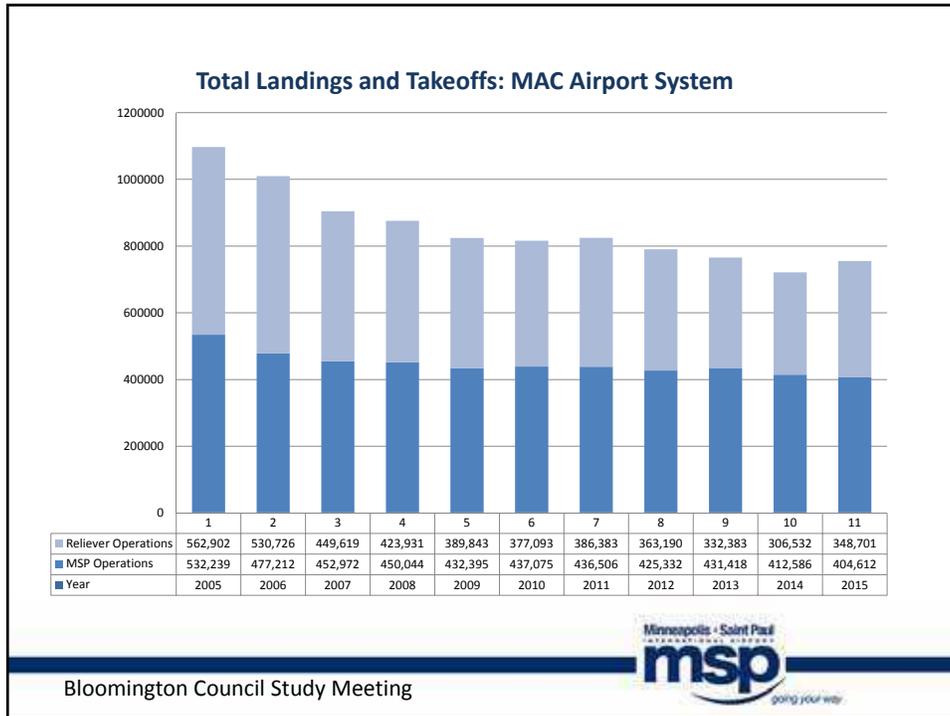
Rank	Airport	2015 Passengers
1	Atlanta, GA (ATL)	101,491,106
2	Chicago, IL (ORD)	76,949,504
3	Los Angeles, CA (LAX)	74,937,004
4	Dallas-Fort Worth, TX (DFW)	64,074,762
5	New York, NY (JFK)	56,827,154
6	Denver, CO (DEN)	54,014,502
7	San Francisco, CA (SFO)	50,057,887
8	Las Vegas, NV (LAS)	45,443,900
9	Charlotte, NC (CLT)	44,876,627
10	Miami, FL (MIA)	44,350,247
11	Phoenix, AZ (PHX)	44,003,840
12	Houston, TX (IAH)	43,023,224
13	Seattle, WA (SEA)	42,340,537
14	Orlando, FL (MCO)	38,727,749
15	Newark, NJ (EWR)	37,494,704
16	Minneapolis-St. Paul (MSP)	36,582,854
17	Boston, MA (BOS)	33,515,905
18	Detroit, MI (DTW)	33,440,112
19	Philadelphia, PA (PHL)	31,444,403
20	New York, NY (LGA)	28,437,668

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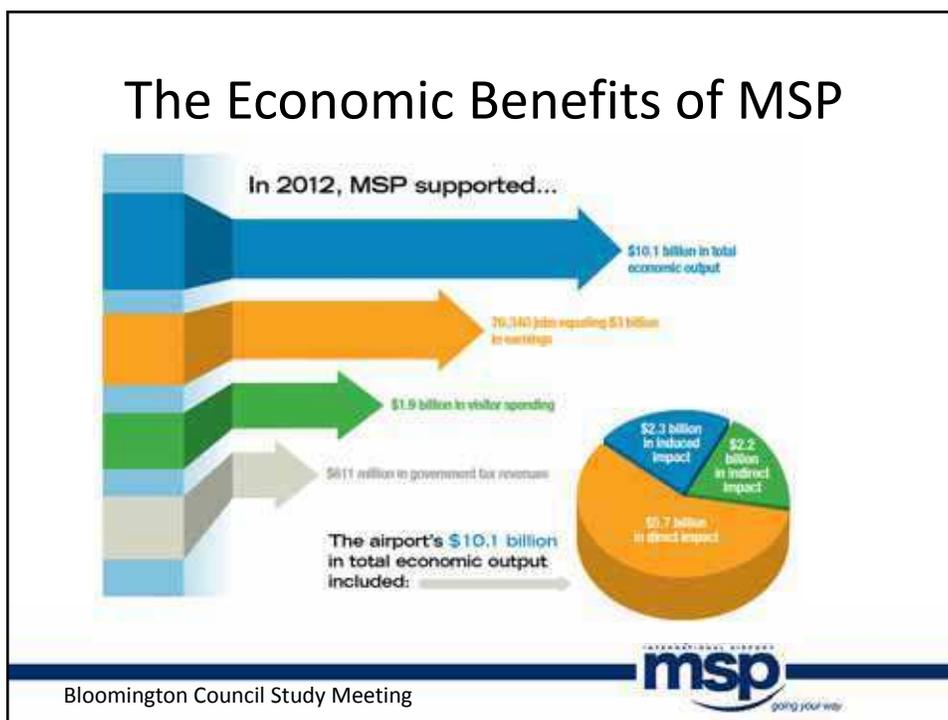


Rank	Airport	2015 Operations
1	Atlanta, GA (ATL)	882,497
2	Chicago, IL (ORD)	875,136
3	Dallas-Fort Worth, TX (DFW)	681,261
4	Los Angeles, CA (LAX)	655,564
5	Charlotte, NC (CLT)	543,944
6	Denver, CO (DEN)	541,213
7	Las Vegas, NV (LAS)	530,330
8	Houston, TX (IAH)	502,844
9	Phoenix, AZ (PHX)	440,411
10	New York, NY (JFK)	438,897
11	San Francisco, CA (SFO)	429,815
12	Newark, NJ (EWR)	415,534
13	Miami, FL (MIA)	412,915
14	Philadelphia, PA (PHL)	411,368
15	Minneapolis-St. Paul, MN (MSP)	404,612
16	Seattle, WA (SEA)	381,408
17	Detroit, MI (DTW)	379,376
18	Boston, MA (BOS)	372,930
19	Phoenix, AZ (DVT)	369,759
20	New York, NY (LGA)	360,274

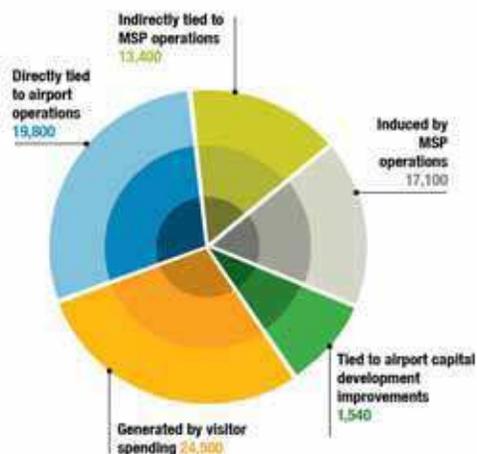
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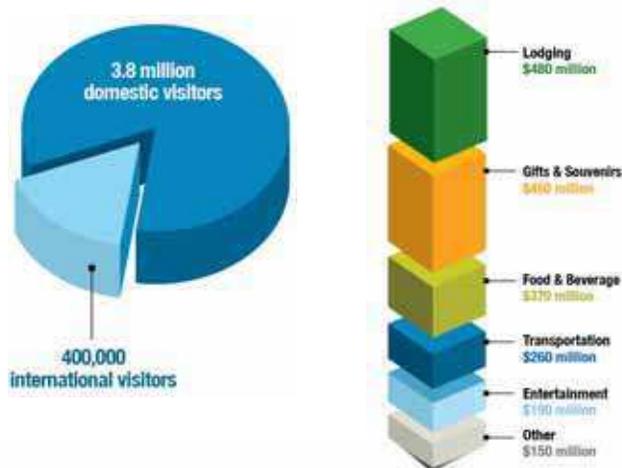
MSP Supports 76,340 Jobs



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\$1.9 Billion in Visitor Spending



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Noise Mitigation

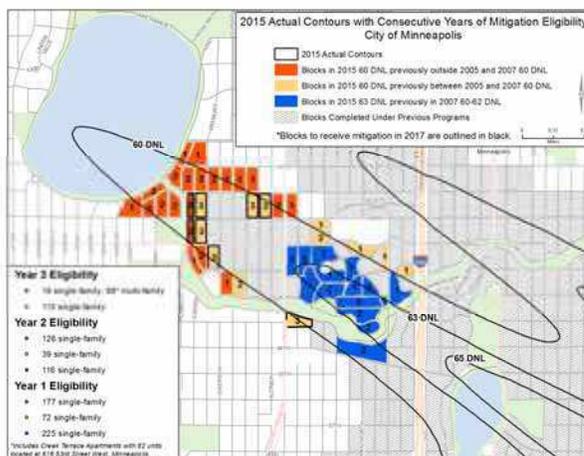
- National leader in noise mitigation
 - Nearly **\$500 million** spent on mitigation
 - Mitigated well beyond federal eligibility standard
 - Acoustically insulated nearly **15,000 homes** and **19 schools** in **six cities**
 - Administer largest airport **noise monitoring** system in the nation
- Noise Oversight Committee: a collaborative approach to noise mitigation
 - Brings together airline and community representatives to analyze impacts and explore mitigation opportunities
 - Engages FAA air traffic control leaders and is staffed by the MAC



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MSP 2015 Noise Contour

- Will insulate **138** more single-family and **88** multi-family homes in 2017, due largely to increase in nighttime operations from 95.3 average daily in 2014 to 106.7 in 2015
- Increased mitigation isolated to Runway 12R arrival lobe due to FAA's increased use of that runway for arrivals



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Approach to Area Navigation

2014 NOC resolution supports RNAV arrivals and optimized profile descents and identifies steps FAA should take before any implementation of RNAV departures from MSP:

- Provide a **case study** of successful RNAV departures implementation at a similar airport, showing how implementation at MSP would build on that successful framework
- Begin process with **FAA outreach** to community representatives to gauge expectations and needed analyses of potential impacts
- Authorize **local air traffic control managers** to lead the communications and analysis effort
- Provide **adequate resources** for community outreach and to address community concerns



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Noise Communication Enhancements

The MAC is taking a number of steps to improve noise-related communications with community leaders and airport neighbors.

- Produced “airport noise 101” brochures to distribute to first time callers about noise issues, providing an overview of how noise is regulated, how runways are used, and roles of MAC, FAA and airlines
- Creating a series of easy-to-understand fact sheets and videos that cities as well as MAC can use to inform citizens
- Developing a plan for enhanced noise communications based on:
 - External assessment of current noise communication program
 - Phone survey of 800 residents in noise-impacted areas around MSP to gauge most effective communication methods
 - Feedback from opinion leaders regarding noise-related public meetings



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Recent MSP Improvements

- Expanded Terminal 1 international arrivals area
- New Terminal 2 auto rental facilities
- 3-megawatt solar energy generation facility
- Quick Ride Ramp at Terminal 1
- Aircraft viewing area
- First of 50 new food and retail venues



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More Changes on the Way

300-room Intercontinental Hotel, spa and conference facility developed by Graves Hospitality

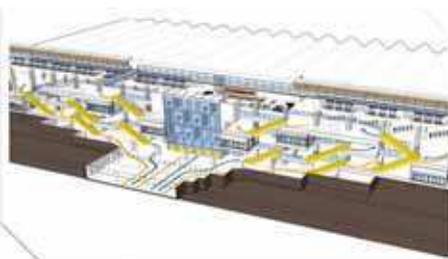


Four new gates at Terminal 2



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Airline Check-in and Bag Claim



Changes will make vertical circulation more intuitive so people can move easily between the terminal, parking and ground transportation, with less congestion.

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Parking and Roadways



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Thank You!

More Information

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www.msairport.com

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Minneapolis - Saint Paul
mSP
going your way

Bloomington Council Study Meeting



Request for Council Action

Originator Community Services	Item 2016 Bloomington Resident and Business Survey Results
Agenda Section Study Item	Date 8/22/2016

Description

The City of Bloomington recently completed two community-wide surveys – the fifth annual National Citizen Survey™ of Bloomington residents and the second annual National Business Survey™ of Bloomington businesses. Both polls were conducted by the National Research Center of Boulder, Colorado. Community Services Director Diann Kirby will present key findings from both surveys during the study meeting.

Presenter: Diann Kirby, Community Services Director

Requested Action

Information and discussion purposes only.

Attachments:

2016 Bloomington Survey Results

2016 Bloomington Survey Results

City Council
August 22, 2016



National Citizen Survey™

Highlights

Survey Vendor



 NATIONAL
RESEARCH
CENTER INC.
2955 Valmont Road, Suite 300
Boulder, CO 80301
www.n-r-c.com • 303-444-7863

 ICMA
777 North Capitol Street NE, Suite 500
Washington, DC 20002
www.icma.org • 202-289-ICMA



NEW for 2016

NEW Demographic comparison group (ethnic background)

NEW Survey question regarding neighborhood appearance.

NEW Cities added to peer group comparisons (“Minnesota 7”)

NEW Online, opt-in survey open to all residents.



NCS™ Methodology

Survey type	Random sample, scientific survey
Assessment method	Mail and online
Timing	May 2 – June 13, 2016
Sample size	3,000 homes
Completed surveys	1,021
Response rate	35%
Margin of error	+/-3%
Opt-in survey	Online, open to all residents
Opt-in response	584
Cost	\$24,813 (nearly 1/2 paid by State)

Benchmark Comparisons

1. NRC database – Up to 500 jurisdictions

2. Selected cities – 28 jurisdictions:

Scottsdale, AZ

Lakewood, CO

Blaine, MN

Carlsbad, CA

Thornton, CO

Eden Prairie, MN

Concord, CA

Westminster, CO

Edina, MN

Livermore, CA

Sandy Springs, GA

Maple Grove, MN

Mountain View, CA

Naperville, IL

Plymouth, MN

Rancho Cordova, CA

Olathe, KS

St. Louis Park, MN

Sunnyvale, CA

Overland Park, KS

Woodbury, MN

Walnut Creek, CA

Worcester, MA

Bellevue, WA

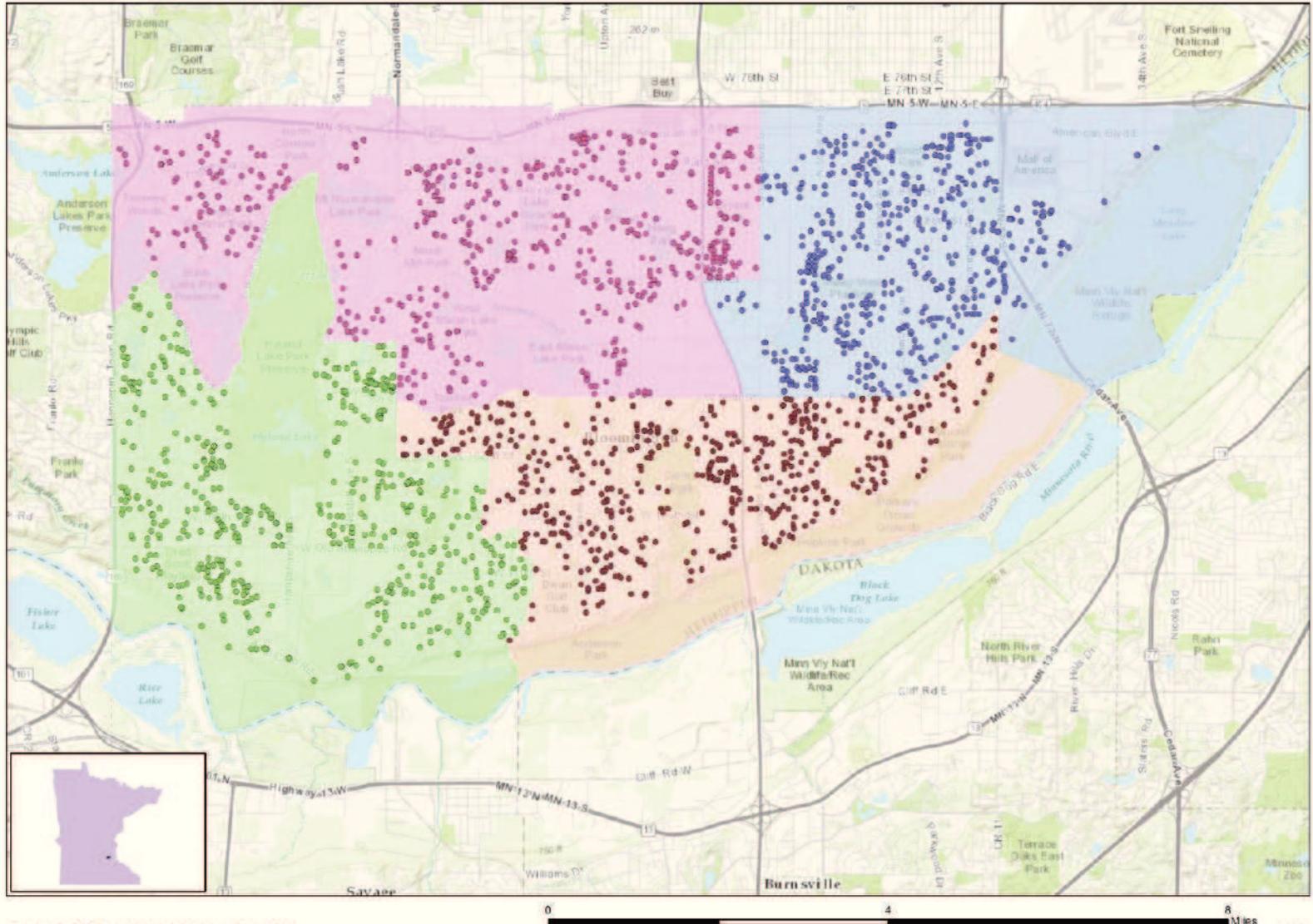
Arvada, CO

Rockville, MD

Centennial, CO

Farmington Hills, MI

Geographic distribution

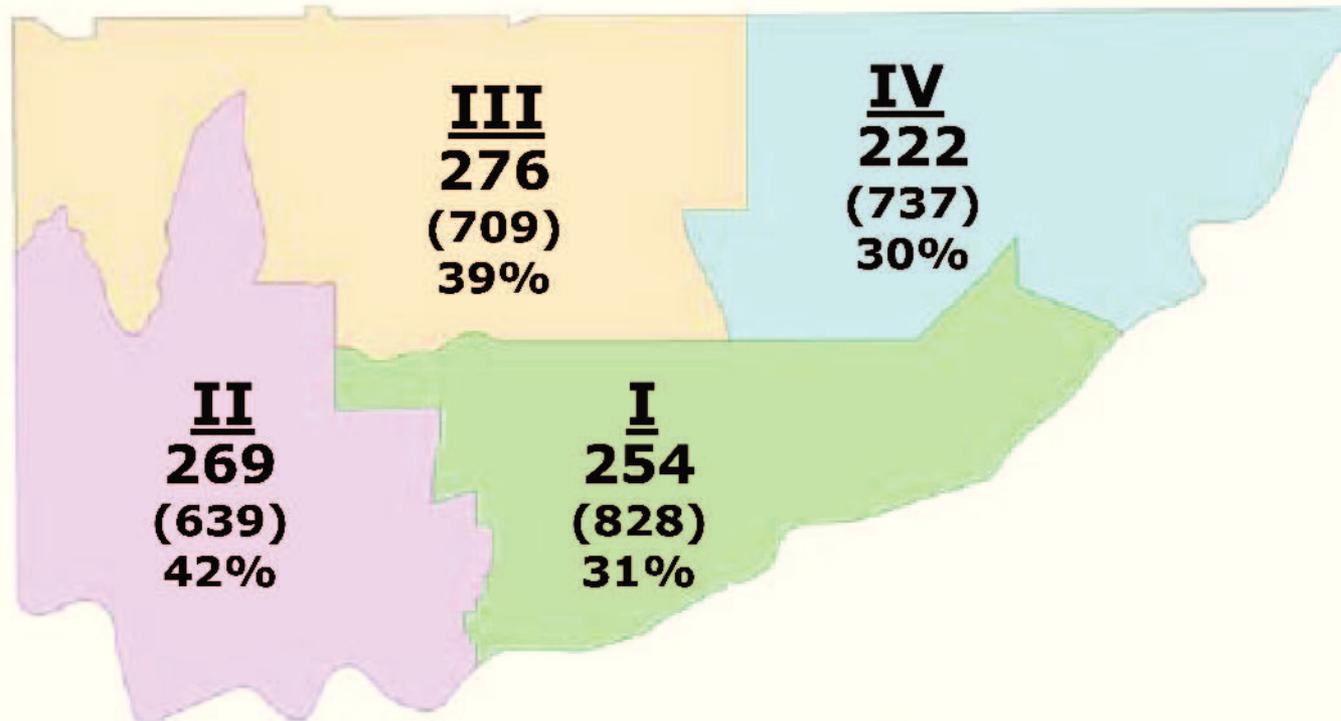


Survey Recipients in Bloomington, MN

- In Council Dist I
- In Council Dist III
- In Council Dist II
- In Council Dist IV
- District I
- District II
- District III
- District IV



Responses by Council District



- Council District I
- Council District II
- Council District III
- Council District IV

Key Findings

National Citizen Survey™

- ✓ Bloomington continues to receive positive ratings overall.
- ✓ While ratings remained stable overall, there were declines in several key areas.
- ✓ Ratings trending downward included overall quality of life, image of Bloomington and availability of affordable, quality housing.
- ✓ Several areas rebounded after significant drops in past polls.

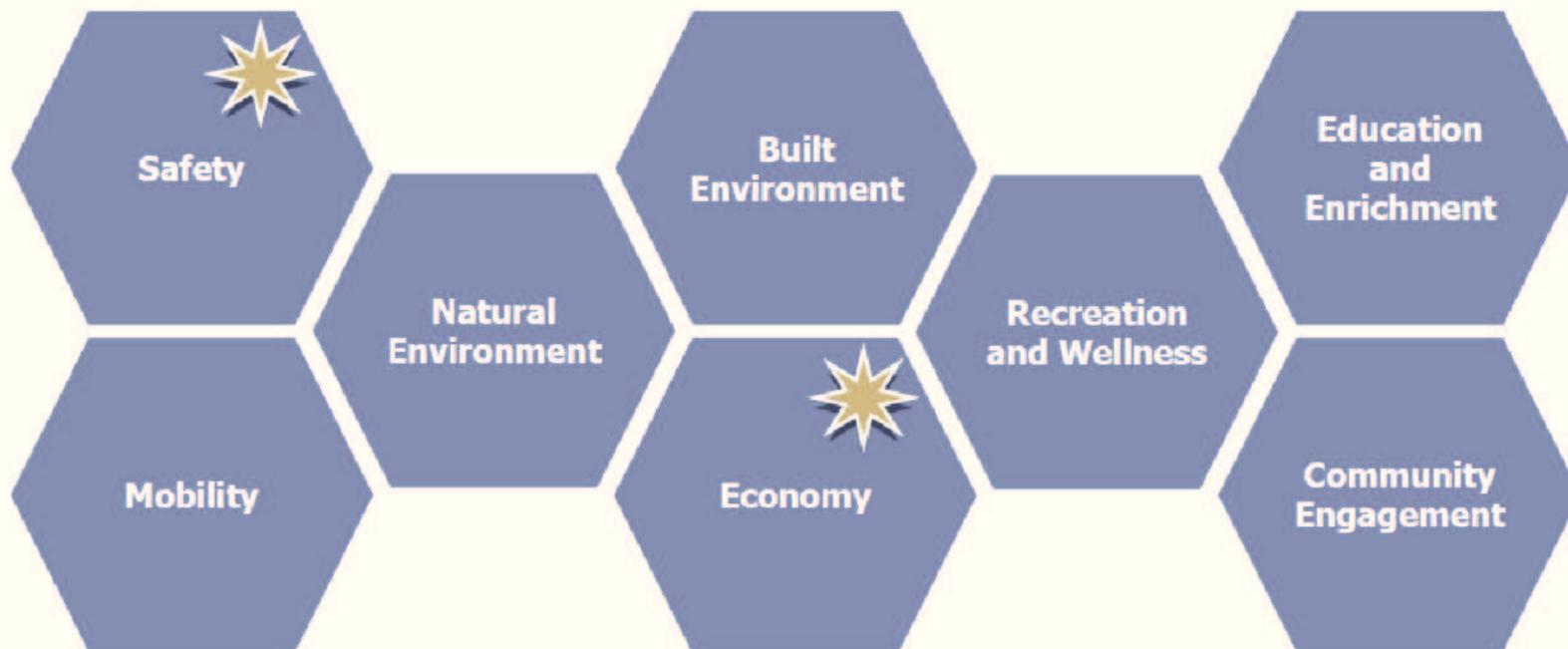


Quality of Life in Bloomington

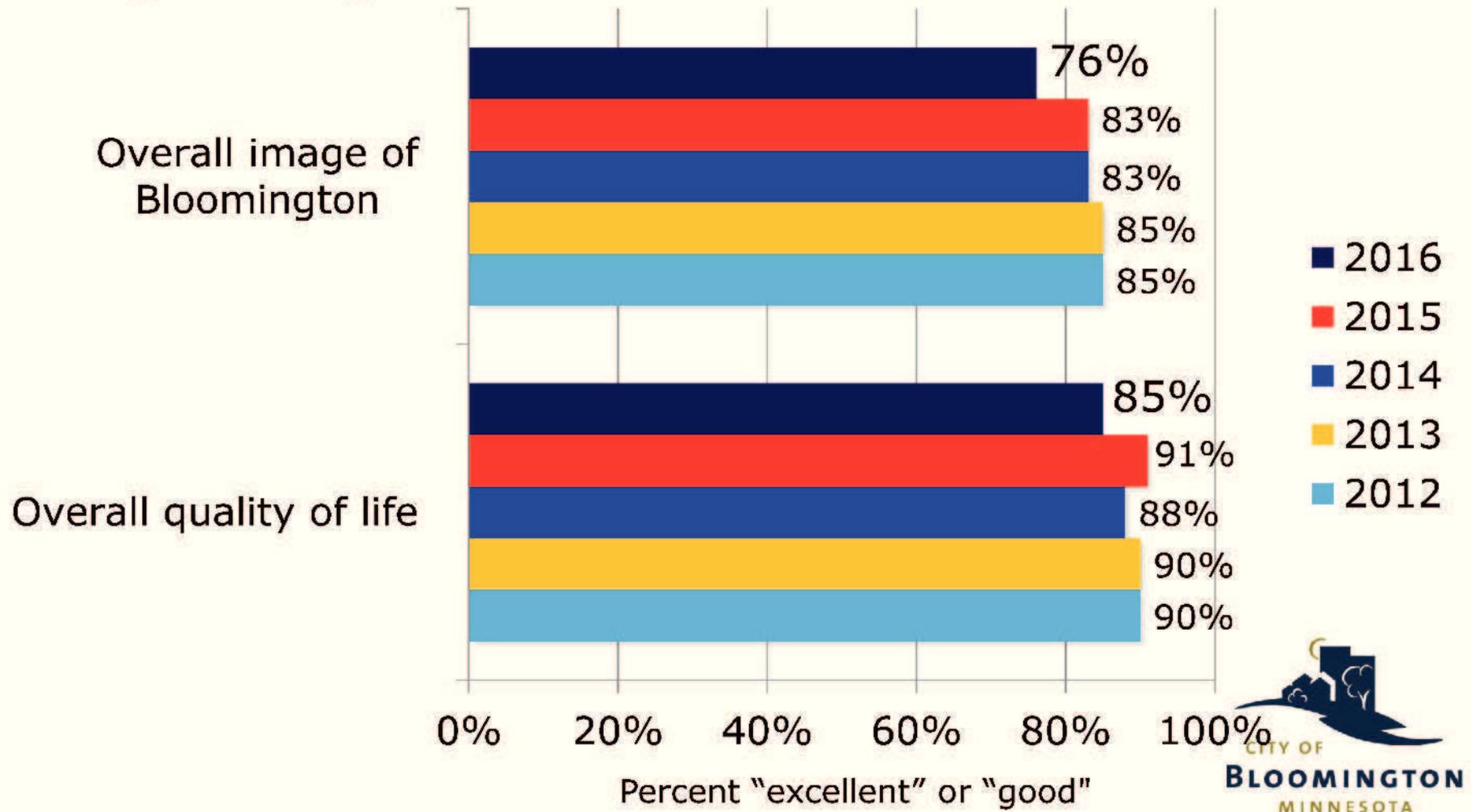
Legend

- Higher than national benchmark
- Similar to national benchmark
- Lower than national benchmark

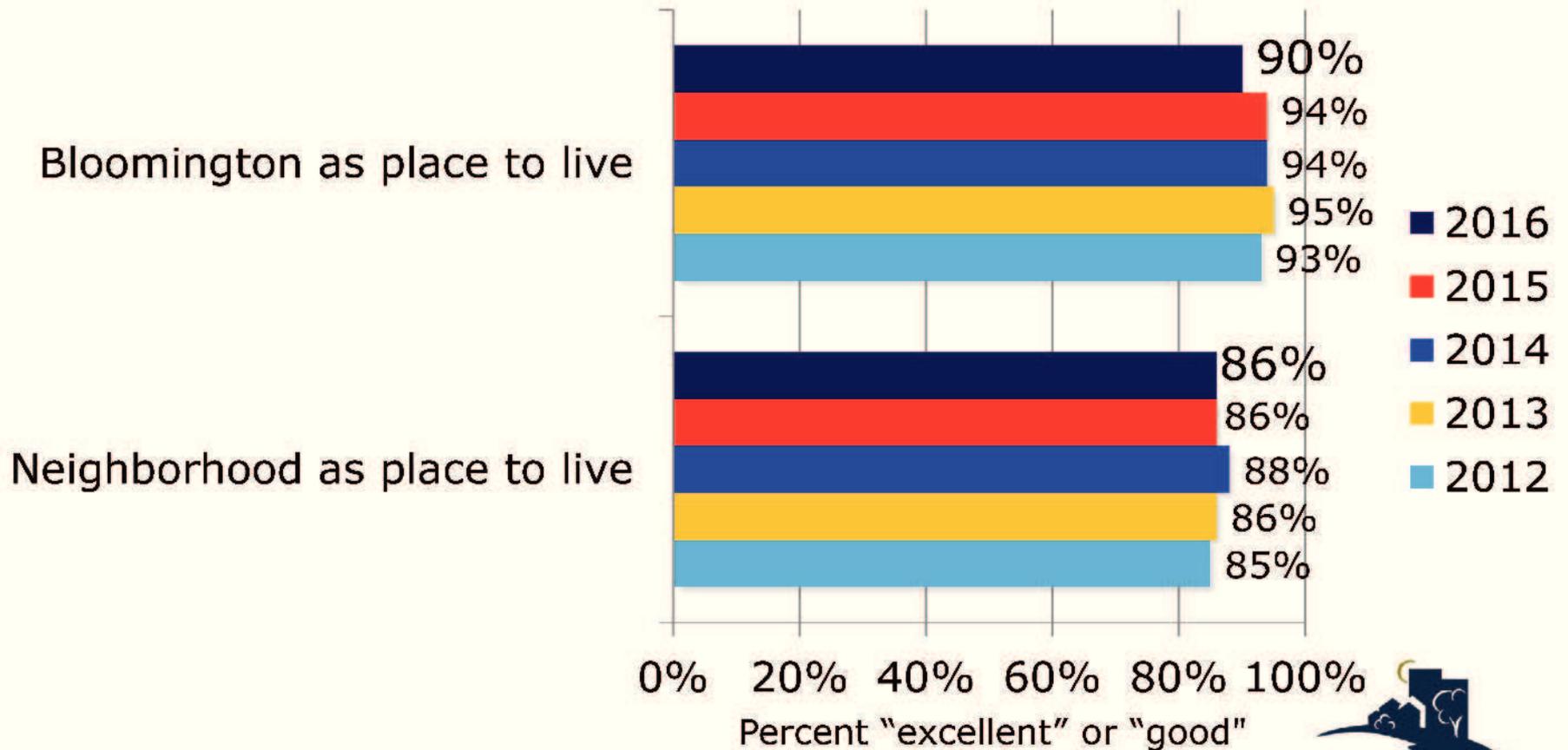
★ Most important



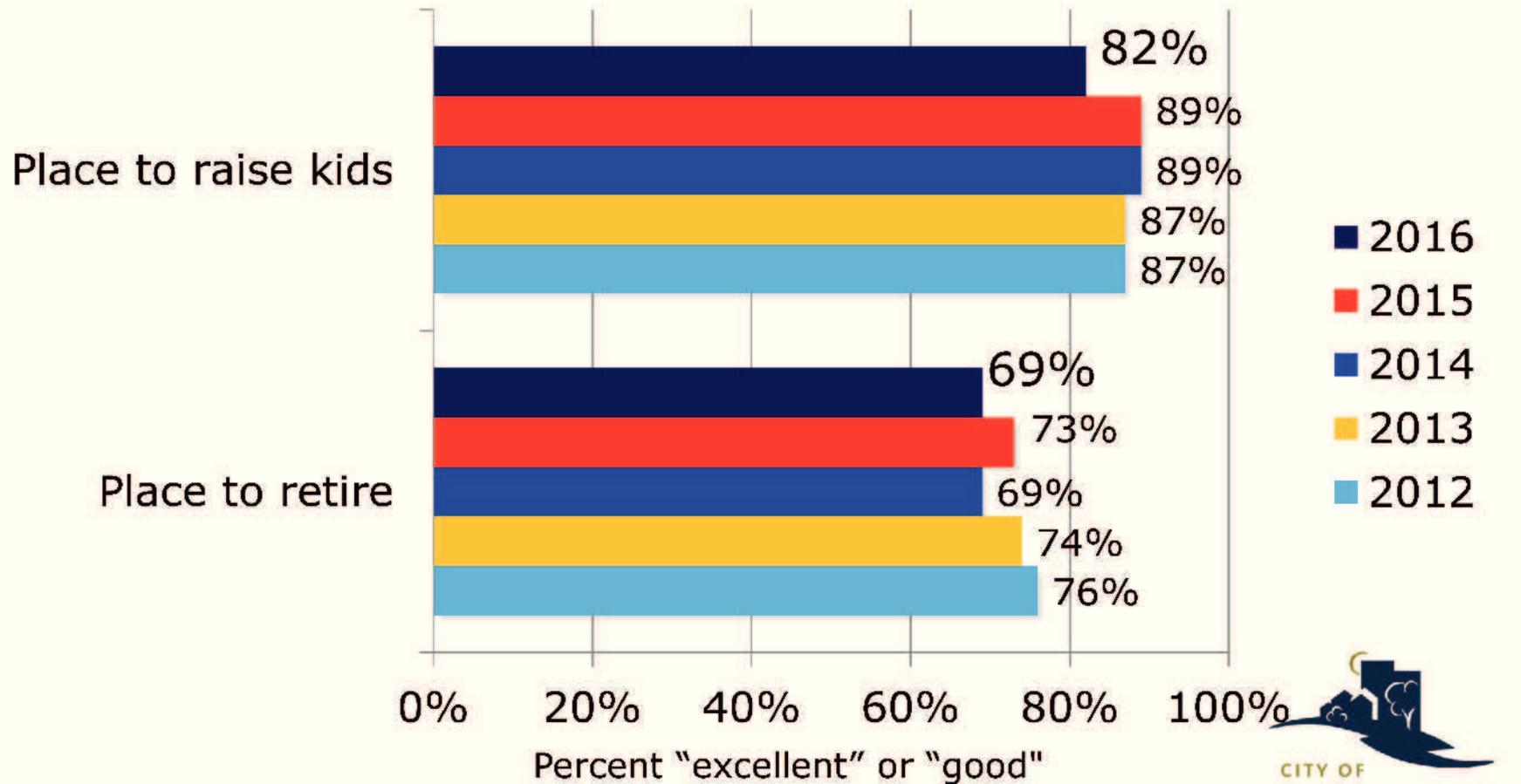
Quality of Life



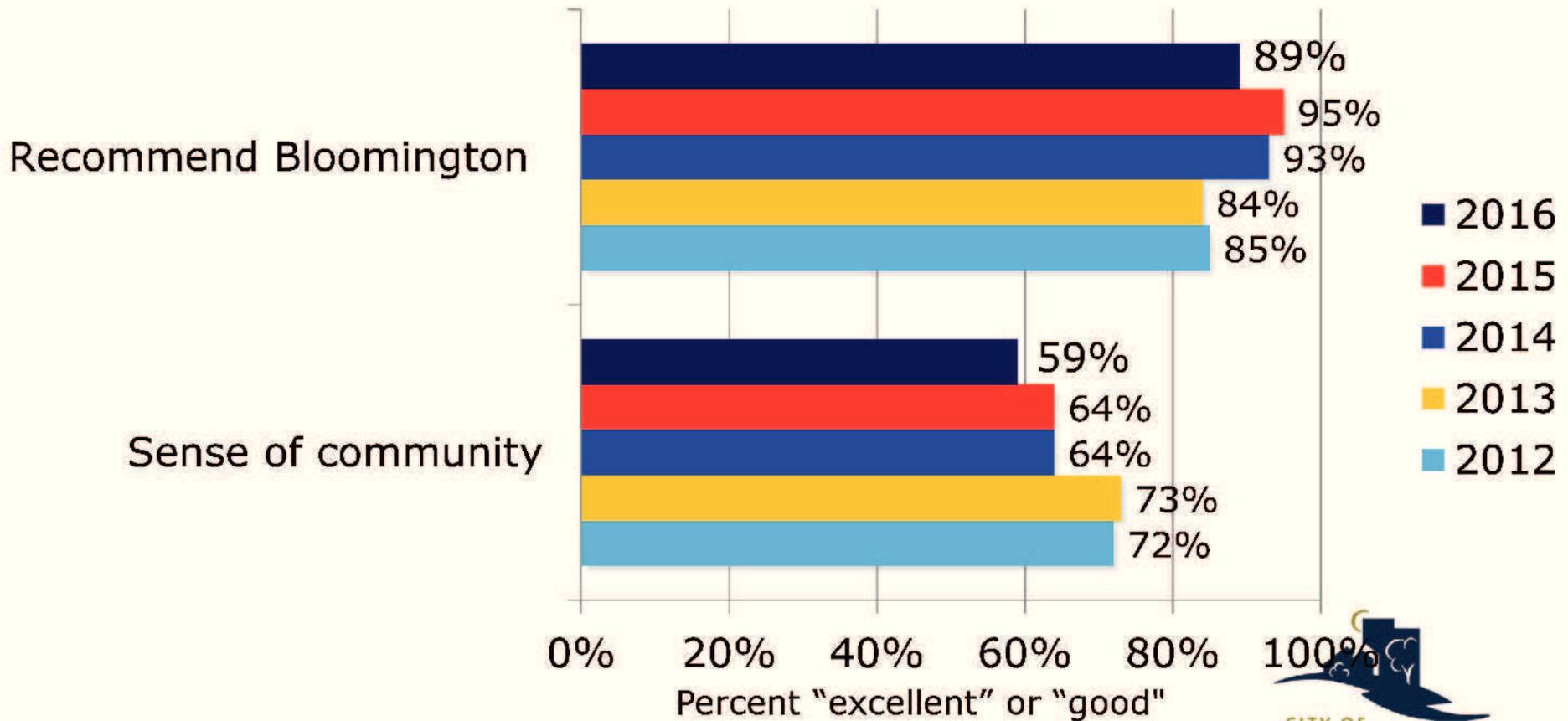
Quality of Life



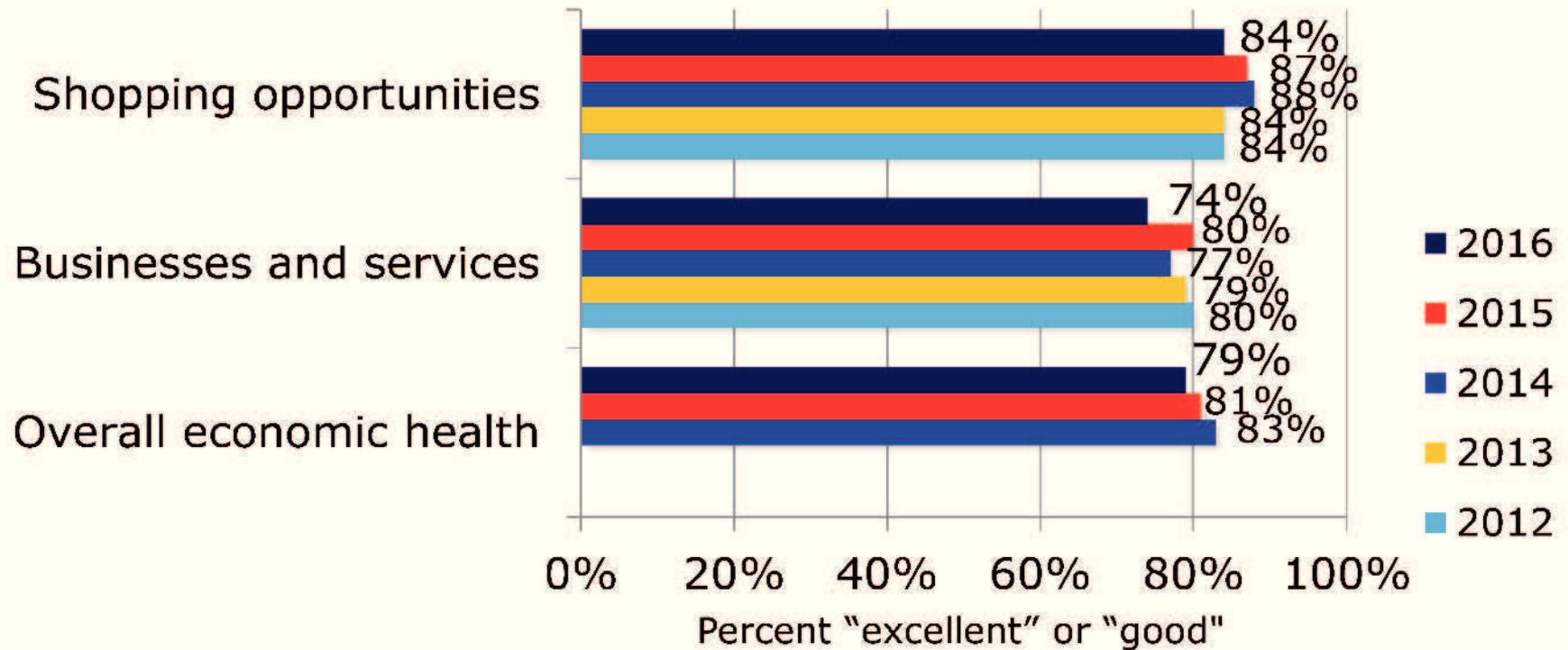
Quality of Life



Quality of Life



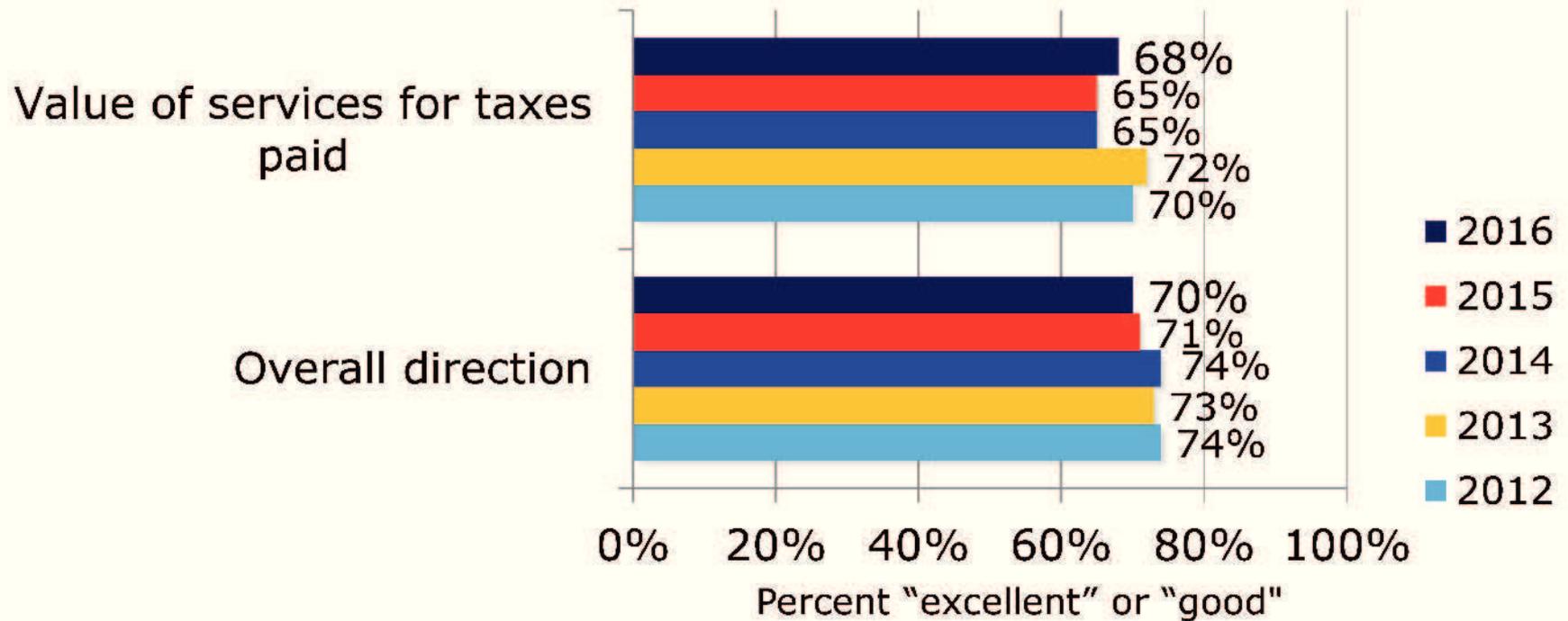
Economy



Benchmark Comparisons

- ✓ **Shopping opportunities:** #20 nationwide.
- ✓ **Businesses and services:** Top 30% nationwide.
- ✓ **Overall economic health:** Top 30% nationwide.

Governance



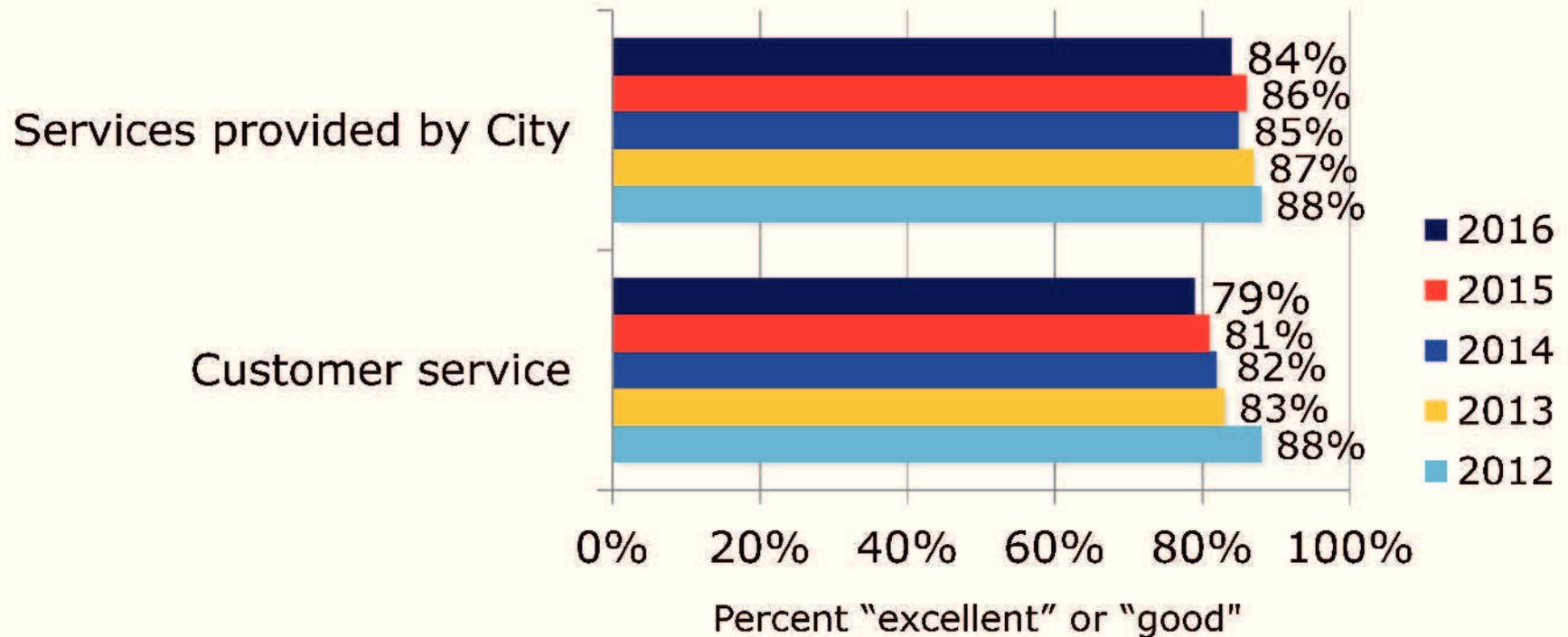
Benchmark Comparisons

✓ **Value of services for taxes paid:** Top 20% nationwide.

✓ **Overall direction:** Top 25% nationwide.



City Services

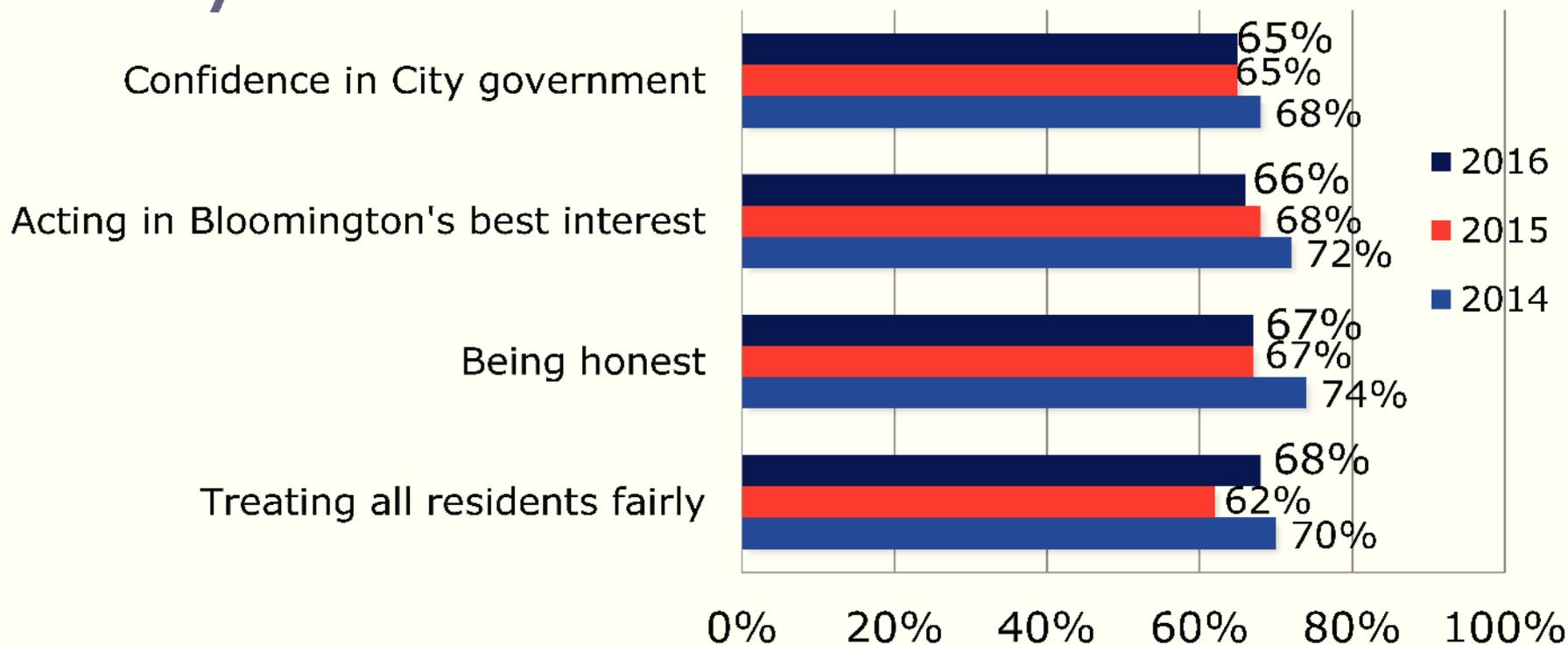


Benchmark Comparisons

✓ **Services provided by City:** Top 30% nationwide.



City Services

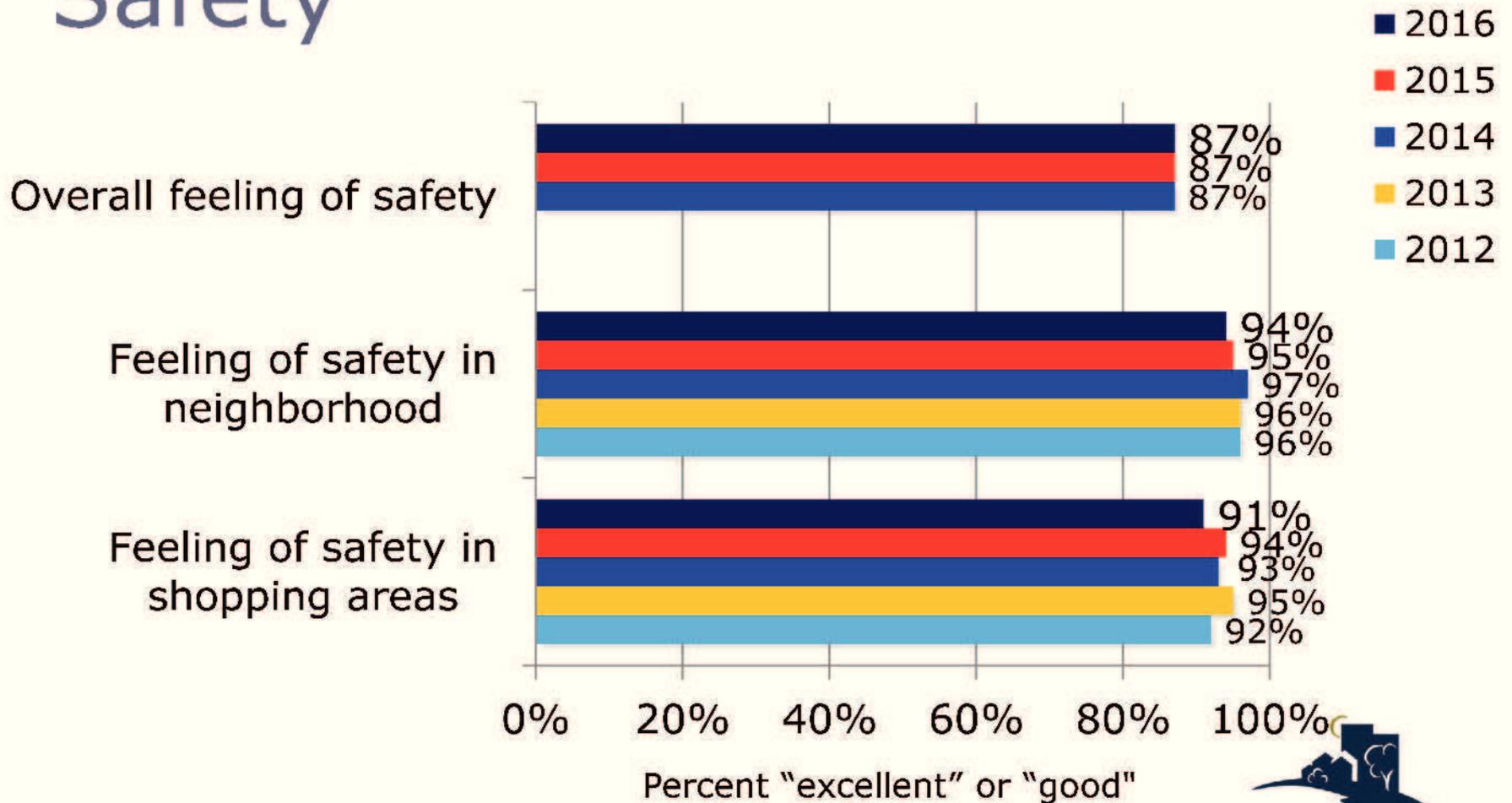


Fast Facts

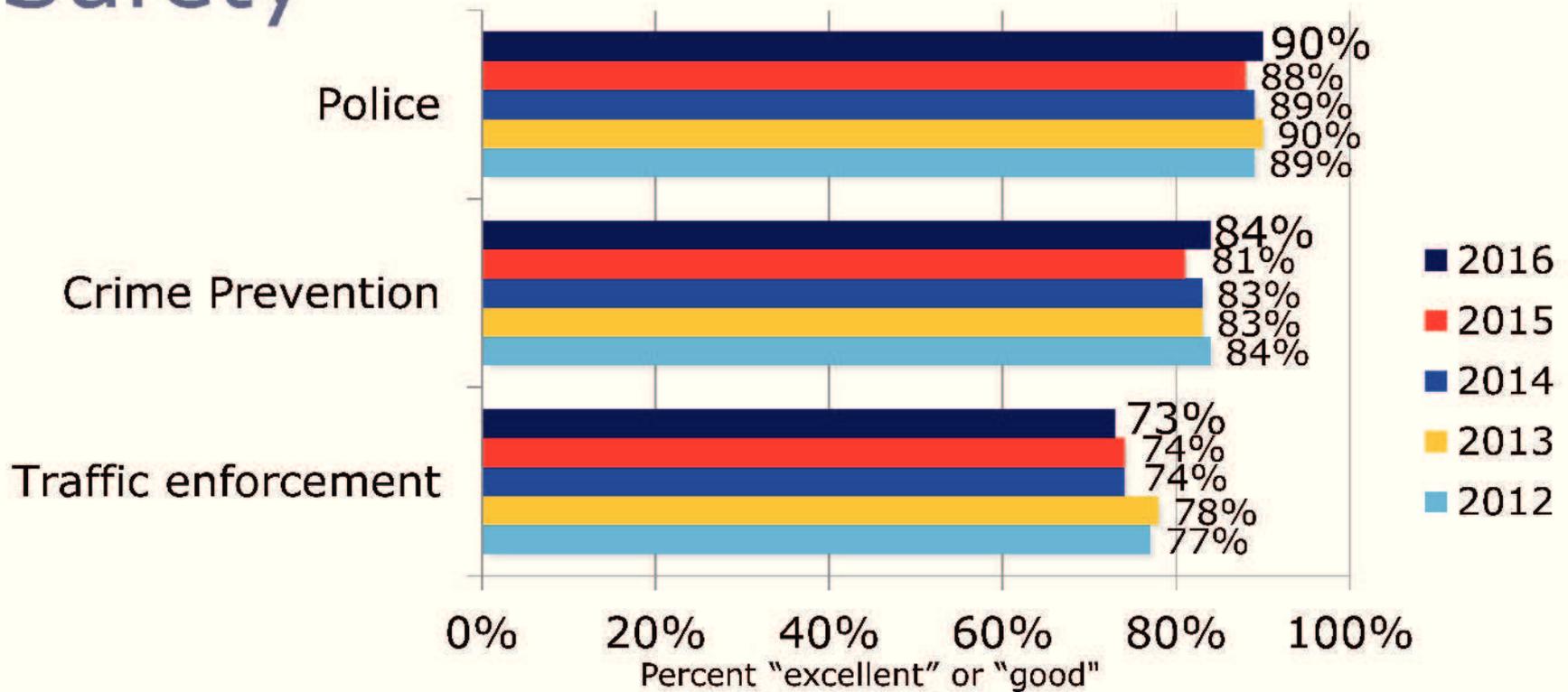
- ✓ **Confidence in City government:** Top quartile nationwide.
- ✓ **Acting in Bloomington's best interest:** Top one-third nationwide.
- ✓ **Being honest:** Top one-third nationwide.
- ✓ **Treating all residents fairly:** Top quartile nationwide.



Safety



Safety

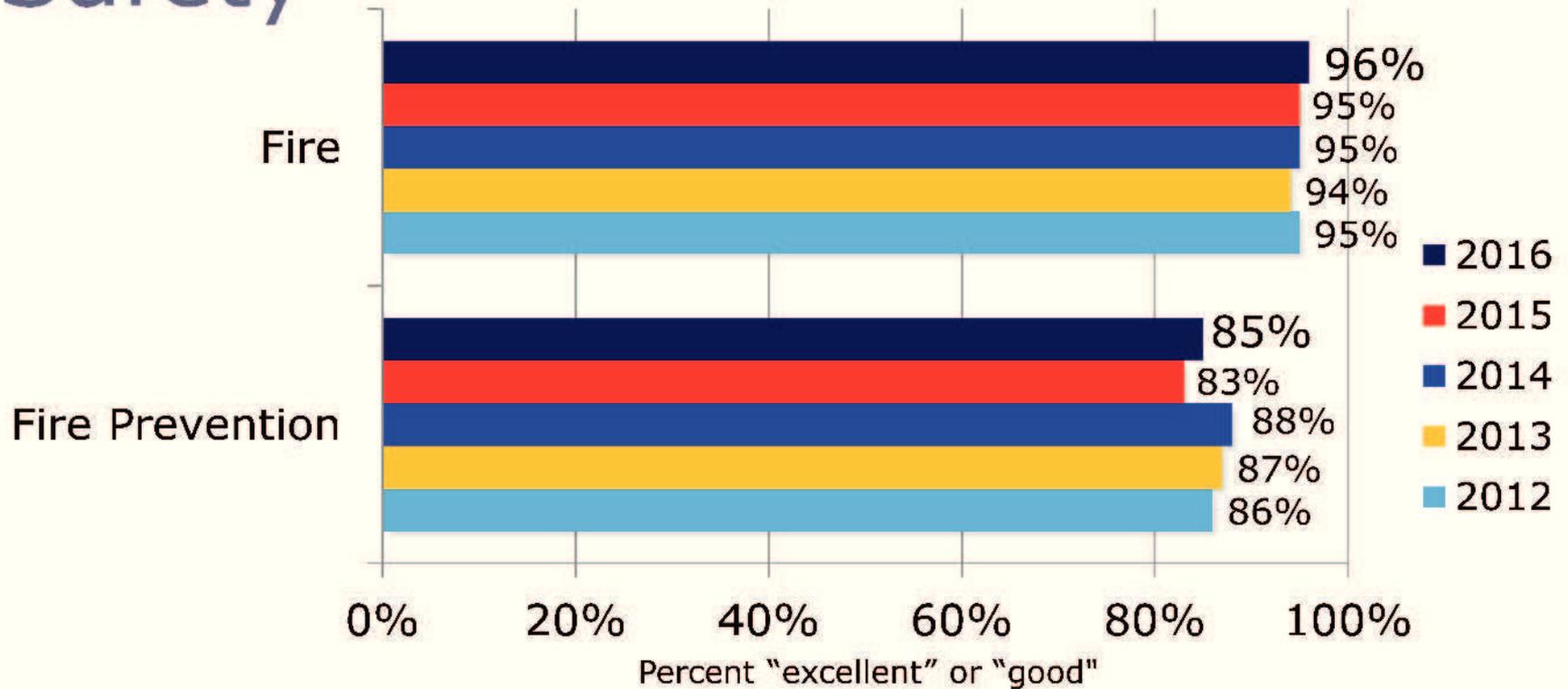


Fast Facts

- ✓ **Police:** Top 25% nationwide.
- ✓ **Crime Prevention:** Top 25% nationwide.
- ✓ **Traffic enforcement:** Top one-third nationwide.



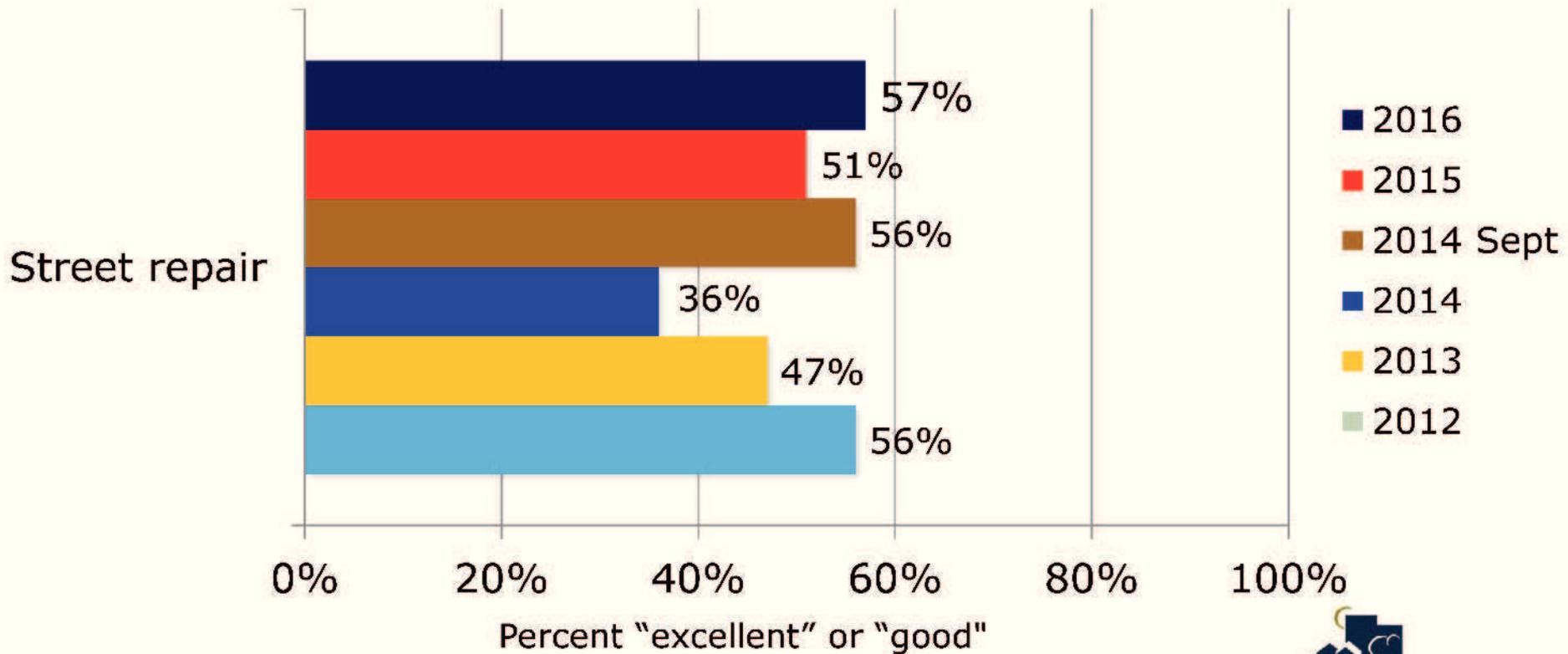
Safety



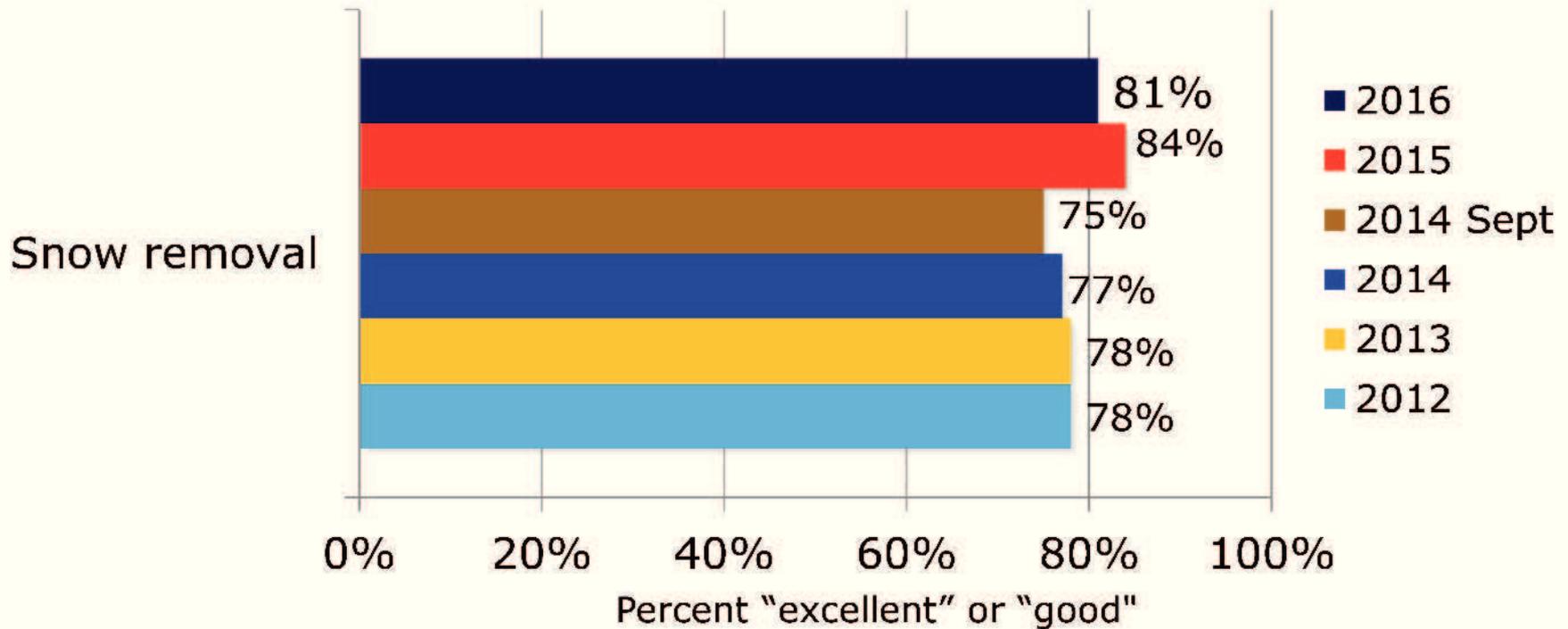
Fast Facts

- ✓ **Fire:** Top 30% nationwide.
- ✓ **Fire Prevention:** Top 30% nationwide.

Mobility



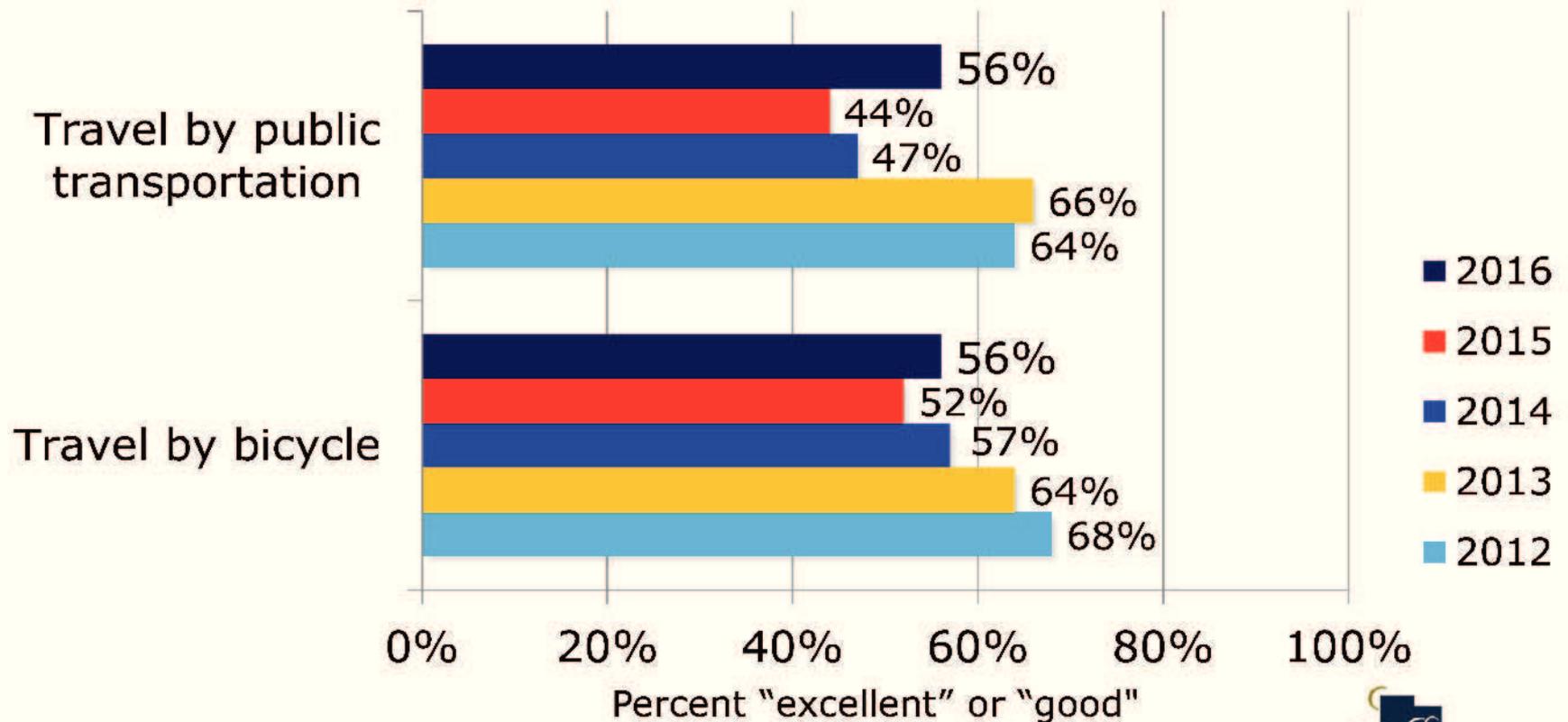
Mobility



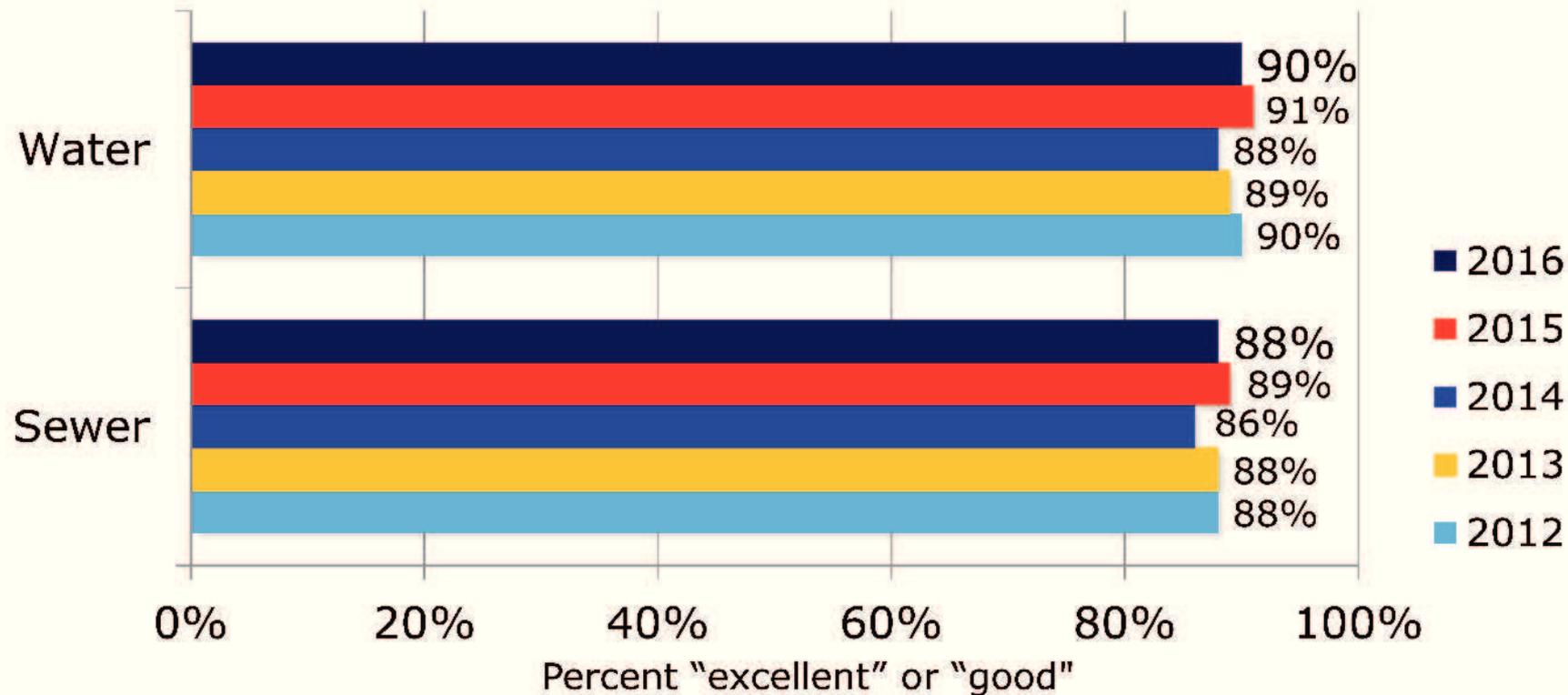
Benchmark Comparisons

✓ **Snow removal:** Top 12% nationwide; #3 among peer cities.

Mobility



Environment



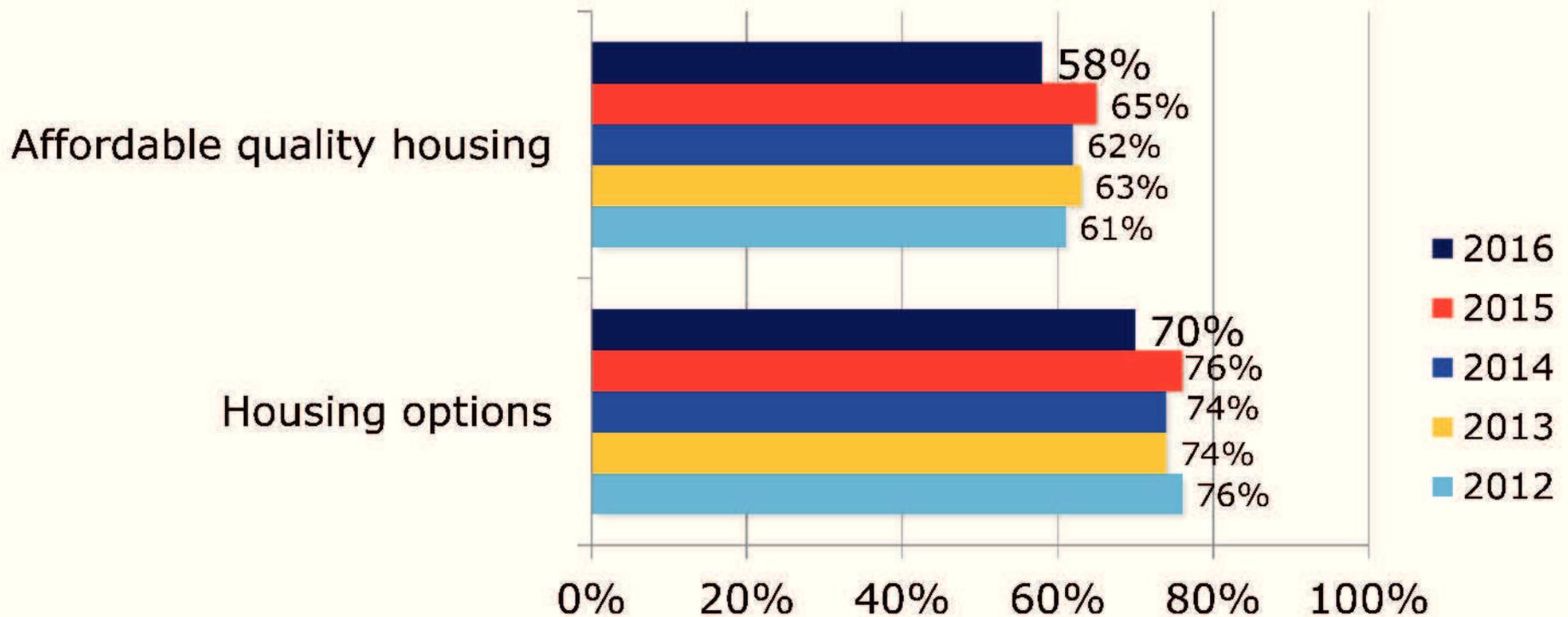
Fast Facts

✓ **Water:** #11 nationwide; **#1 among peer cities.**

✓ **Sewer Services:** Top 15% nationwide; #3 among peer cities.



Housing

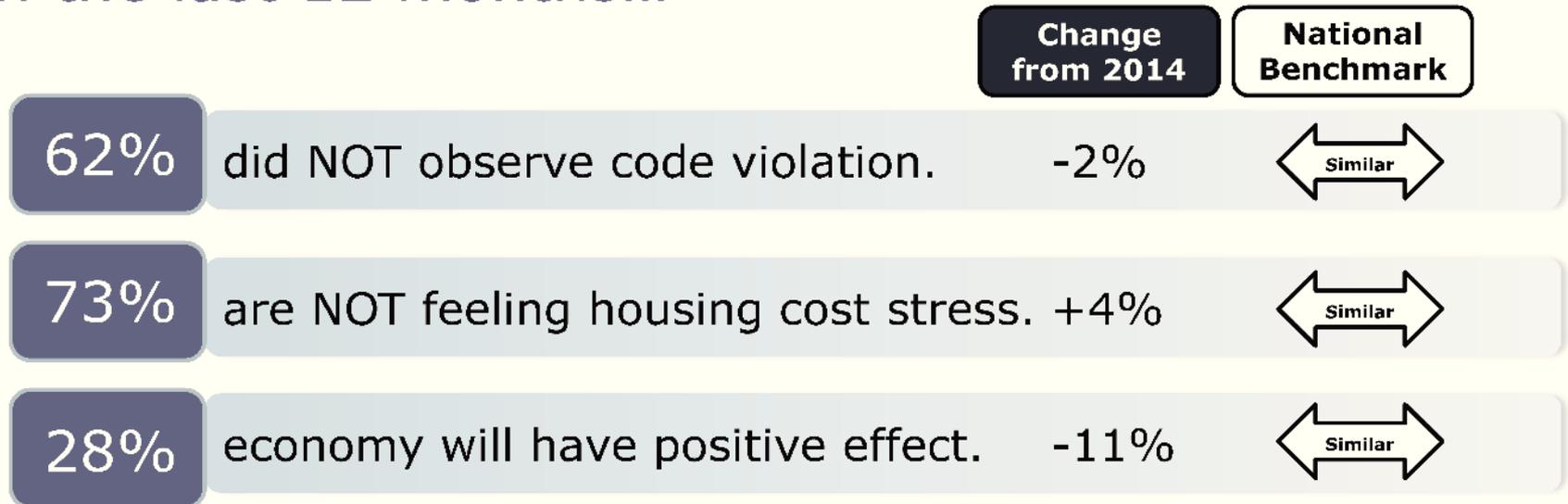


Fast Facts

- ✓ **Affordable quality housing:** Top 25% nationwide.
- ✓ **Housing options:** Top 25% nationwide.

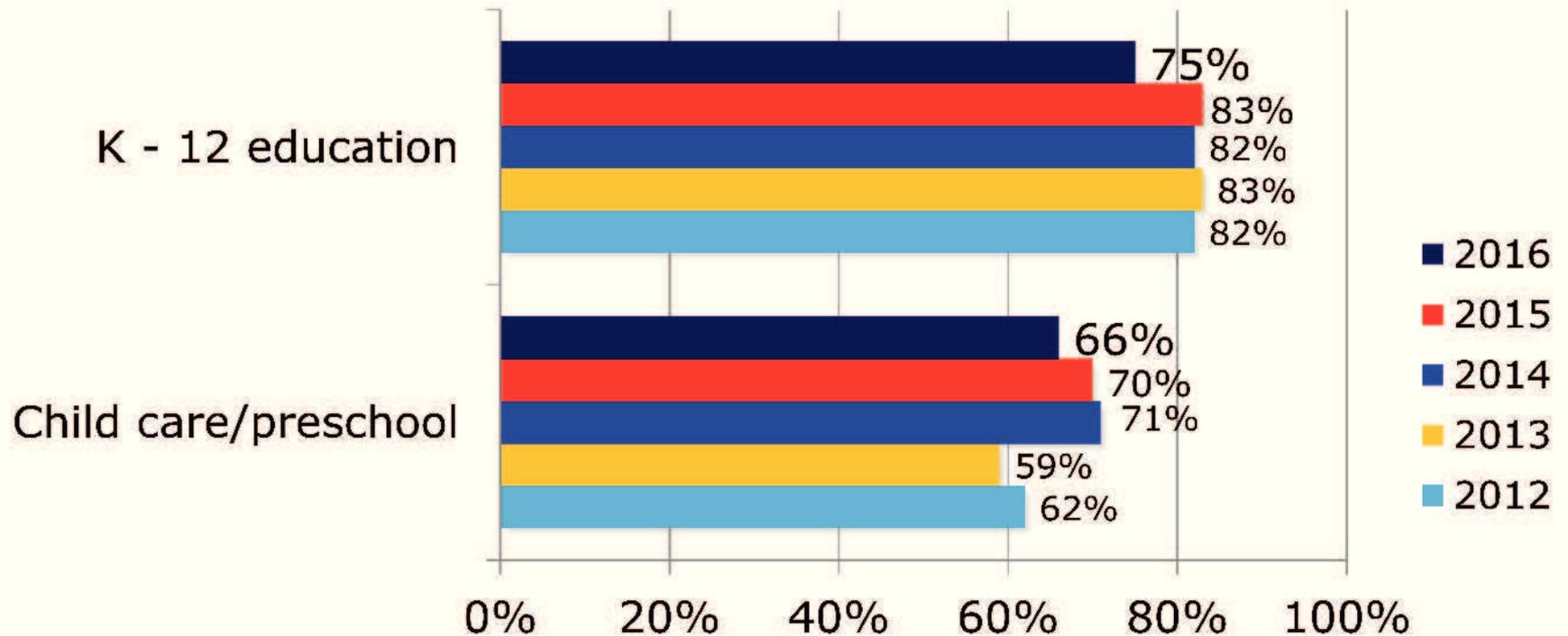
Housing & Economy

In the last 12 months...



Percent rating positively (e.g., always/sometimes, more than once a month, yes)

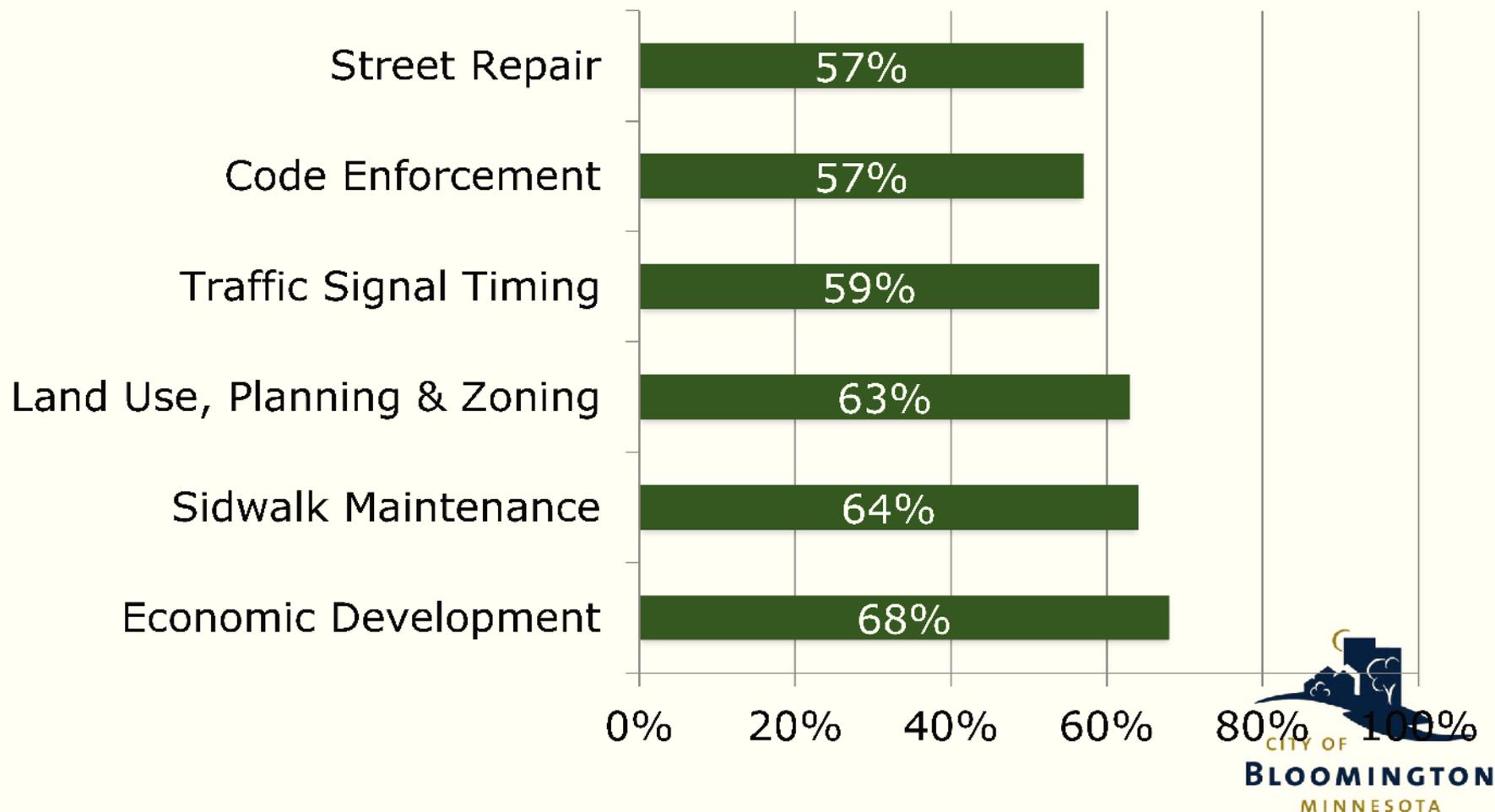
Education and Enrichment



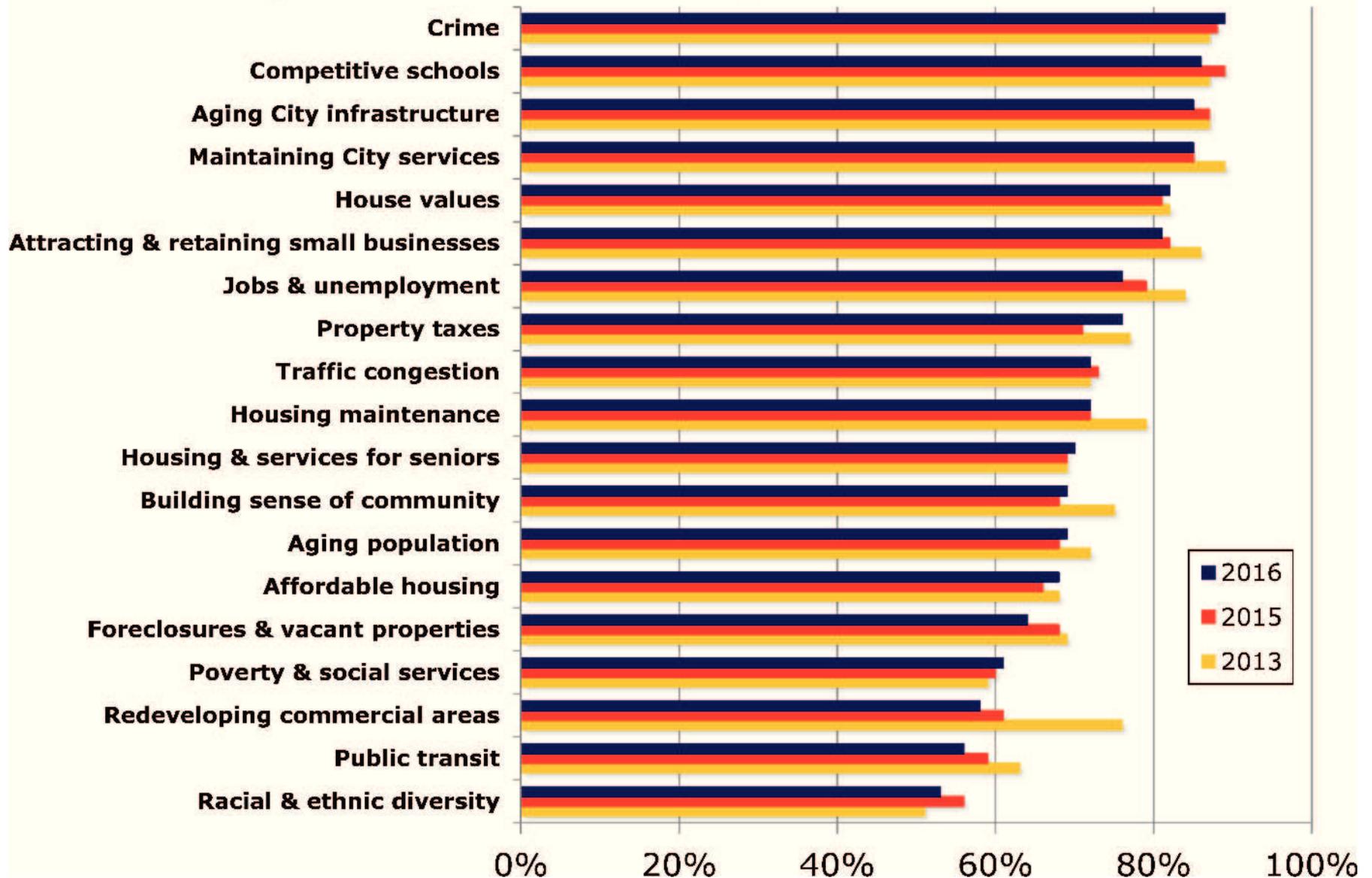
Benchmark Comparisons

✓ **Child care/preschool:** Top 25% nationwide; #2 among peer cities.

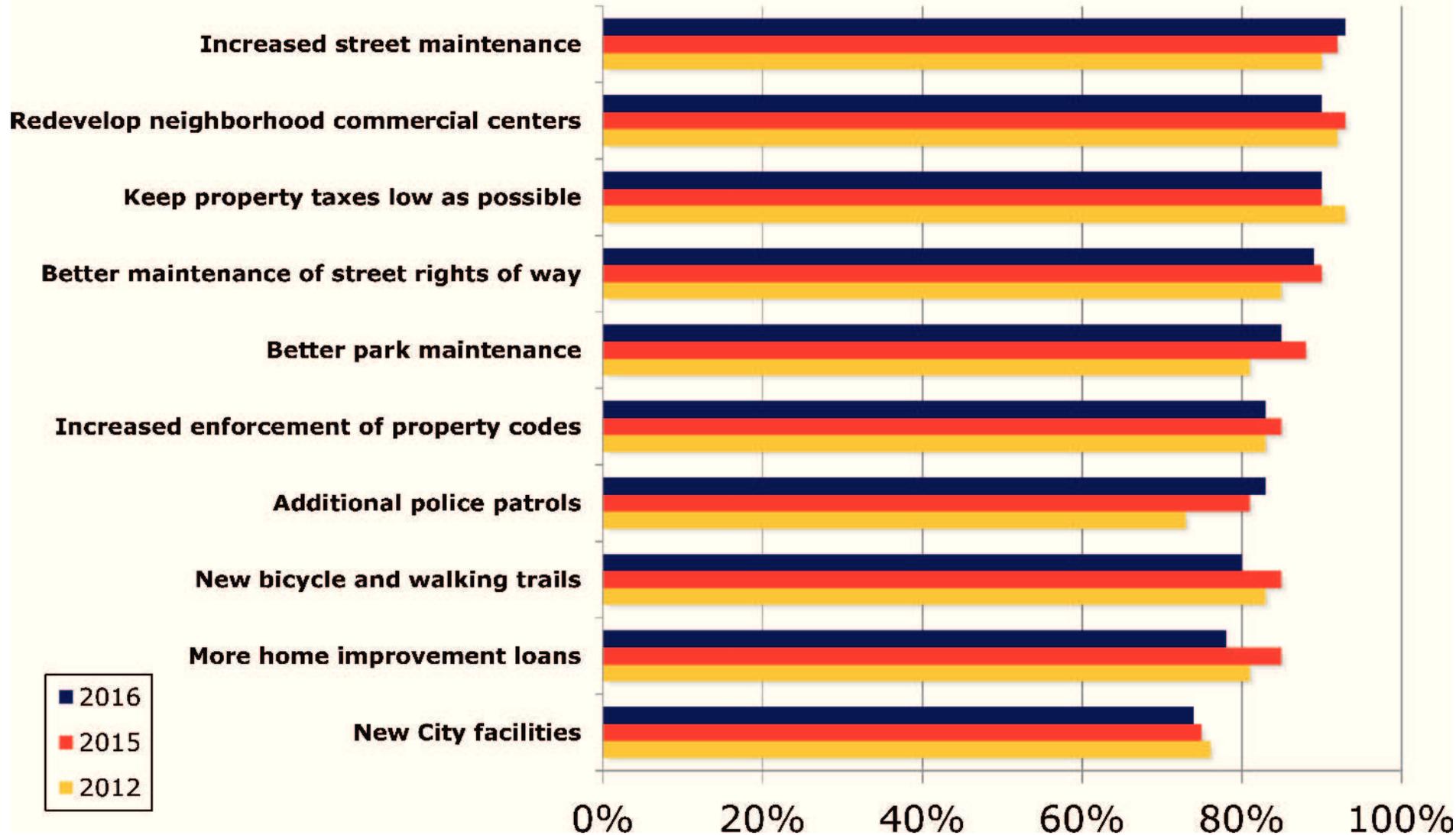
Lowest-Rated City Services



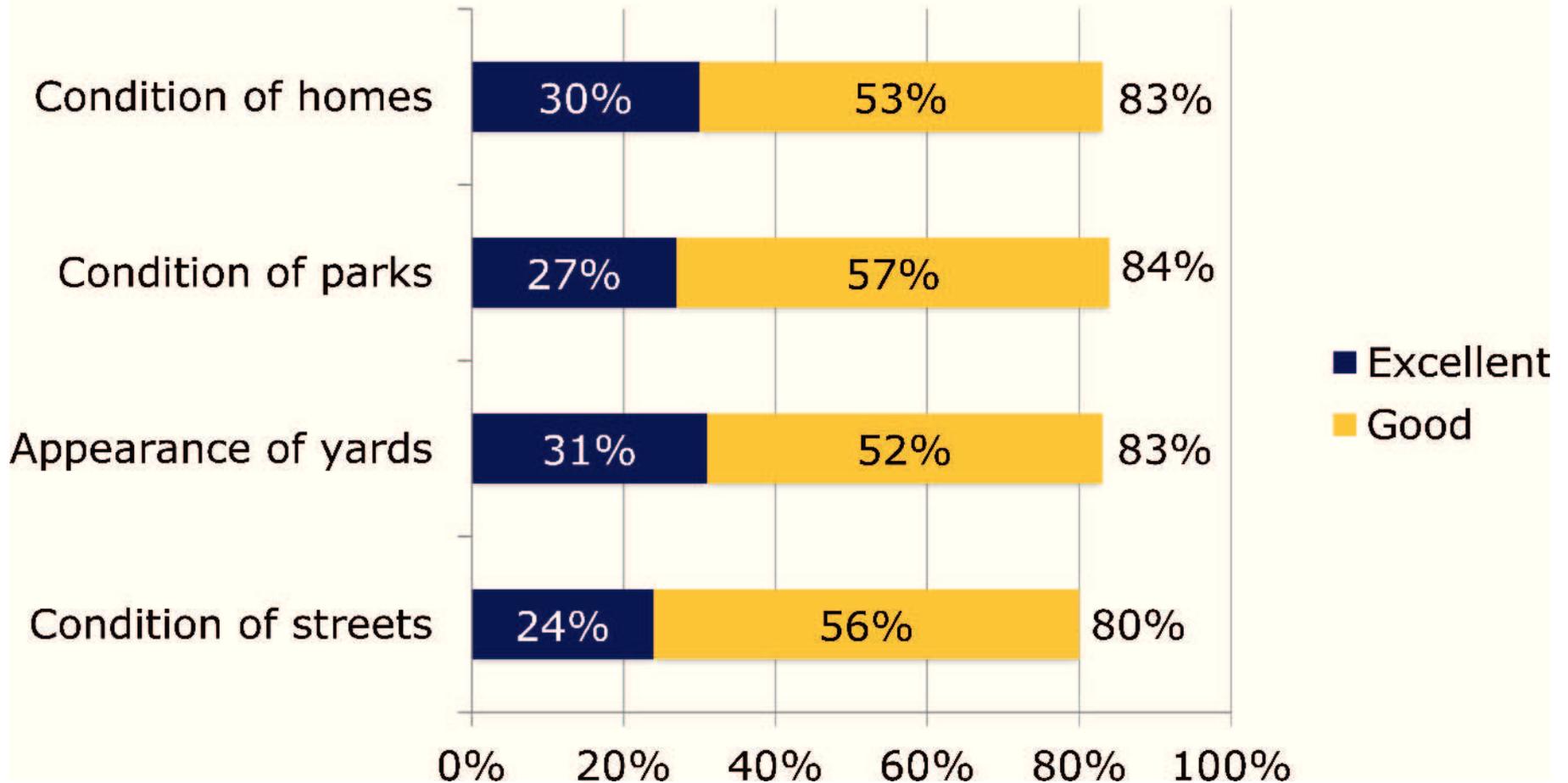
How important is it for the City to address the following over the next 5 years?



To what extent, if at all, would each of the following City actions increase property values in Bloomington?

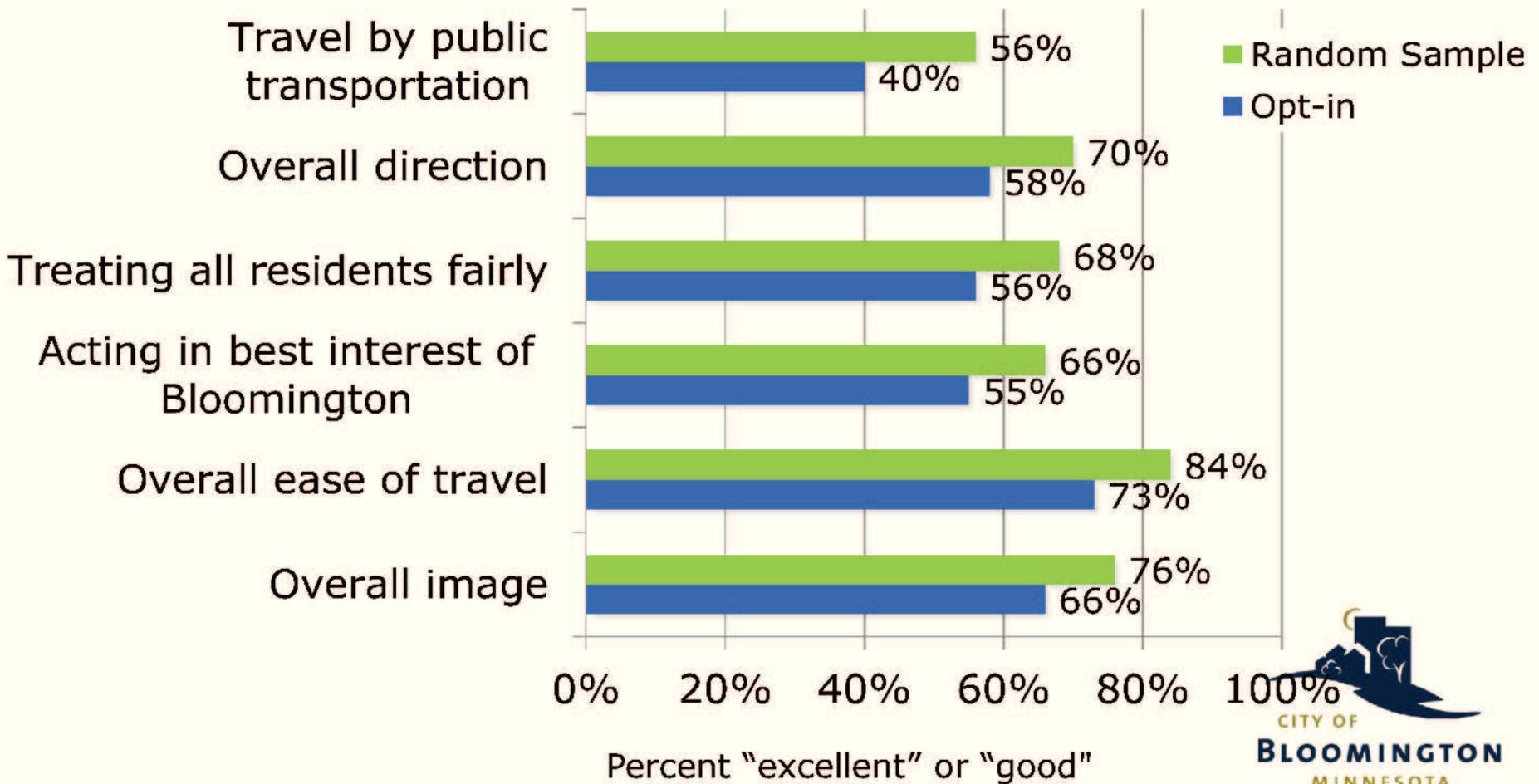


Please rate the quality of each of the following characteristics of your neighborhood.



Random Sample vs. Opt-in

Results with Spreads of 10%/+



National Business Survey™

Highlights

Survey Vendor



 NATIONAL
RESEARCH
CENTER INC.
2955 Valmont Road, Suite 300
Boulder, CO 80301
www.n-r-c.com • 303-444-7863

 ICMA
777 North Capitol Street NE, Suite 500
Washington, DC 20002
www.icma.org • 202-289-ICMA



Methodology

Sample	All private sector businesses
Assessment method	Online
Timing	April 29 – June 10, 2016
Sample size	3,164 businesses
Completed surveys	332
Response rate	10%
Margin of error	+/-5%
Cost	\$16,020

Key Findings

National Business Survey™

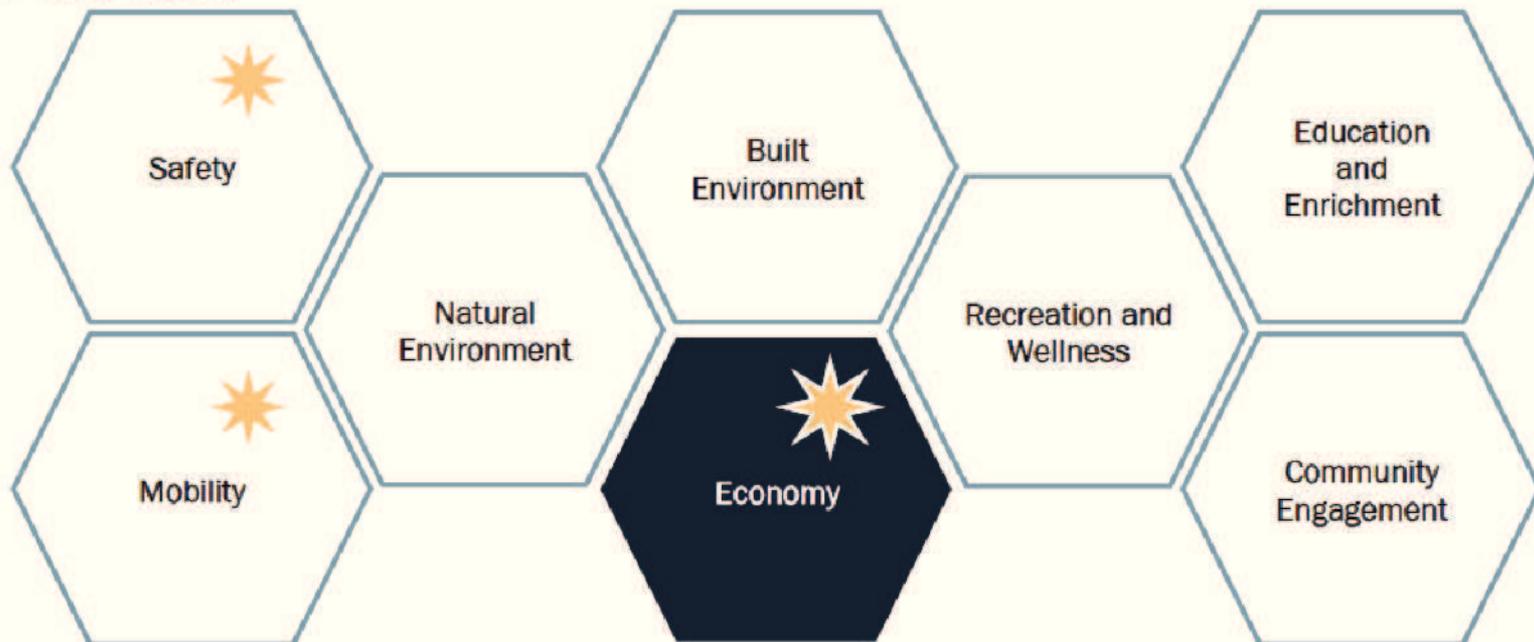
- ✓ Businesses remain positive about the local business climate and value Bloomington as place to do business.
- ✓ Scores remained stable from 2015 to 2016.
- ✓ Businesses tend to be more upbeat than residents in their views about Bloomington.
- ✓ Safety, mobility and economy are top priorities.



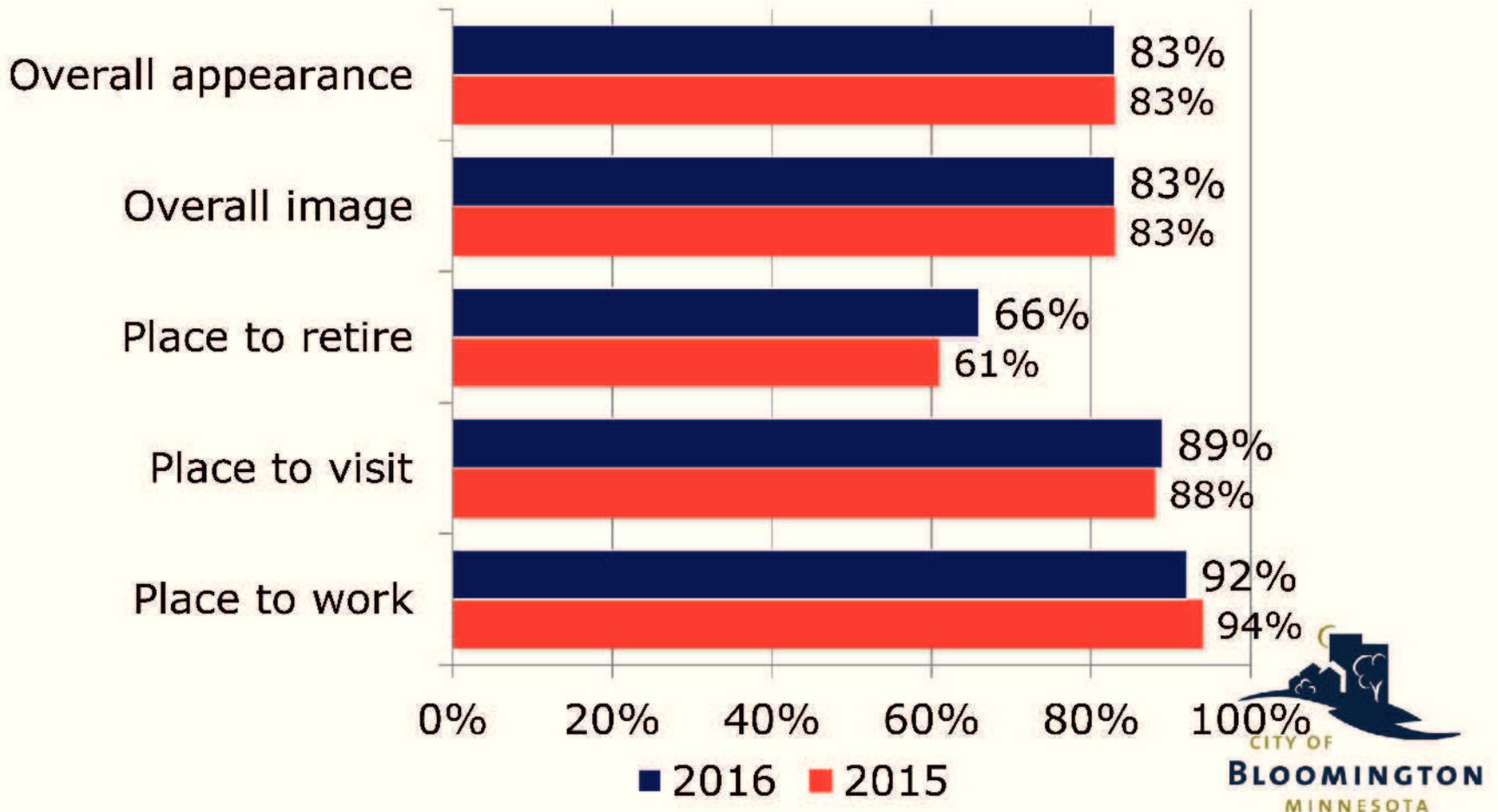
Quality of Life in Bloomington

Legend

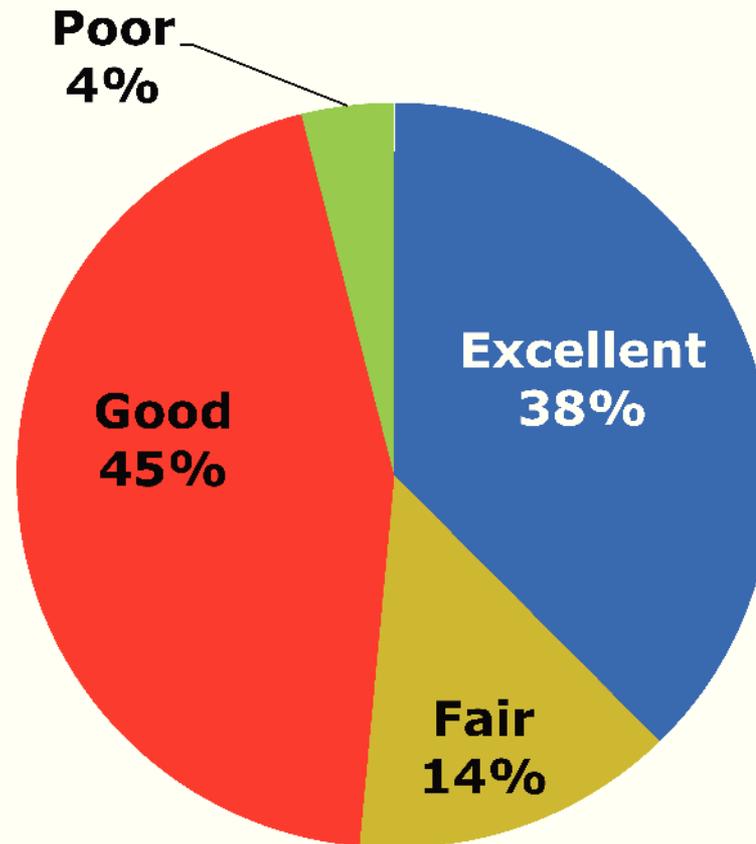
- Higher than benchmark
- Similar to benchmark
- Lower than benchmark
- Benchmark not available
- Most important



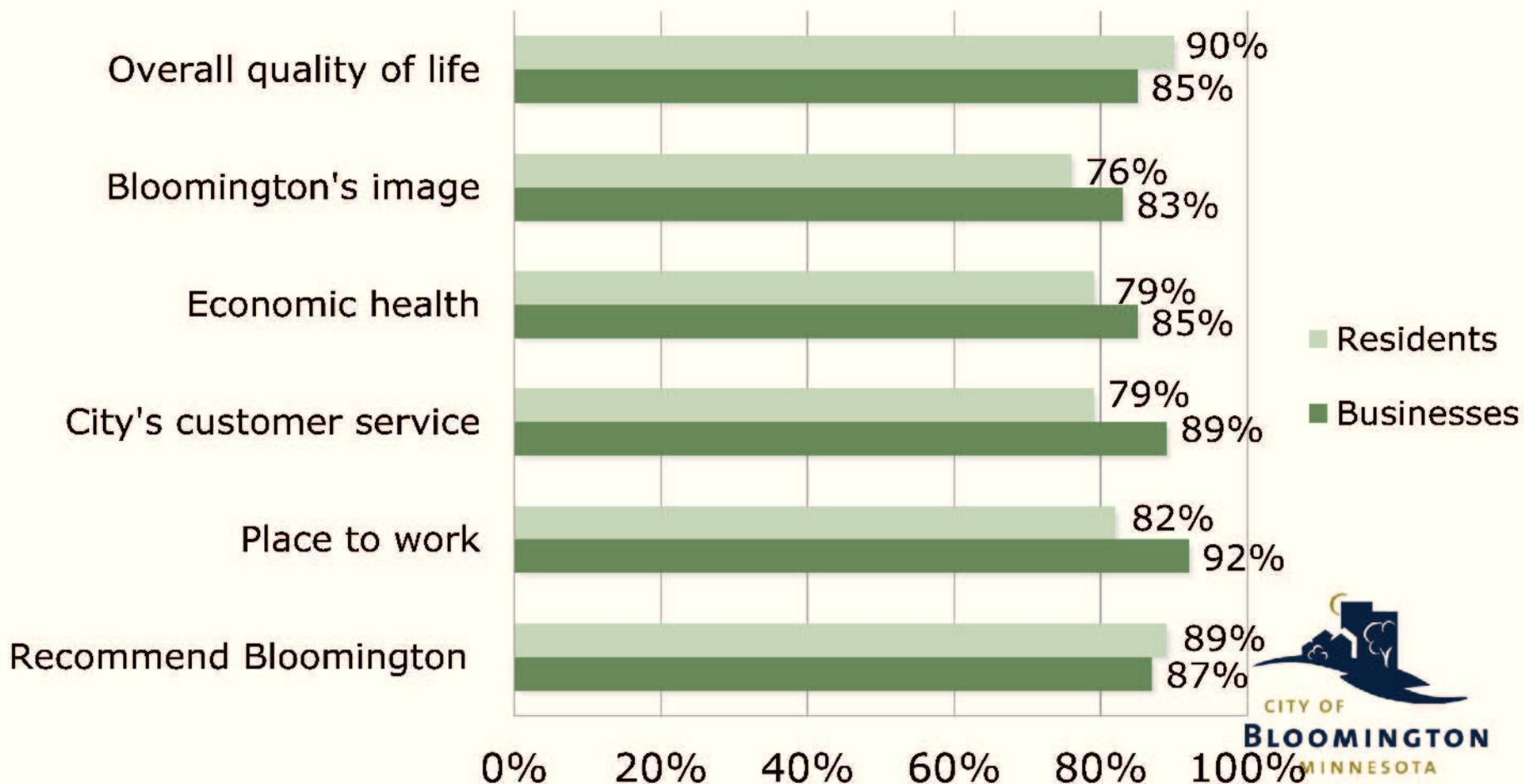
Quality of Life



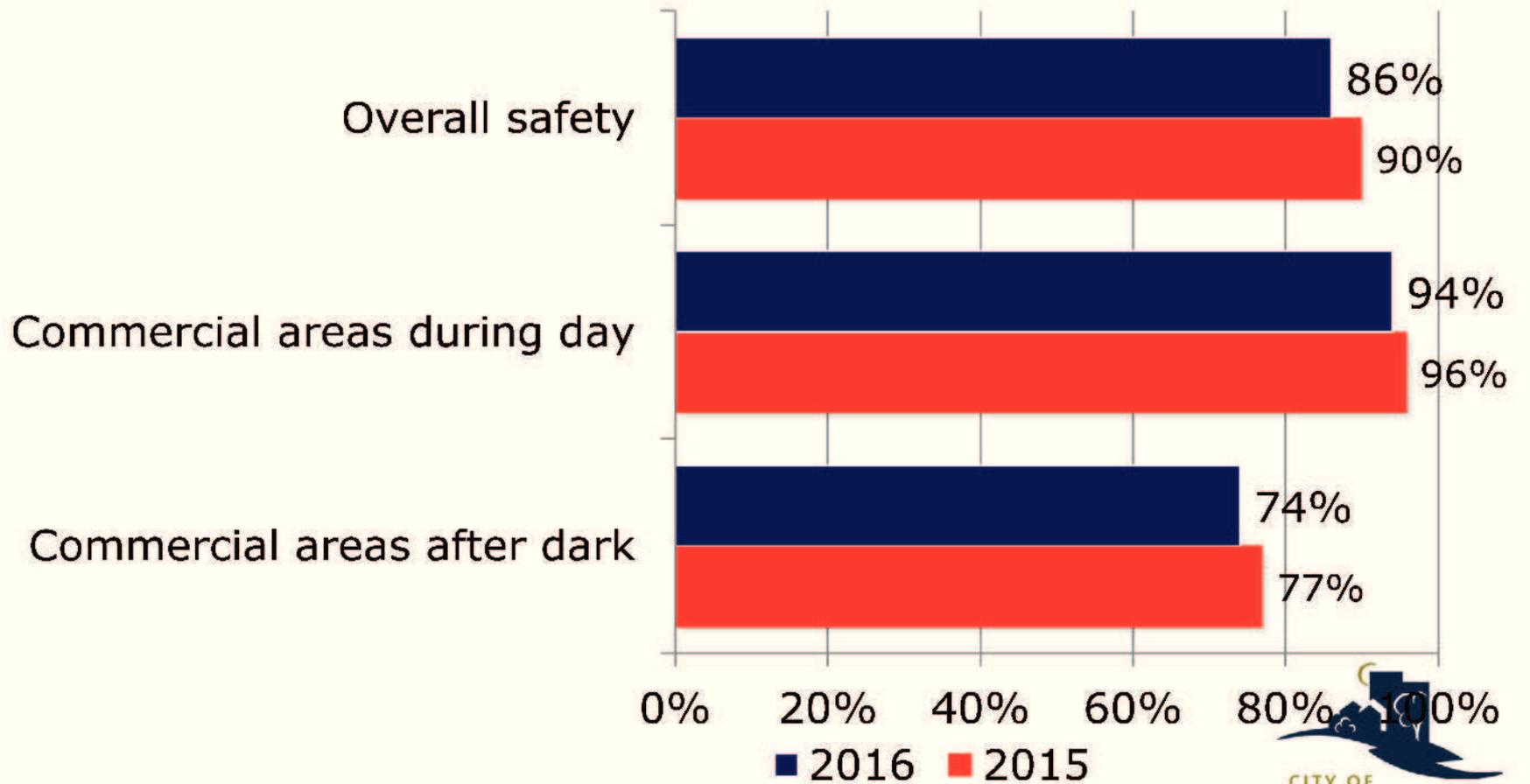
Place to do business?



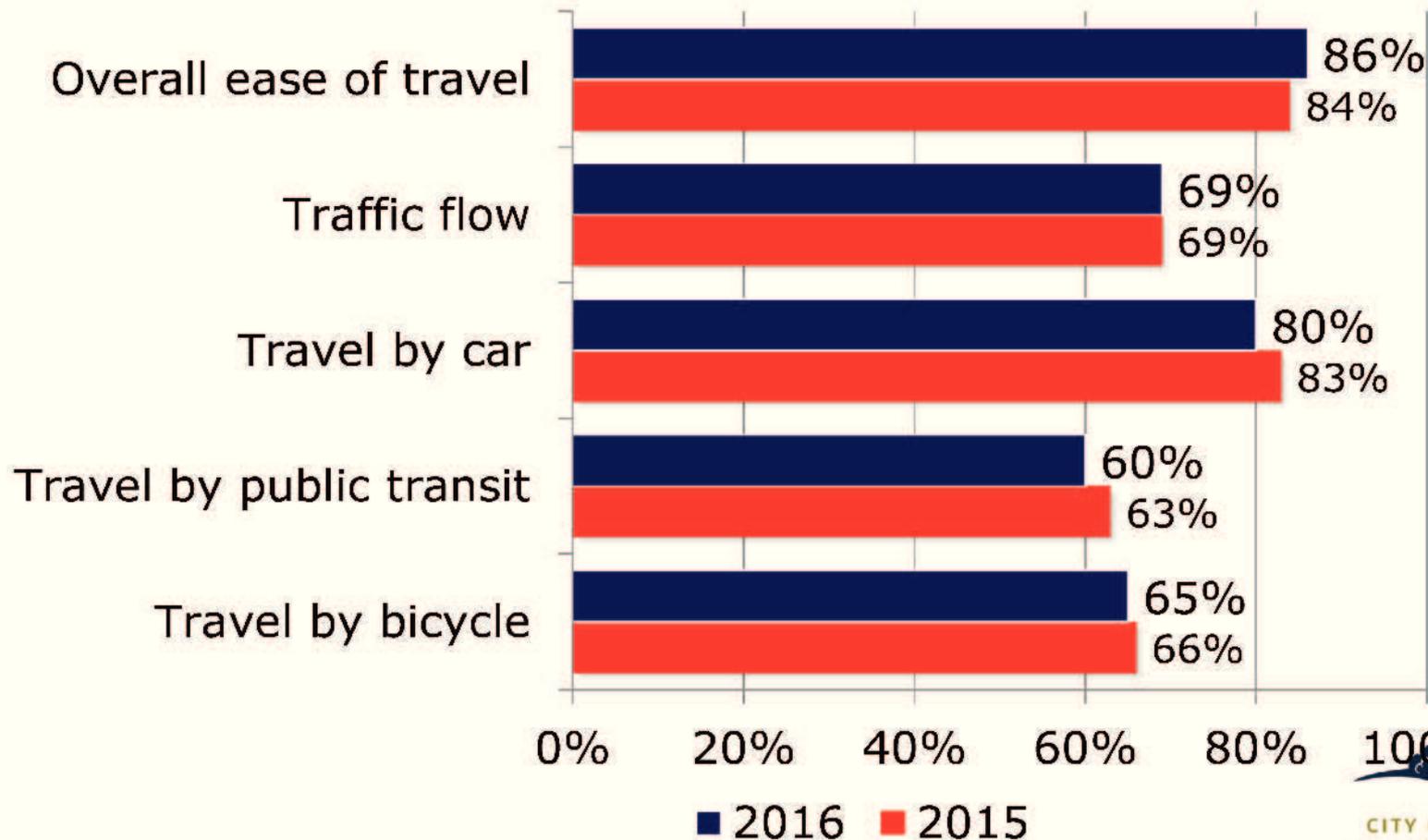
Quality of Life



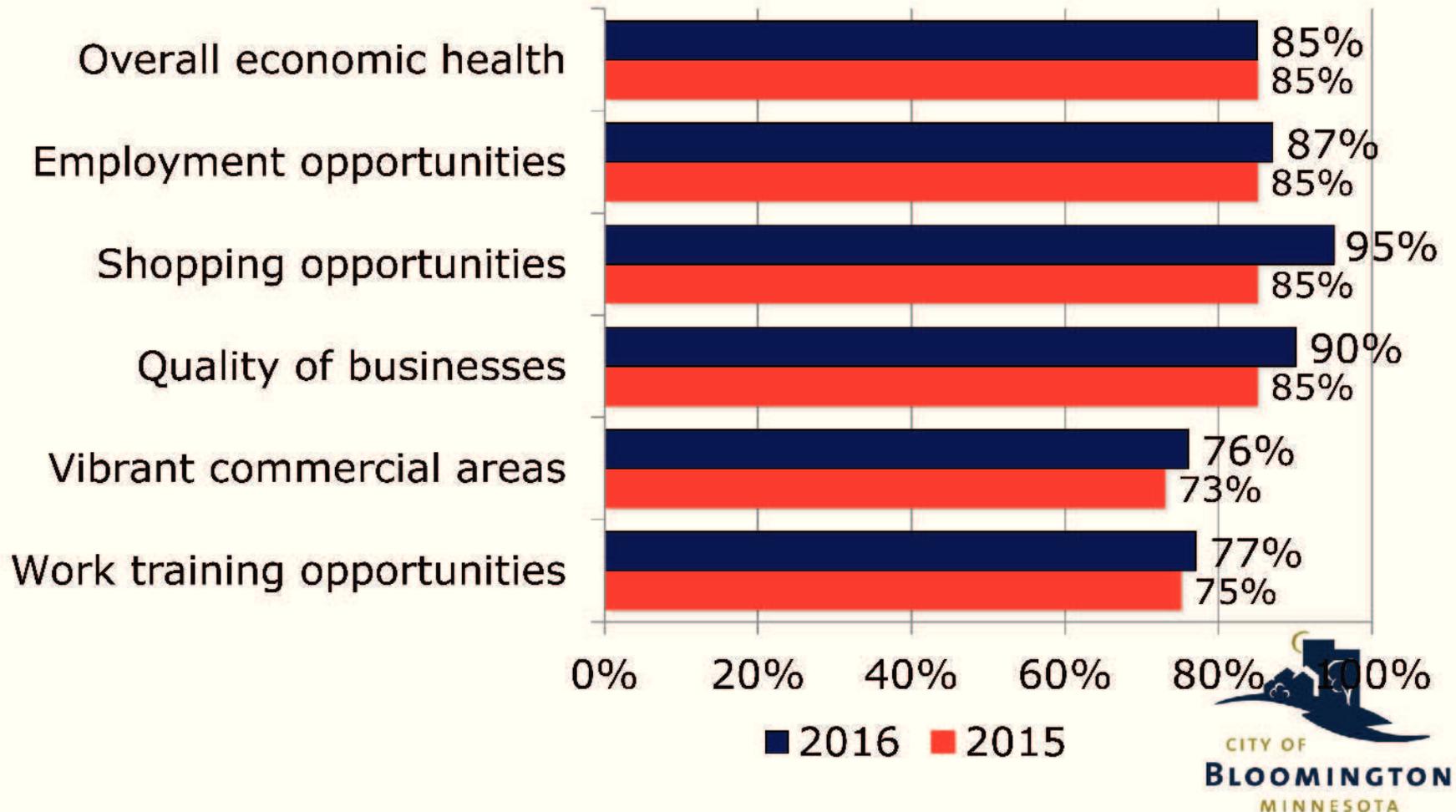
Safety



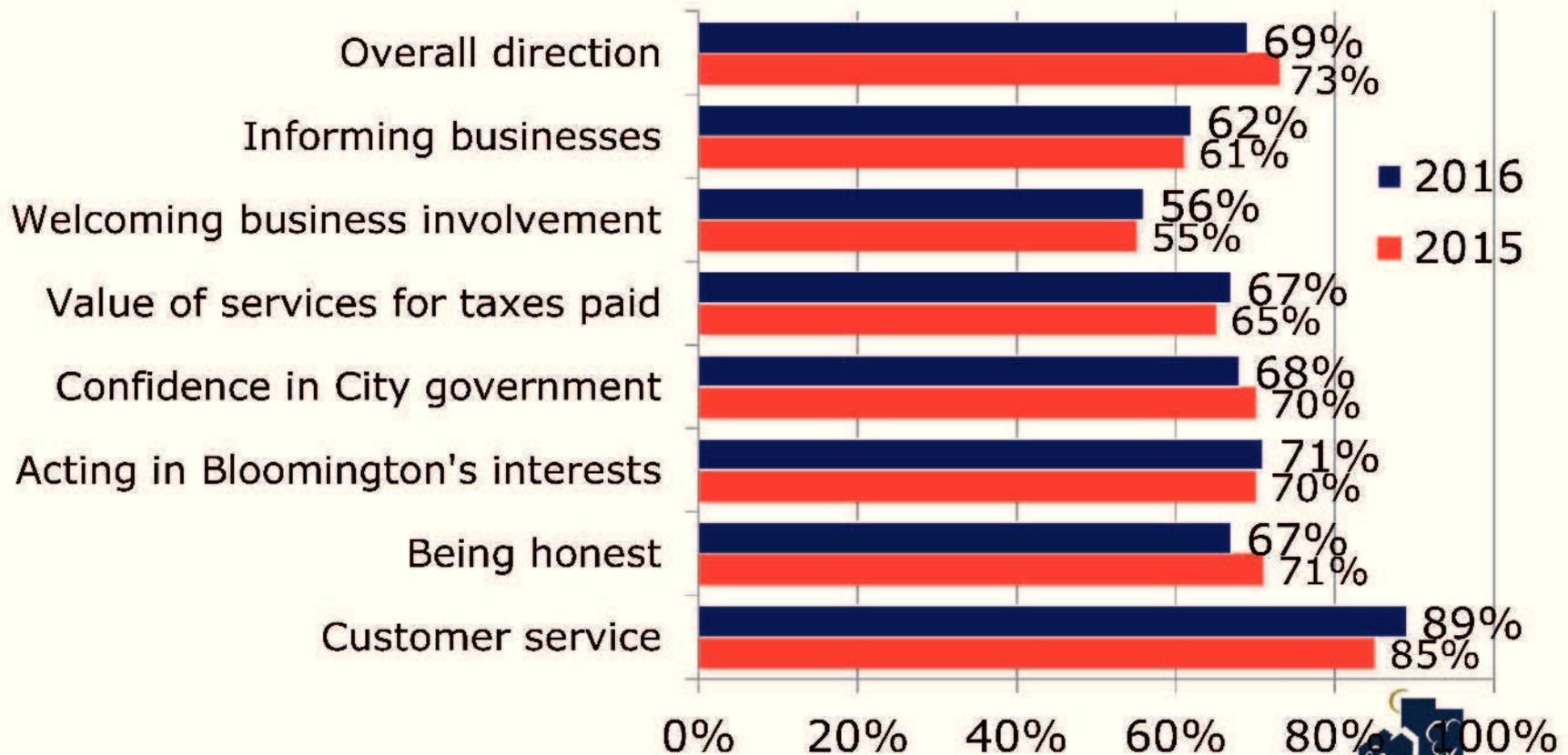
Mobility



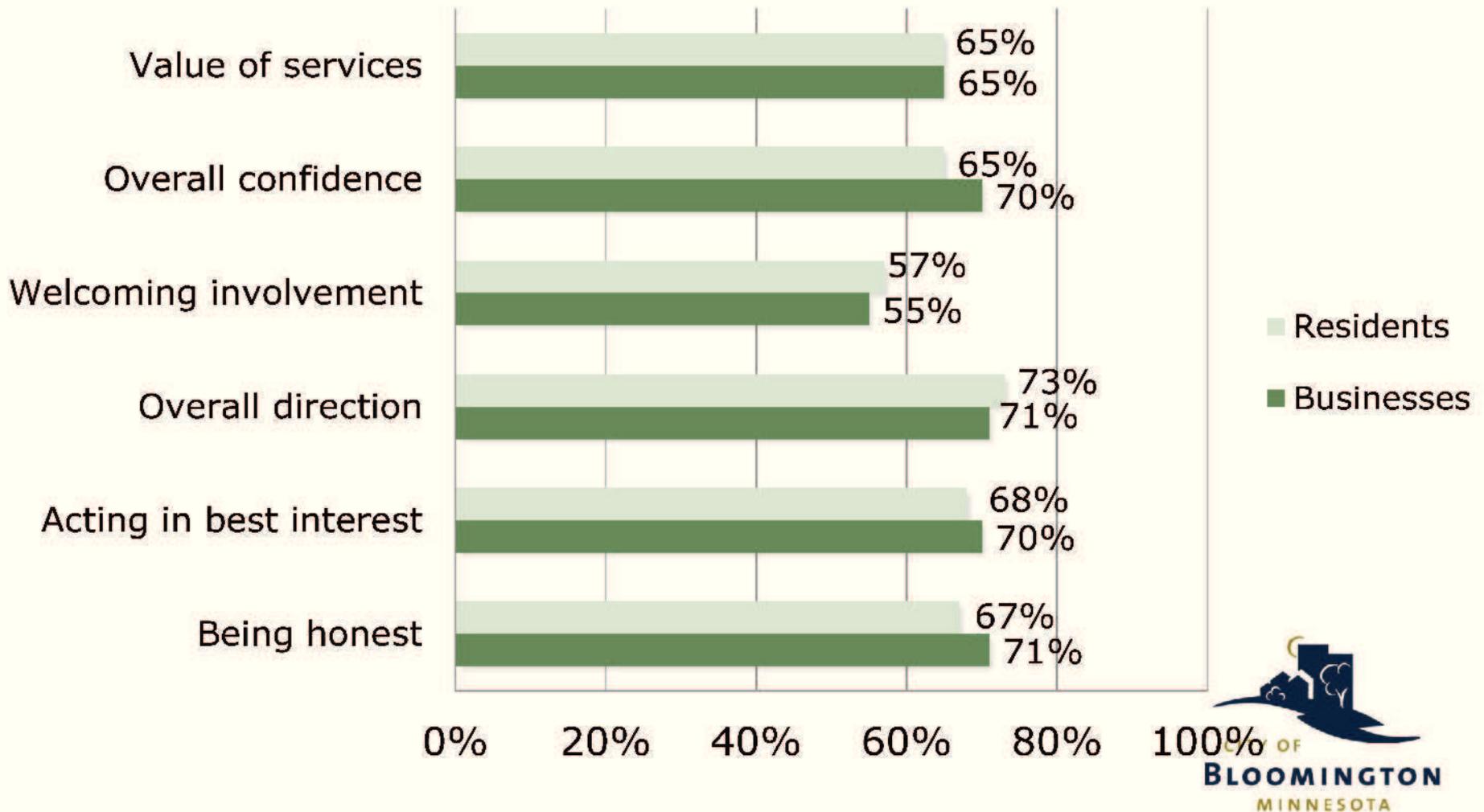
Economy



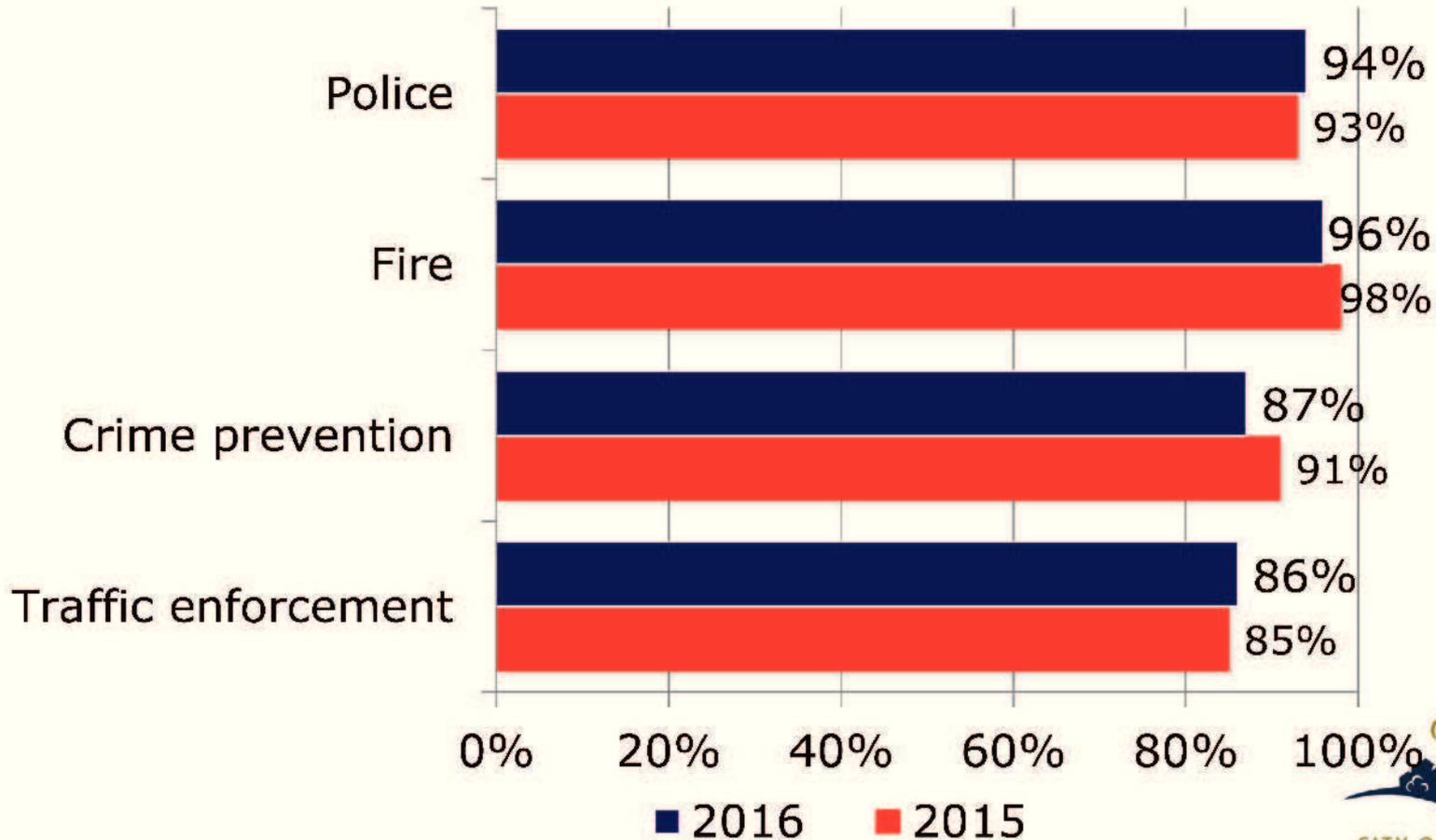
Governance



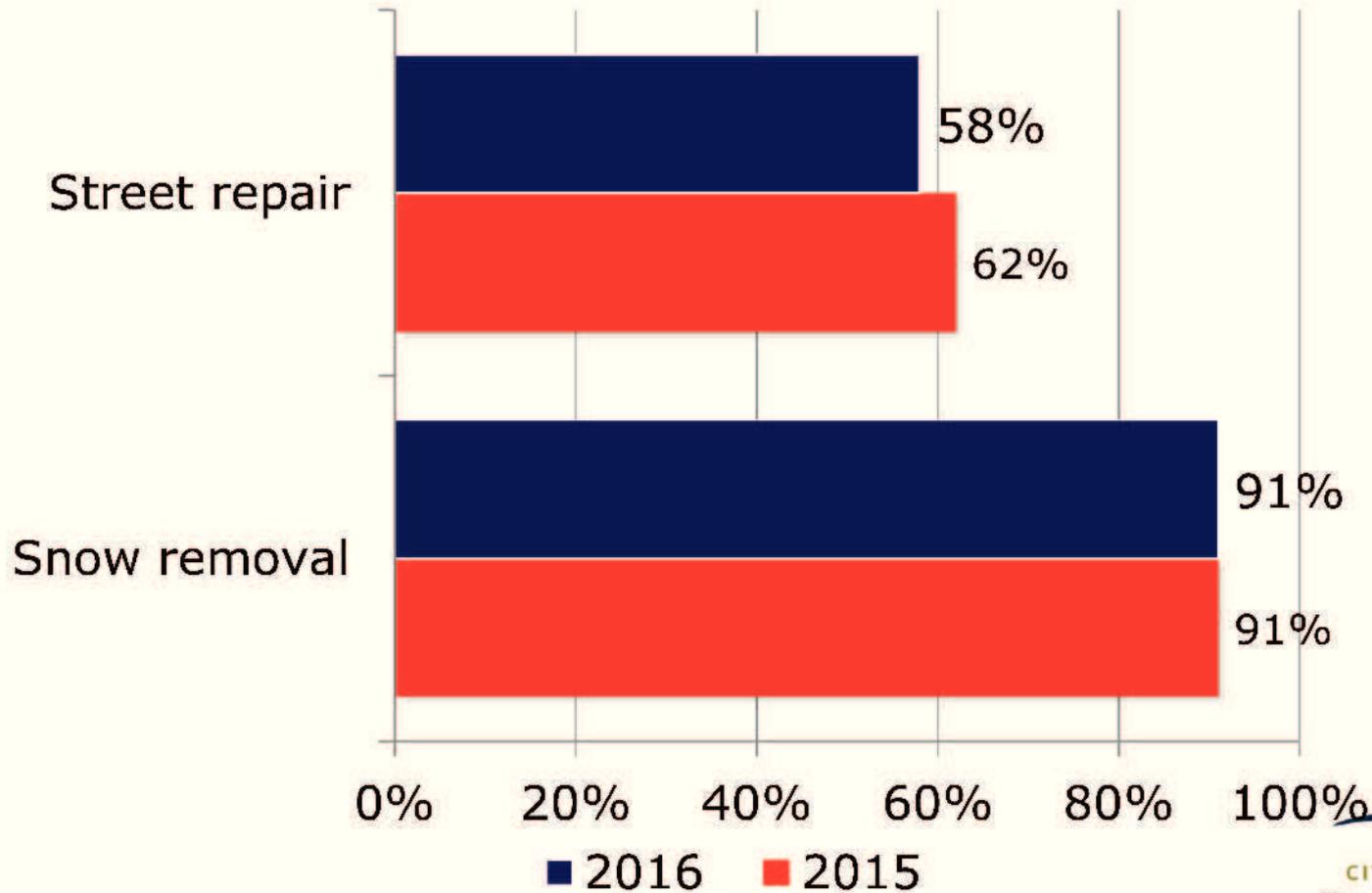
Governance



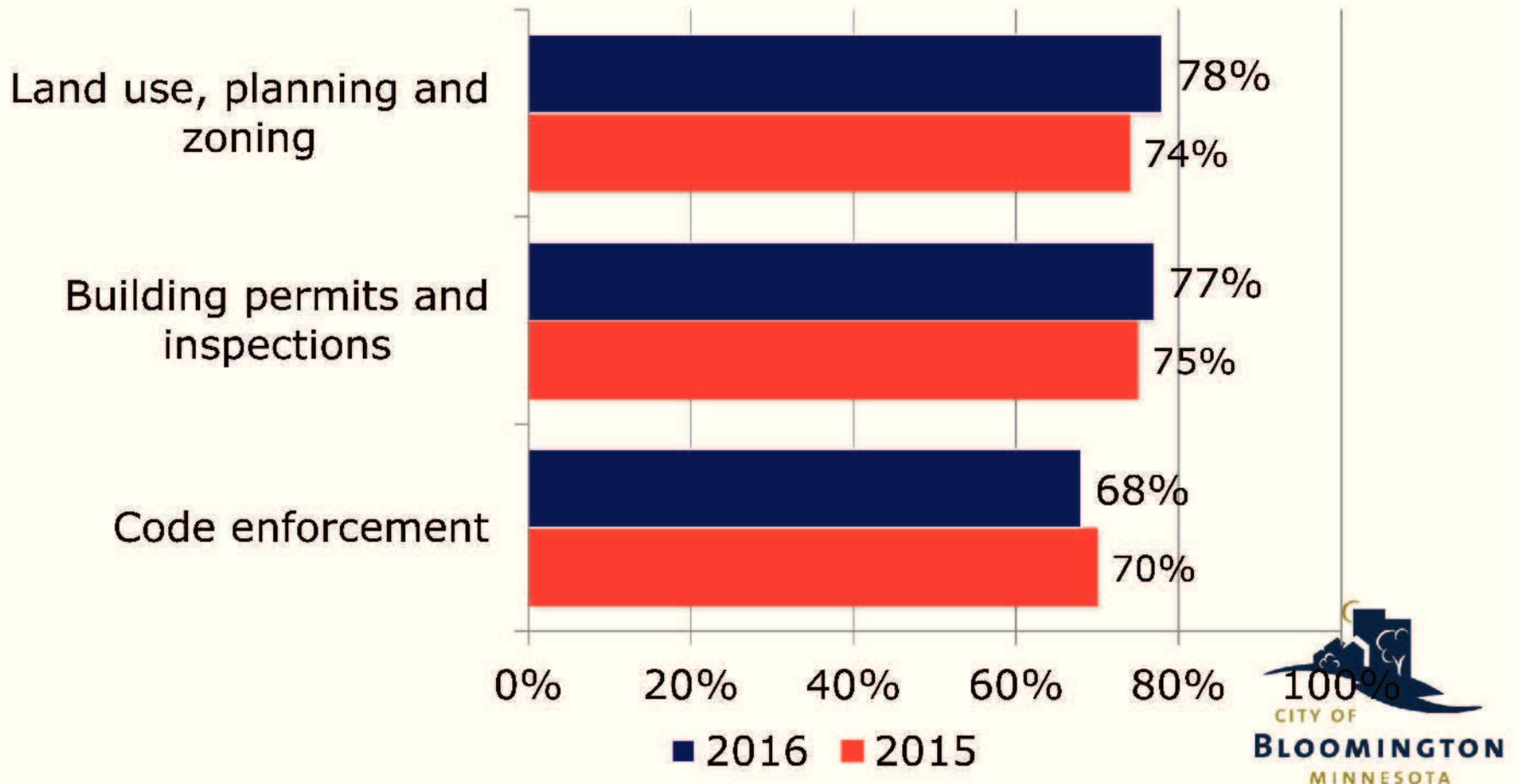
Safety



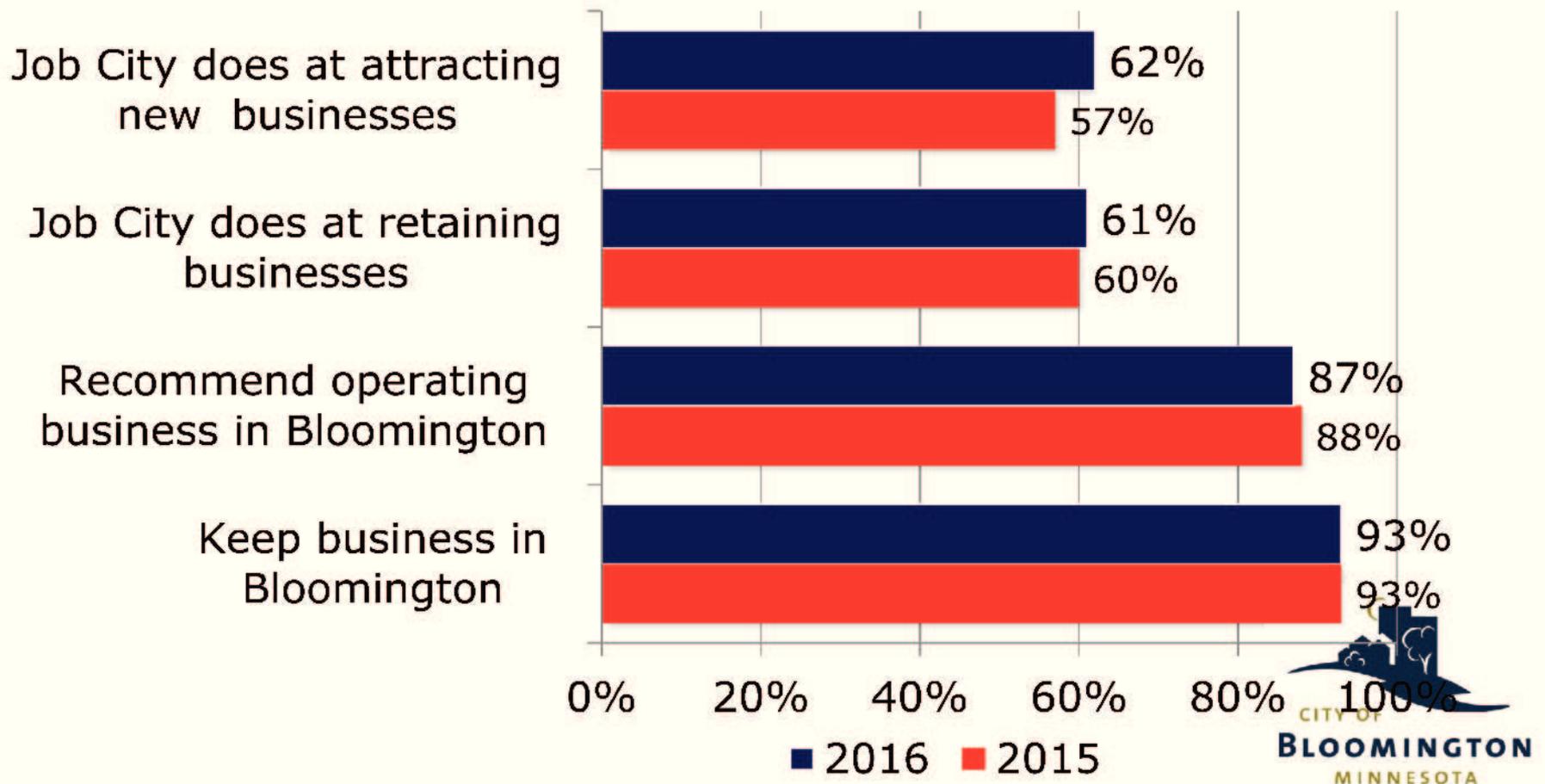
Mobility



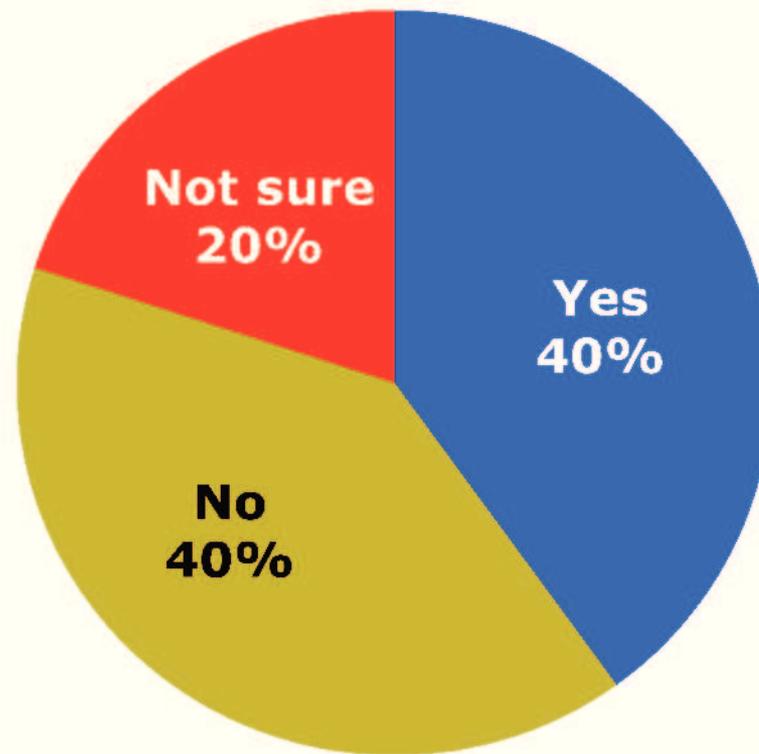
Environment



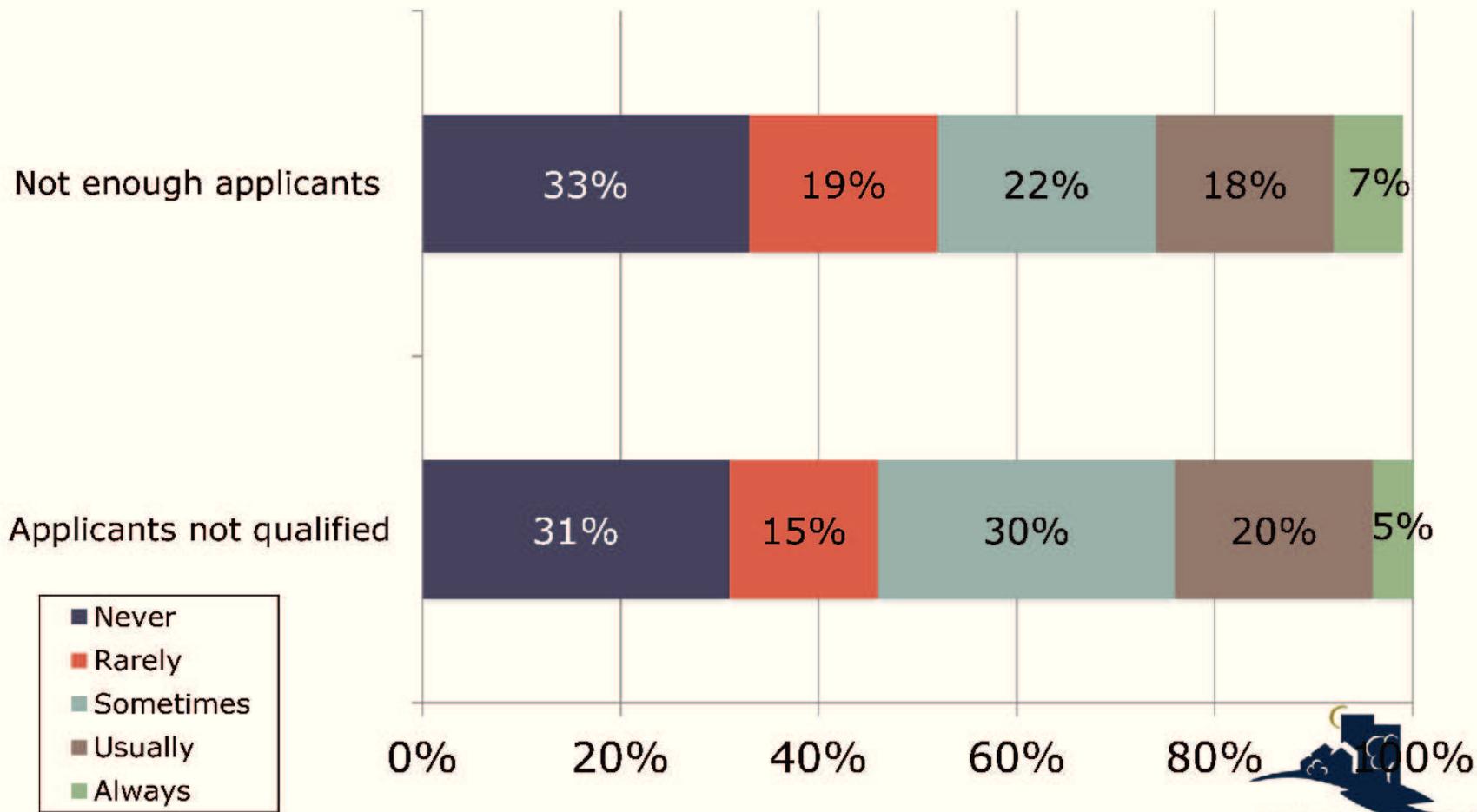
Business Climate



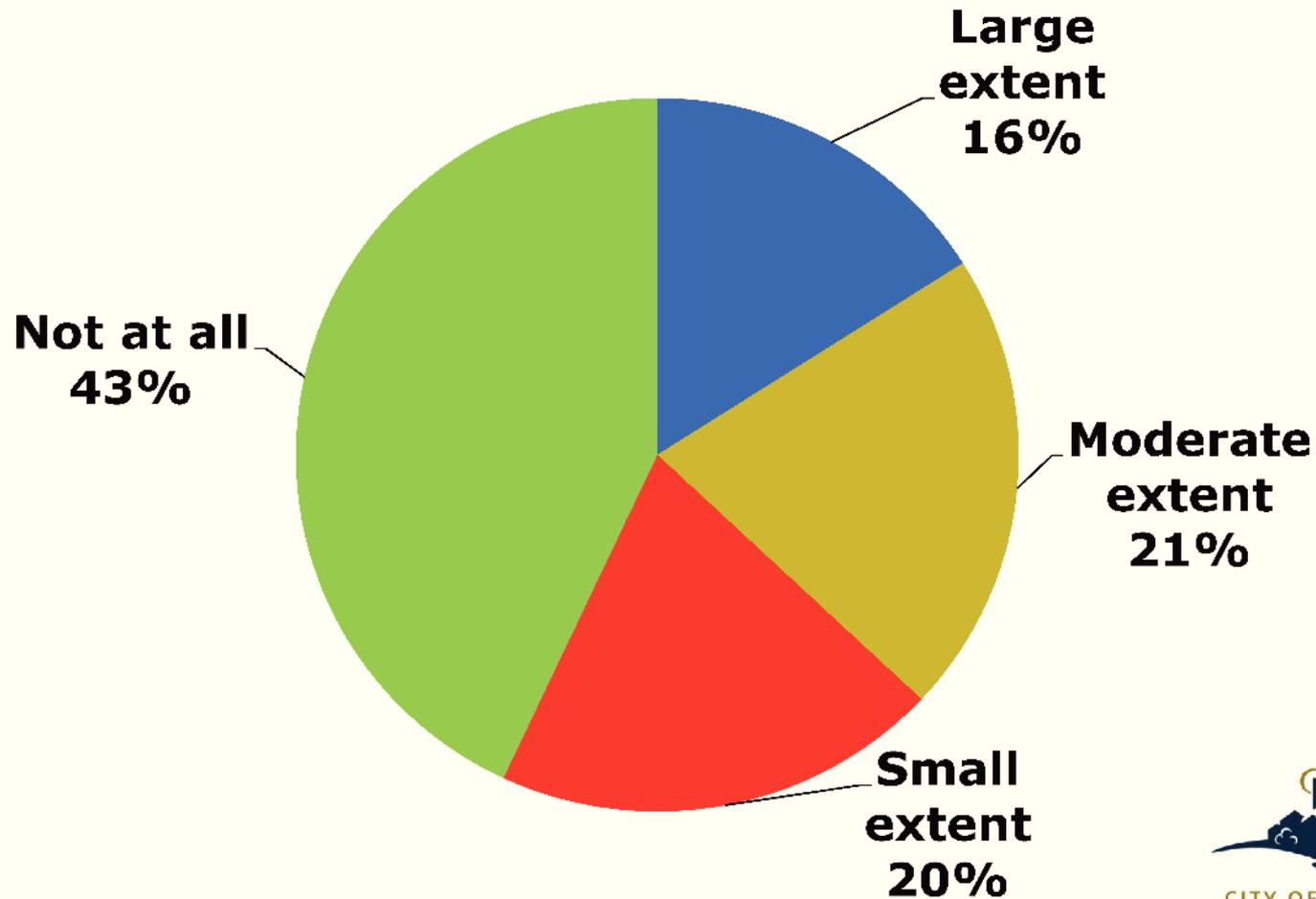
Hiring in next 6-12 months?



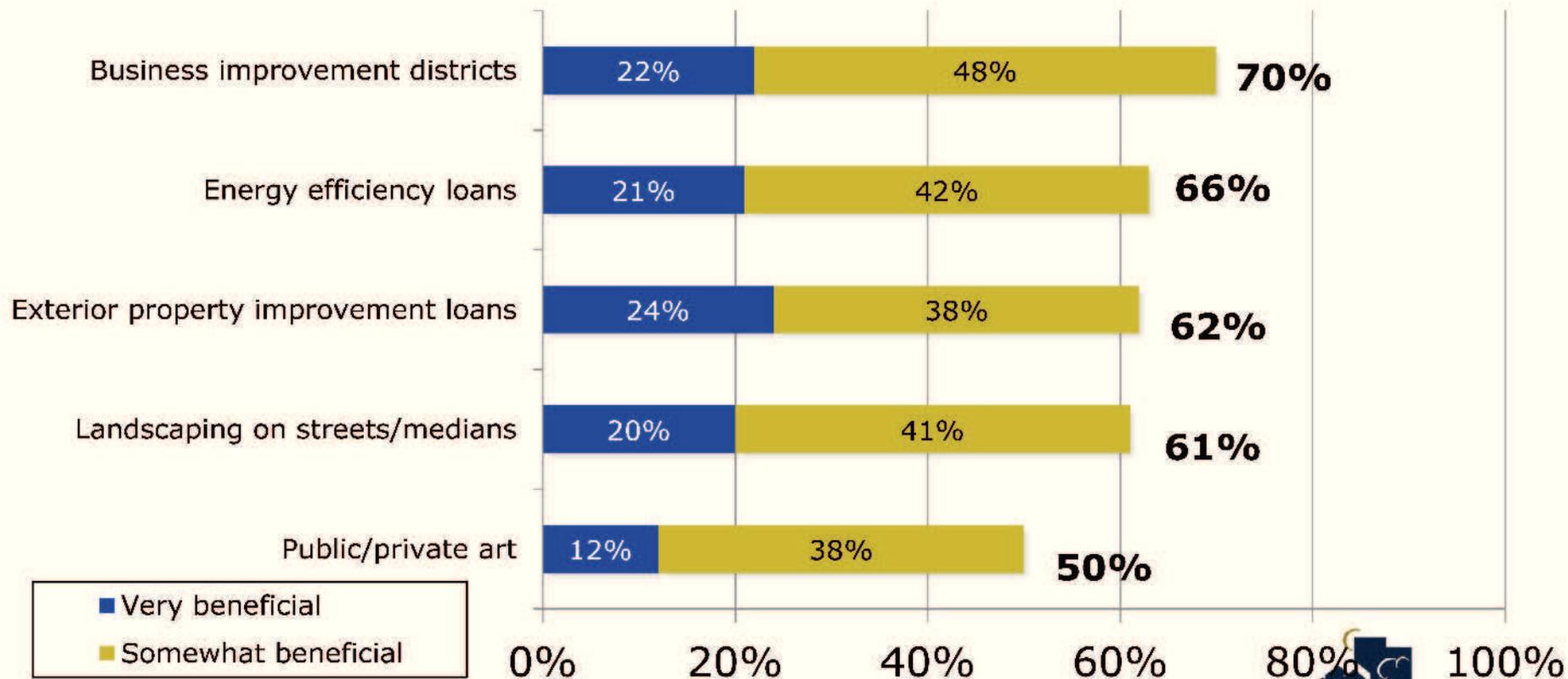
Staffing Issues



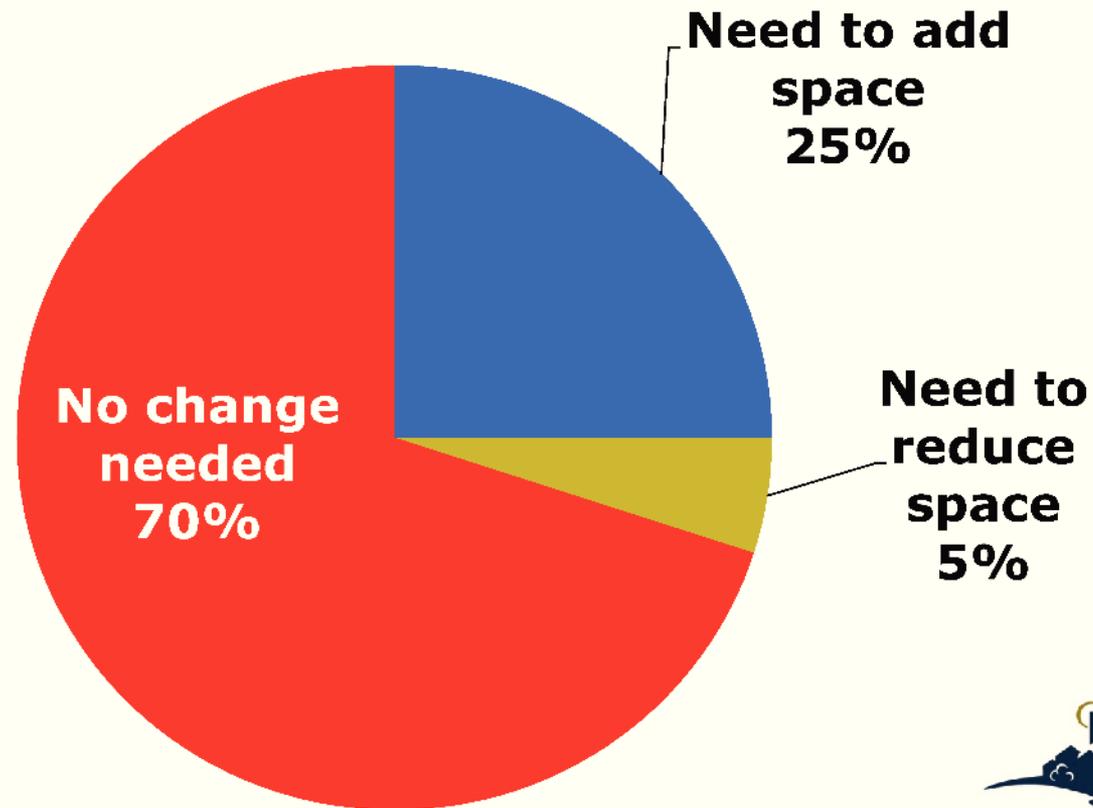
Workforce Limitations



Beneficial Services

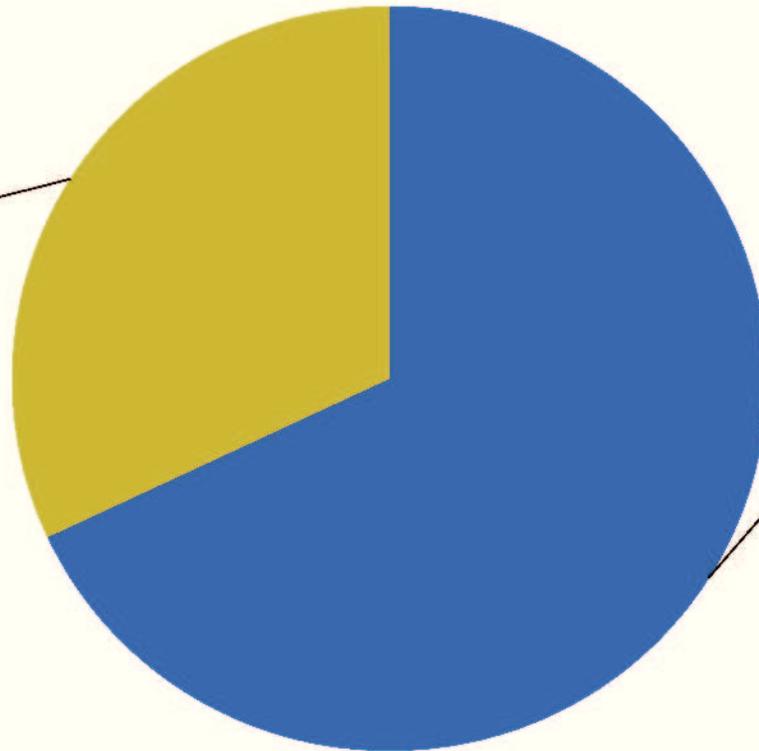


Space Needs



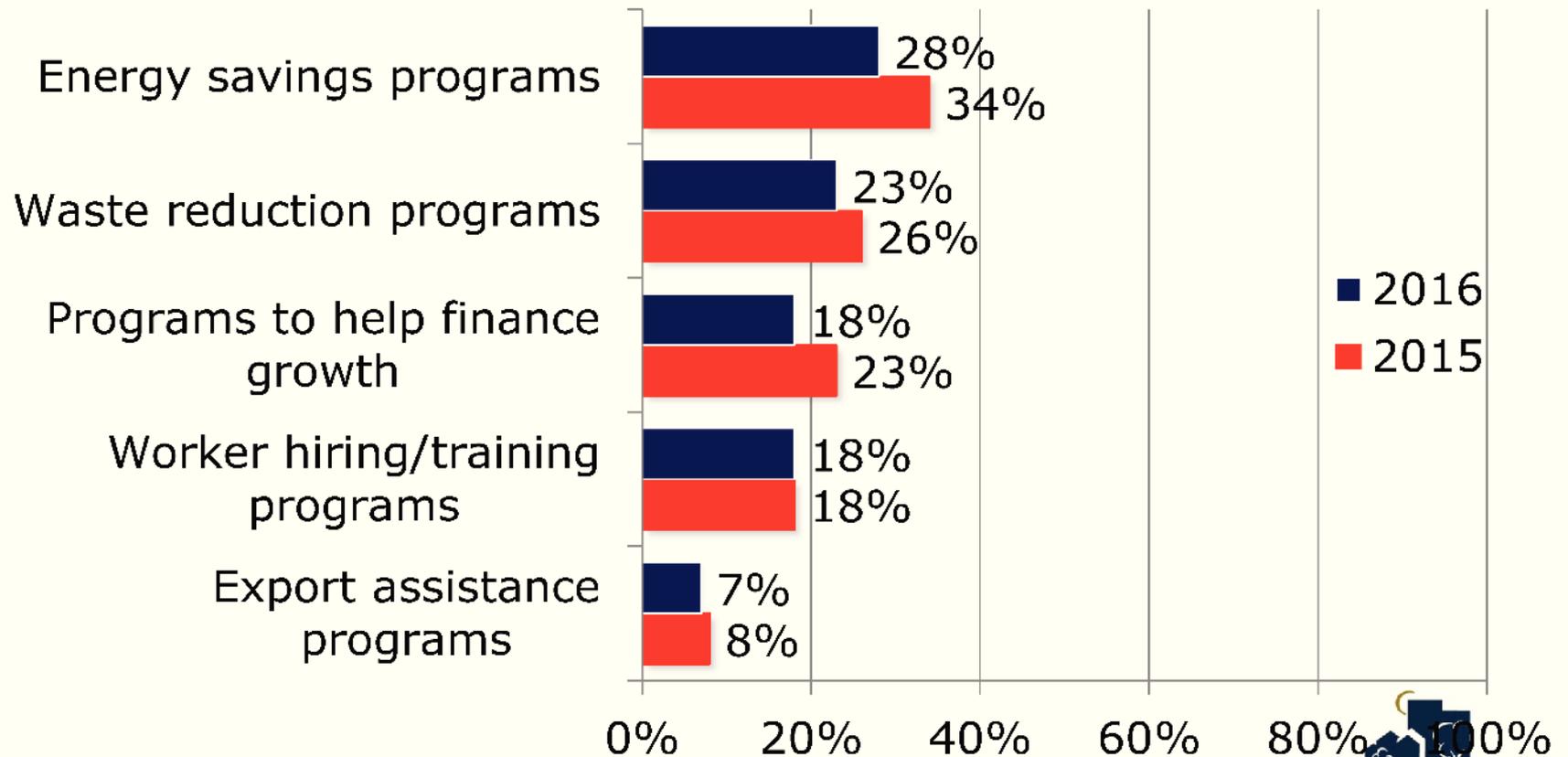
Space Needs

**No, our current location does not have enough space for our expansion needs
32%**

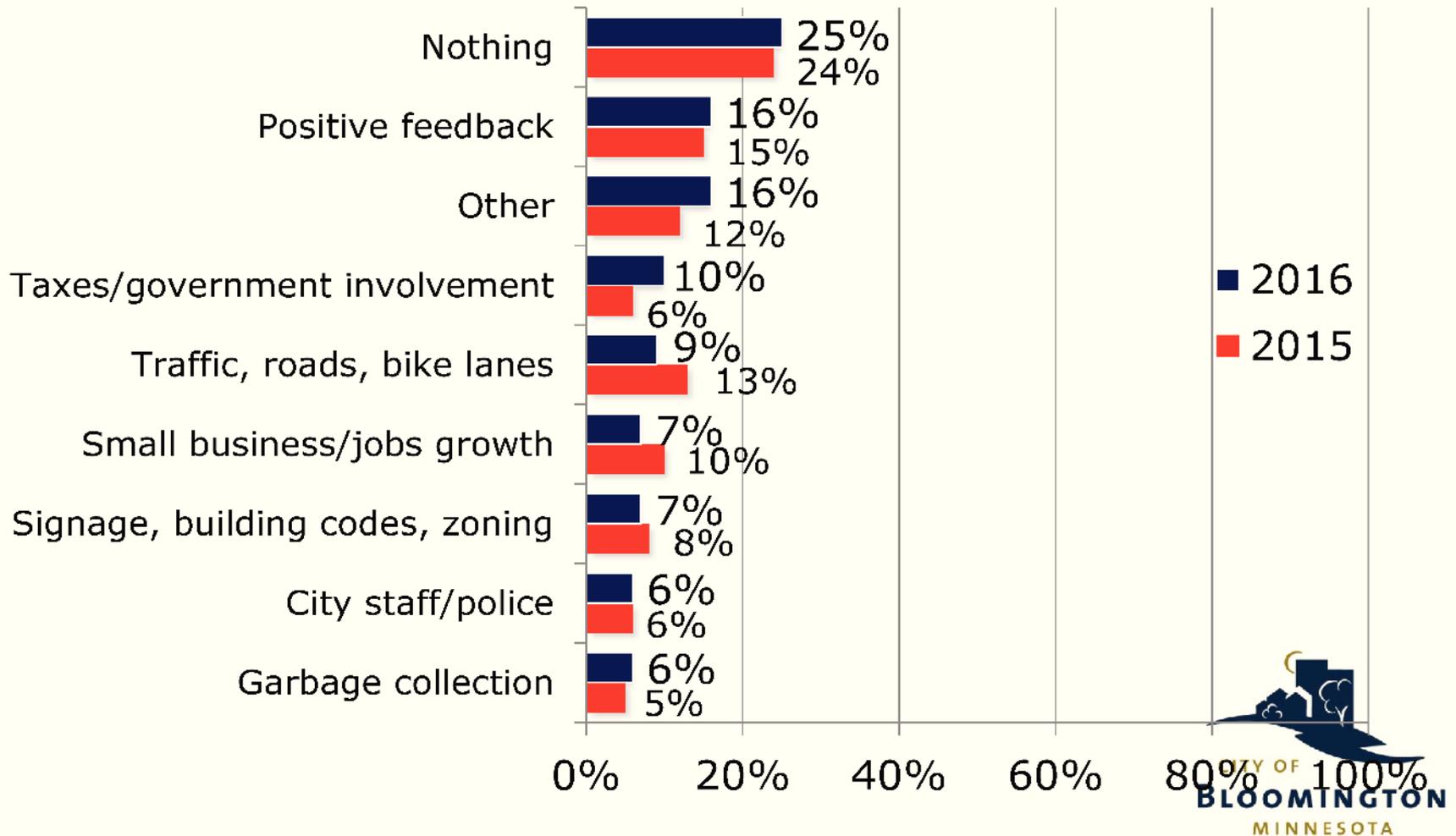


**Yes, our current location has enough space for our expansion
68%**

Government Assistance



Open-ended Comments



Next steps

From Data to Action

- Sent results to State Auditor's office.
- Mining data for strategic priorities and budgeting purposes.
- Publicizing survey results.
- Including survey work in 2017 budget.
- Considering additions and refinements for 2017.



Questions?



Request for Council Action

Originator City Manager	Item 2017-2020 Strategic Plan
Agenda Section Organizational	Date 8/22/2016

Description

In follow up to last week's City Council session on the Strategic Plan, attached is the revised 2017-2020 Strategic Plan that provides greater clarity, context and understanding of the strategic priorities, desired outcomes, key outcome indicators, and performance targets for each priority.

Requested Action

Provide feedback on whether edits reflect strategic plan discussion from last week.

Attachments:

City of Bloomington- Strategic Plan Summary 2017-20

City of Bloomington- Strategic Plan Summary 2017-20

Strategic Priority	Desired Outcome	Key Outcome Indicator	Performance Target	Strategic Initiatives
Community Amenities- Maintain and Expand	Comprehensive funding strategy for capital needs	- Executive Summary Project Status -Funding analyses	Adopted Q2 2018	a) Expand CIP to include all capital needs. The CIP financial reports should only include the project financial portion of the City, Port and HRA.
	Community Center decision	-Community support analysis -Task force feedback	Following task force input, series of City Council decisions on whether to move forward, and if so, site options, funding strategies, etc., starting in January 2017	b) Develop plan based on recommendations of community center taskforce
	Strong support for city-owned amenities and park/recreation facilities	Feedback/survey	Majority of survey responses indicate strong support for facilities and parks	c) Create customized, community engagement strategies for city-owned amenities and park/recreation facilities
Community Image	One Bloomington	- Surveys - Feedback stmts. - Soc. media posts	One Bloomington marketing campaign adopted by Q3 2017	a) Create a #OneBloomington branding and marketing campaign
	Positive Image of Bloomington	-Stories – all media - Survey/feedback	85% of residents report favorable image	b) Develop comprehensive media strategies
	Joint marketing with school district	Annual report on joint marketing	3 marketing activities with school district	c) Establish joint marketing strategy with school district d) Develop art and placemaking plan for entire city
Environmental Sustainability	Reduce city-wide carbon footprint	Total CHG per capita regional indicator index	Reduce Bloomington's tons per capita every year	a) Establish an environmental sustainability commission
	Improve surface water quality	List of compliance reports	Meet adopted standard for each water body	b) Maintain and update water reports
	Reduce volumes delivered to landfills/incinerators	Tonnage	10% reduction in tonnage	c) Create a solid waste diversion plan

City of Bloomington- Strategic Plan Summary 2017-20

Strategic Priority	Desired Outcome	Key Outcome Indicator	Performance Target	Strategic Initiatives
Focused Renewal	More affordable housing	Annual affordable housing report to City Council	Meet Met Council 2030 affordable housing target	a) Create a developer & stakeholder engagement plan, including strategies to meet targets b) Adopt a strategy and funding for neighborhood commercial renewal d) Establish resident engagement on neighborhood innovation and improvement
	Renew priority neighborhood commercial nodes	Node renewal process reports	Meet adopted schedule	
	Successful neighborhood renewal innovation	Renewal project reports	Council & neighborhood agree on successful project innovation	
High Quality Service Delivery	Financial sustainability of all funds	All Council approved budget should have long-term financial plans (5-15 year projections)	Each of the approved budgets should include working capital goals and actual/projected working capital balances. The actual/projected working capital balances should be at 80% or better of the working capital goal.	a) Establish financial sustainability targets and standards b) Implement High Performing Organization (HPO) training and incorporate five service areas for targeted customer service improvement
	Meet customer expectations	-Customer feedback - Surveys -Feedback using community engagement tools (focus groups, etc.)	85% satisfied customers	
	Improved customer service	Tracking reports—five service areas	Meet targeted improvement levels in five areas as determined by survey results, staff analysis and community/customer feedback	

City of Bloomington- Strategic Plan Summary 2017-20

Strategic Priority	Desired Outcome	Key Outcome Indicator	Performance Target	Strategic Initiatives
Inclusion and Equity	More diverse advisory boards	Board rosters	Composition of boards is reflective of the community	a) Create a leadership cohort program for underrepresented populations b) Expand marketing and outreach program to underrepresented and underserved populations c) Adopt pathways and internship programs that target underrepresented populations d) Create a hiring and retention strategy for people of color e) Train city staff on diversity f) Create a racial equity toolkit
	More diverse workforce	Annual reports, rosters	Workforce is reflective of the community	
	More diverse program participation	Program rosters	Increase in share of program participants who identify as racial or ethnic minorities	



Request for Council Action

Originator Finance	Item 2017 Preliminary Levy and General Fund Budget and Conceptual 2018 Tax Levy and General Fund Budget Discussion
Agenda Section Study Session	Date 8/22/2016

Description

The staff will discuss the 2017 Preliminary Tax Levy and proposed General Fund Budget and Conceptual 2018 Tax Levy and General Fund Budget.

Requested Action

No formal action is required.

Attachments:

- A. General Fund 5 year Budget Model and Tax Levy information for 2017-2018
- B. Draft Presentation
- C. Memo

CITY OF BLOOMINGTON
GENERAL FUND BUDGET PROJECTION

	2015		2016		2017	2018	2019	2020	2021	2022
	Budget	Actual	Budget	as of 6/30 Estimate						
Property Tax (see TL.CALC)	\$42,681,276	42,523,767	\$45,566,707	\$45,131,700	\$48,650,850	\$51,238,382	\$54,434,086	\$57,437,669	\$60,608,468	\$63,857,684
Less Delinq. & Abatements	(622,534)		(634,984)	0	(647,684)	(660,638)	(673,850)	(687,327)	(701,074)	(715,095)
Delinquent Collections	200,000		200,000	1,360,580	200,000	200,000	200,000	200,000	200,000	200,000
Admissions Tax	1,333,905	1,249,272	1,360,583	1,360,583	1,360,583	1,360,583	1,360,583	1,360,583	1,360,583	1,360,583
Hotel-Motel Tax	6,603,000	7,054,261	7,150,000	7,334,000	7,150,000	7,150,000	7,150,000	7,150,000	7,150,000	7,150,000
Business Lic. & Permits	1,835,800	1,874,342	1,926,550	1,906,400	1,965,081	2,004,383	2,044,470	2,085,360	2,127,067	2,169,608
Non-Bus. Lic. & Permits	2,694,000	4,367,579	2,882,000	2,882,000	3,118,497	3,016,097	3,263,598	3,338,660	3,415,449	3,494,005
Fines & Forfeits	1,178,750	988,111	1,158,219	850,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Program Income	2,399,493	2,246,223	2,165,458	2,200,000	2,165,458	2,165,458	2,165,458	2,165,458	2,165,458	2,165,458
Intergovernmental Rev.	2,228,955	2,325,153	2,313,816	2,415,700	2,313,816	2,313,816	2,313,816	2,313,816	2,313,816	2,313,816
Interest Earnings	76,875	88,476	78,797	78,700	80,767	82,786	84,856	86,977	89,152	91,380
Chg in Fair Market Value										
Transf. from Other Funds	1,230,000	2,599,046	1,210,000	3,153,630	1,600,000	1,300,000	1,000,000	1,000,000	1,000,000	1,000,000
Police Pension	108,000		73,000	53,000	53,000	33,000	5,768	0	0	0
South Loop Revenue	1,216,897	346,131	1,870,630	1,917,396	1,863,034	1,909,610	1,957,350	2,006,284	2,056,441	2,107,852
Cell Phone Tower rental	331,850		341,825	0	432,407	466,984	490,333	502,591	515,156	528,035
All Other	494,415	580,483	492,521	485,828	559,759	579,351	599,628	620,615	642,337	664,818
Total Revenues	63,990,682	66,242,844	68,155,122	68,148,310	71,076,773	74,333,937	77,396,095	80,580,686	83,943,853	87,388,144
% Difference	4.13%		6.51%	6.50%	5.44%	3.43%	4.83%	4.11%	4.17%	4.10%
APPROPRIATIONS										
City Council/Com.	575,887	524,147	569,503	512,000	548,758	576,237	599,286	623,258	648,188	674,116
City Manager	359,594	309,619	622,222	592,100	670,437	680,866	708,101	736,425	765,882	796,517
Legal	1,319,783	1,369,453	1,391,135	1,346,900	1,465,218	1,515,689	1,576,317	1,639,369	1,704,944	1,773,142
Human Resources	671,765	552,693	657,548	550,000	645,090	663,399	689,935	717,532	746,234	776,083
Finance	1,057,734	998,813	1,072,845	945,000	1,067,480	1,145,858	1,191,692	1,239,360	1,288,934	1,340,492
Police	22,920,461	22,842,983	24,212,064	24,598,000	24,965,992	25,998,284	27,038,215	28,119,744	29,244,534	30,414,315
Fire	4,113,931	4,035,266	4,539,596	4,477,700	4,723,904	5,186,303	5,393,755	5,609,505	5,833,886	6,067,241
Community Develop.	6,712,942	6,418,882	6,960,471	6,800,000	7,150,530	7,369,833	7,664,626	7,971,211	8,290,060	8,621,662
Community Services	12,892,096	12,675,533	13,880,368	13,625,000	14,443,911	15,083,509	15,686,849	16,314,323	16,966,896	17,645,572
Public Works	10,924,205	10,284,699	11,202,517	11,800,000	12,636,311	12,511,179	13,011,626	13,532,091	14,073,375	14,636,310
Technical Service Group	2,786,071	2,679,542	2,933,303	2,848,700	3,002,395	3,166,860	3,351,011	3,485,051	3,624,454	3,769,432
Offset for Est. Unspent	(2,259,649)		(1,946,240)	0	(1,907,388)	(1,878,178)	(1,848,105)	(1,816,863)	(1,784,468)	(1,750,859)
Contingency	1,615,862	20,000	1,709,790	0	1,799,340	1,858,832	1,932,785	2,009,677	2,090,935	2,174,122
Transfers to Other Funds	300,000	825,000	350,000	350,000	400,000	400,000	400,000	400,000	450,000	450,000
Total Appropriations	63,990,682	63,536,632	68,155,122	68,445,400	71,076,773	74,333,937	77,396,095	80,580,686	83,943,852	87,388,145
% Difference	4.13%		6.51%	6.96%	5.44%	3.43%	4.83%	4.11%	4.17%	4.10%
Positive (Neg.) Performance	(0)	2,706,212	(0)	(297,090)	(0)	(0)	0	0	0	(0)
Actual Fund Balance Beg of Yr		24,643,308		24,643,308						
Est YE positive (negative) performance		(297,090)		(297,090)						
Less: Requested Carry Forward		598,028		598,028						
Less: Reserved for Encumbrances		667,605		667,605						
Over / (Short) of WC Goal		(3,509,675)		(3,509,675)						
% of Working Capital Goal		-13.199%		-13.199%						

**CITY OF BLOOMINGTON
TAX LEVY DETAIL**

2016/2017

	General Fund	Debt Service	Tax Abatement Normandale	Recreation Facilities Fund	Fire Pension	Strategic Priorities	Total	Percent Increase Over Prior Year
CERTIFIED LEVY	\$48,650,850	\$4,156,714	\$936,328	\$1,929,946 with golf	750,000	500,000	\$56,923,838	7.72%
NET LEVY	\$48,650,850	\$4,156,714	\$936,328	\$1,929,946	\$750,000	\$500,000	\$56,923,838	

**CITY OF BLOOMINGTON
TAX LEVY DETAIL**

2017/2018

	General Fund	Debt Service	Tax Abatement Normandale	Recreation Facilities Fund	Fire Pension	Strategic Priorities	Total	Percent Increase Over Prior Year
CERTIFIED LEVY	\$51,238,382	\$5,460,277	\$981,595	\$2,092,940	1,000,000	500,000	\$61,273,194	7.64%
NET LEVY	\$51,238,382	\$5,460,277	\$981,595	\$2,092,940	\$1,000,000	\$500,000	\$61,273,194	

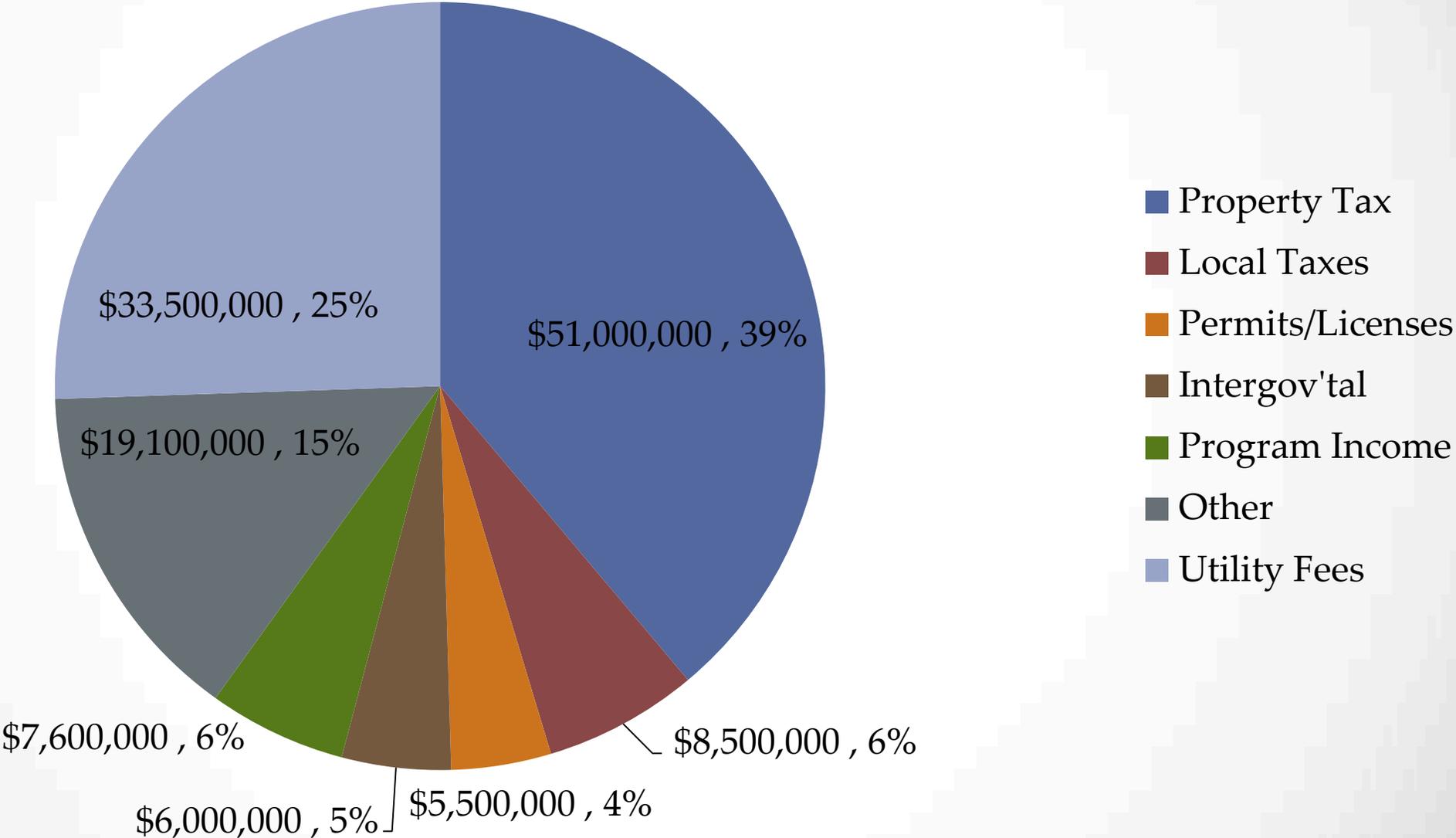
2017 & 2018 Budget Framework

**Study Session
August 22, 2016**

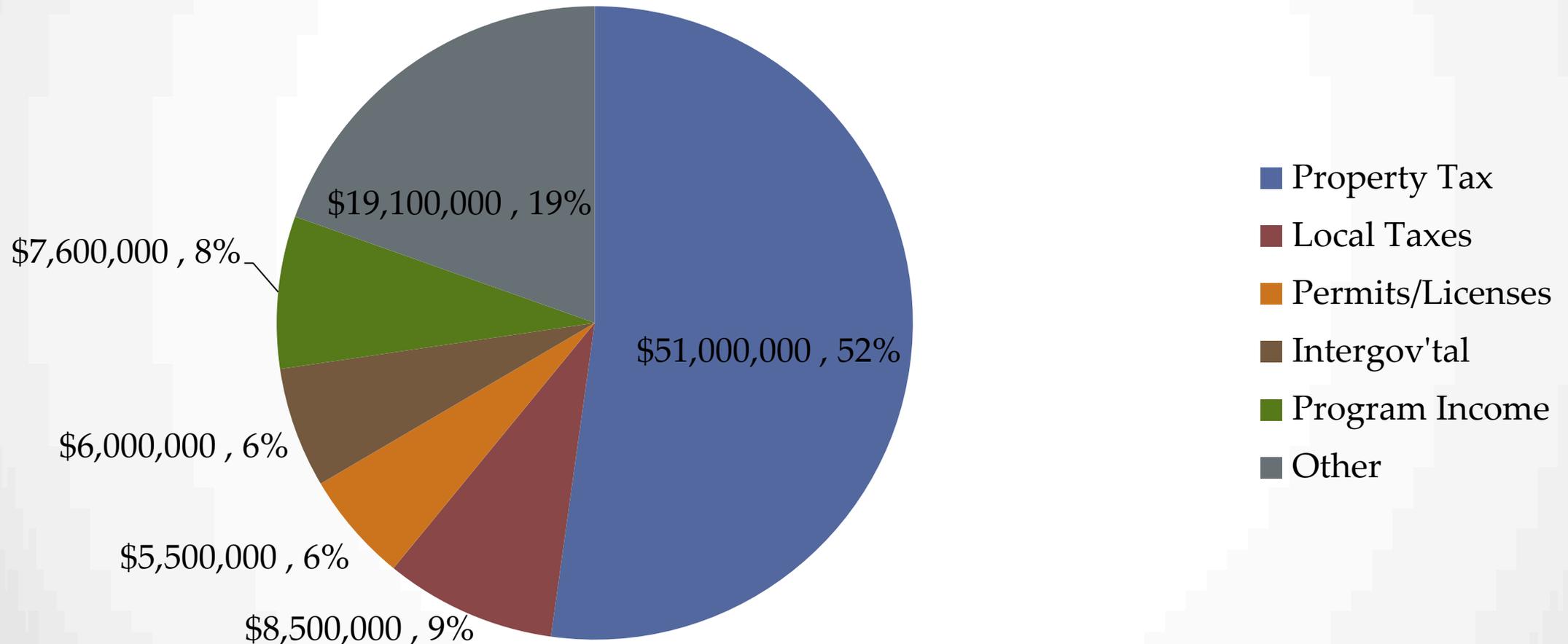
City Strategic Prioritizes

- 1. Community Amenities**
- 2. Community Image**
- 3. Environmental Sustainability**
- 4. Focused Renewal**
- 5. High Quality Service Delivery**
- 6. Inclusion and Equity**

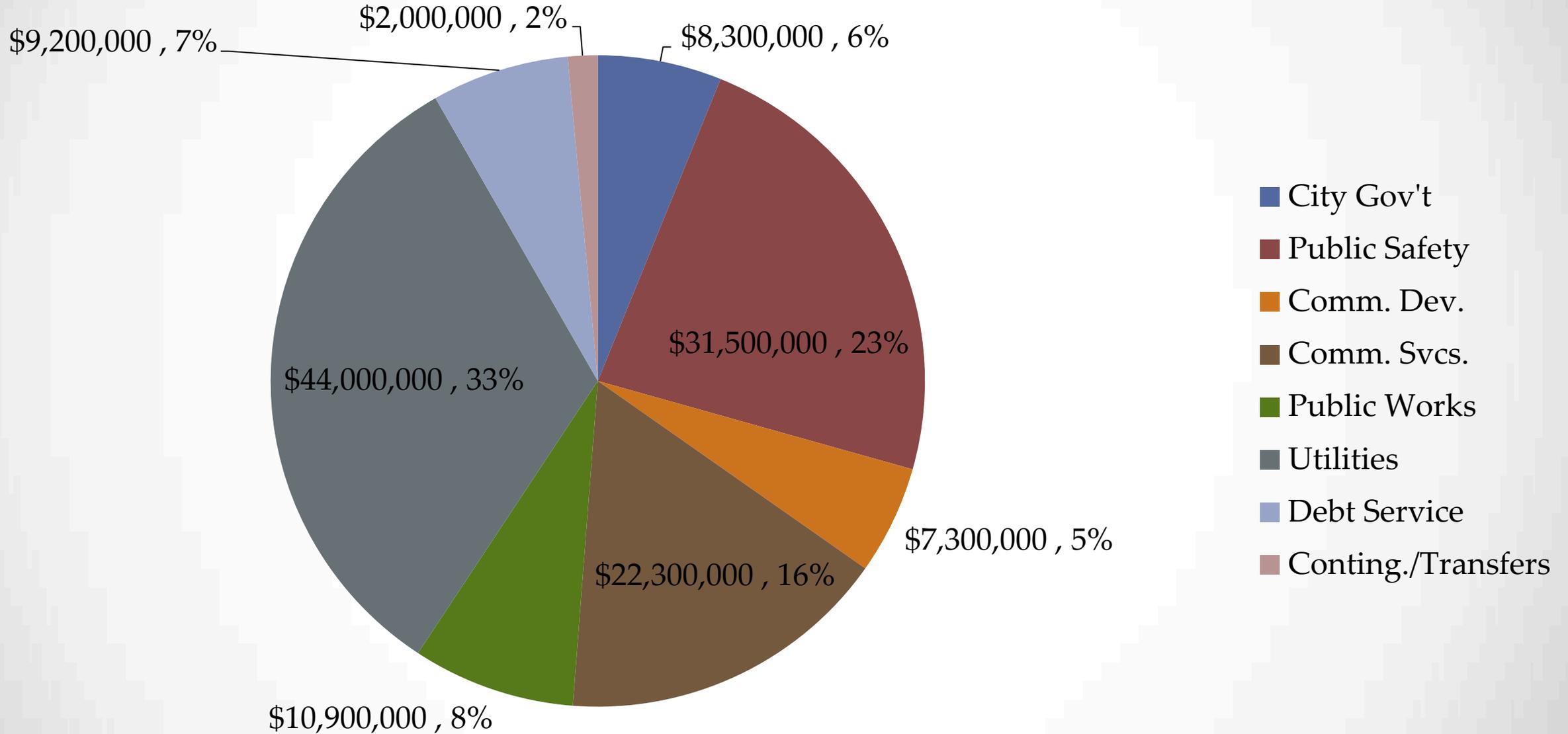
City-Wide 2016 Revenue Budget



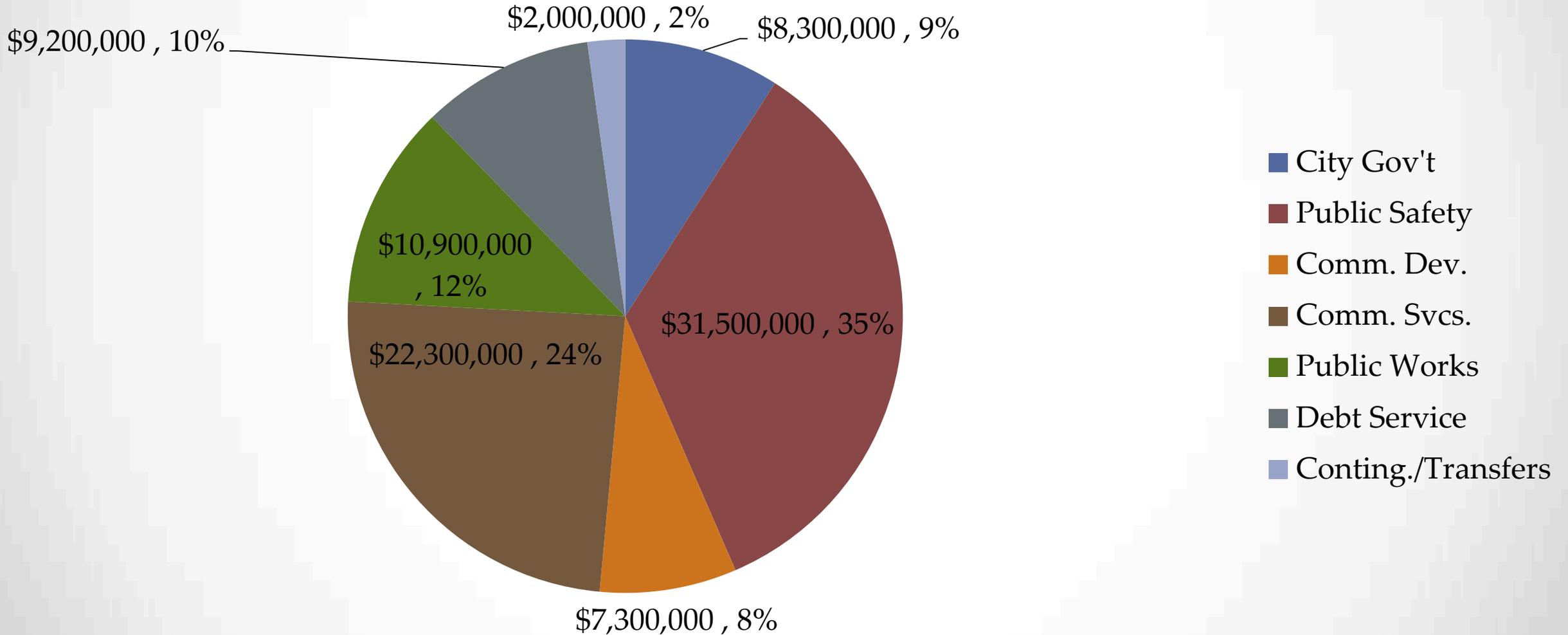
City-Wide 2016 Revenue Budget Without Utilities



City-Wide 2016 Expenditures Budget



City-Wide 2016 Expenditures Budget Without Utilities



Tax Categories

Debt Service

Tax Abatement

Recreational Facilities

Fire Pension

Strategic Priorities

General Fund

Debt Service

Tax Abatement

Recreational Facilities

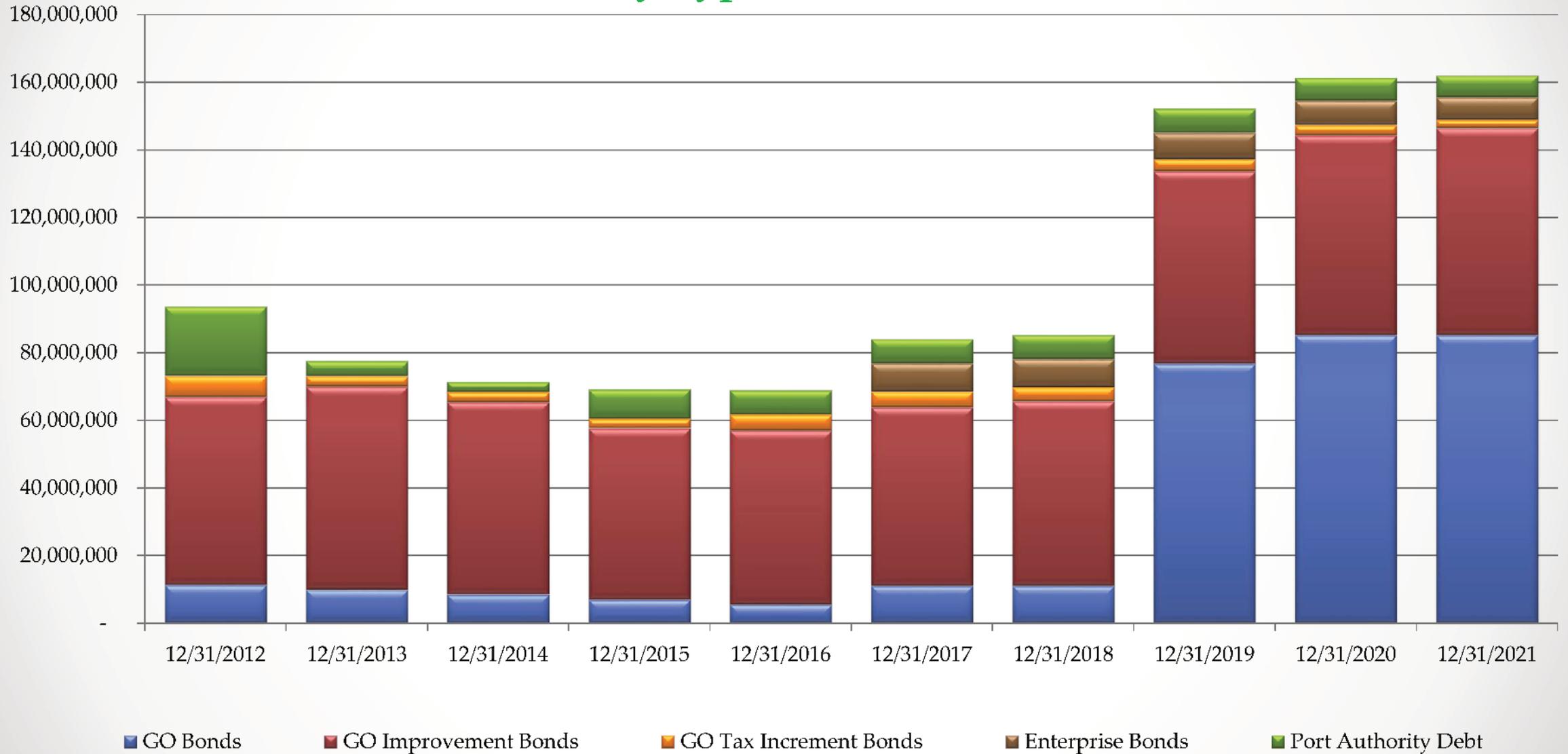
Fire Pension

Strategic Priorities

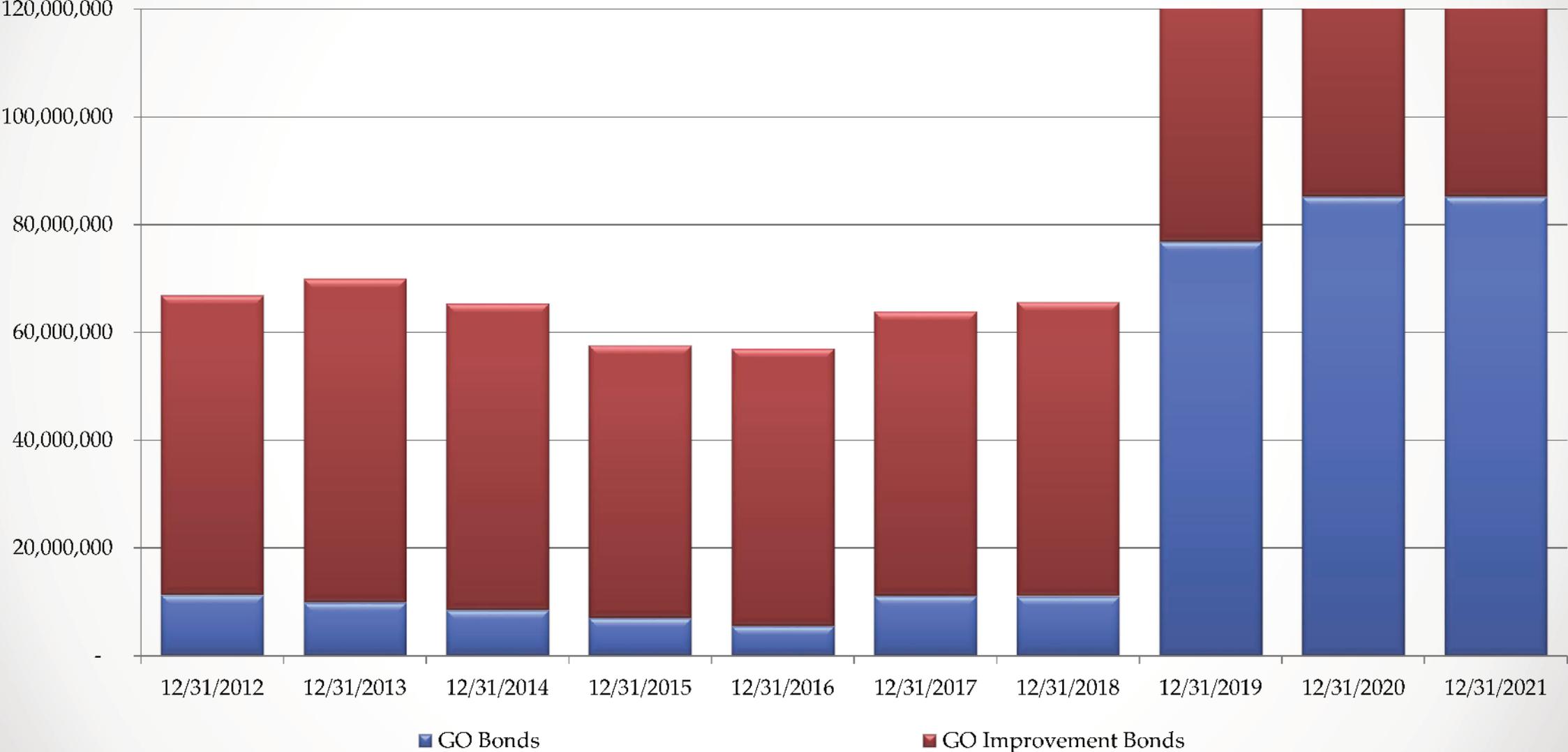
General Fund

Debt

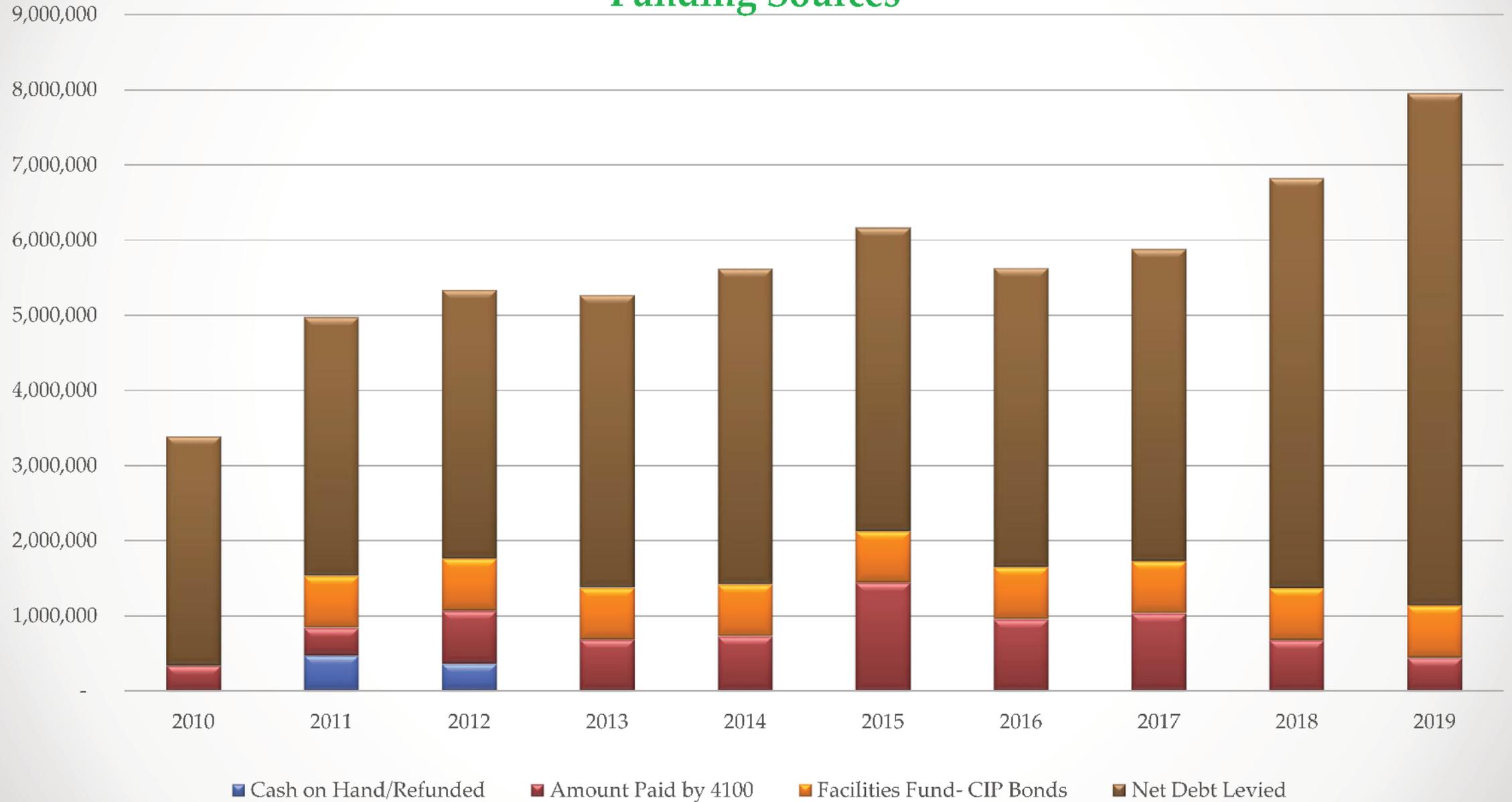
Debt Outstanding History & Projections by Type of Bond



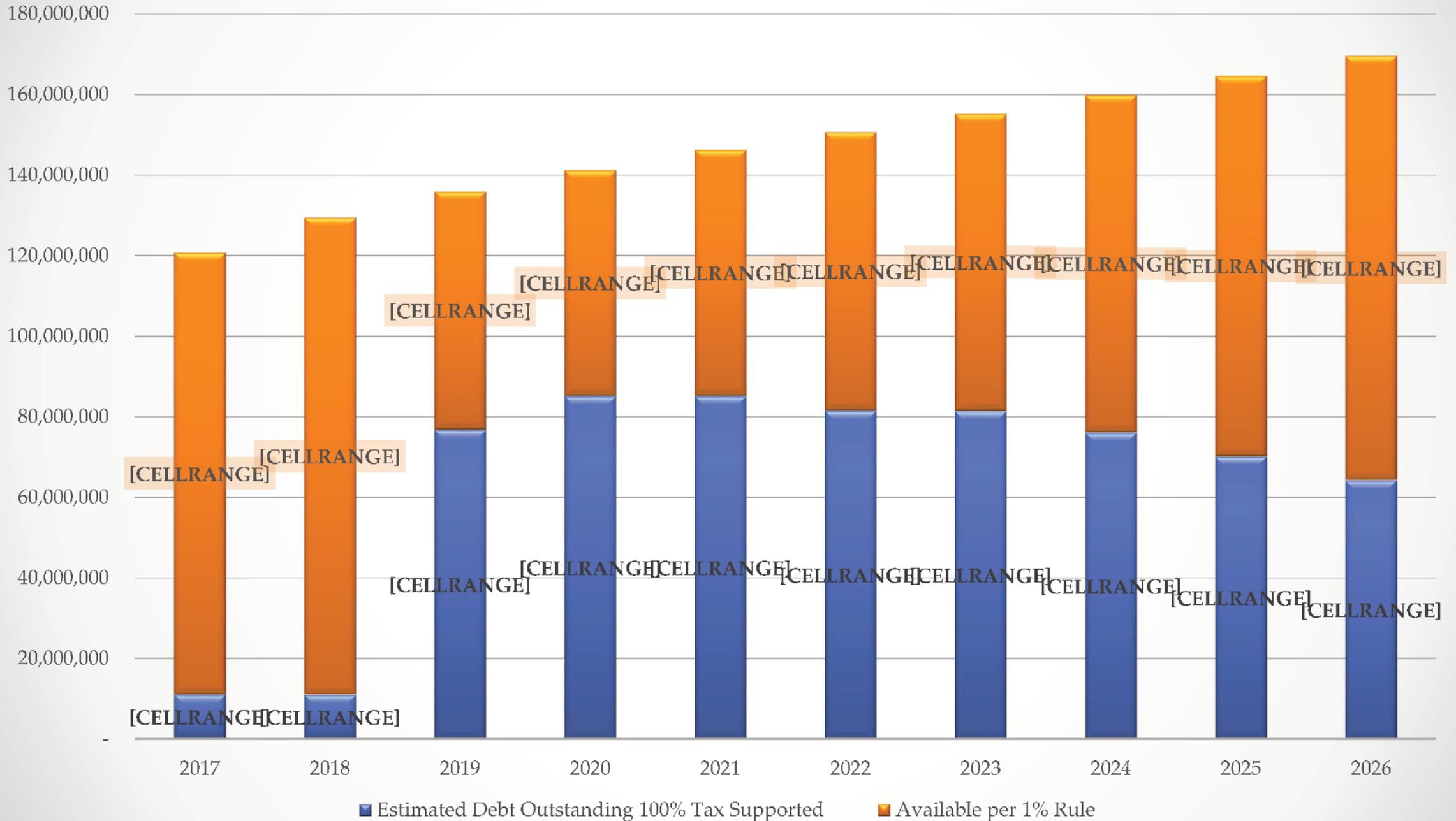
Tax Supported Debt Outstanding by Bond Type



Total Annual Debt Service Funding Sources



Debt Subject to 1% Debt Limit Charter Rule



2016 Anticipated Debt Issuance

City

- **PMP Reconstruction** **\$5,800,000**
- **BCS-Hotel Road Improvements** **\$1,500,000**

HRA

- **Knox and American (taxable)** **\$2,000,000**

* Possibility of refunding 3 bond issues

* Charter bonds for park-playgrounds has been moved to 2017

Debt Service

Tax Abatement

Recreational Facilities

Fire Pension

Strategic Priorities

General Fund

Tax Abatement

Tax Abatement
Normandale

Tax Abatement



Approved NLD Tax Abatement Areas



Tax Abatement Levy and Future Modeling

	Levy Amount	\$ Change	% Change
2011	\$257,420	-\$68,501	-21%
2012	\$346,058	\$88,638	34%
2013	\$464,939	\$118,881	34%
2014	\$501,050	\$36,111	8%
2015	\$555,449	\$54,399	11%
2016	\$813,535	\$258,086	46%
2017	\$936,328	\$122,793	15%
2018	\$981,595	\$45,267	5%
2019	\$946,070	-\$35,525	-4%
2020	\$943,665	-\$2,405	0%
2021	\$953,560	\$9,895	1%

Debt Service

Tax Abatement

Recreational Facilities

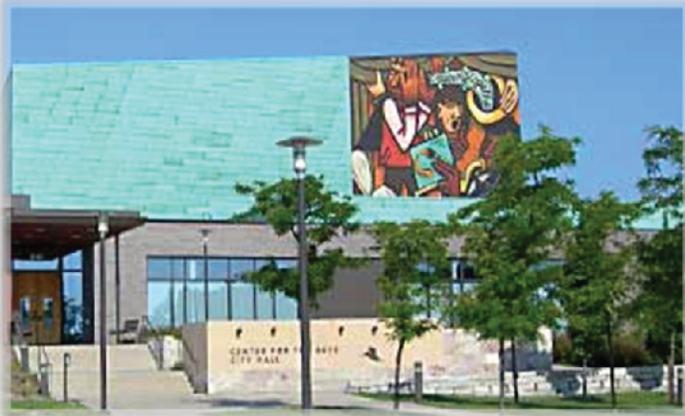
Fire Pension

Strategic Priorities

General Fund

**Recreational
Facilities**

Recreational Facilities



Bloomington Art Center



Bloomington Family Aquatic Center



Hyland Greens Golf Course

- Covers supporting services
- Tax supported to keep fees affordable

Recreational Facilities

Currently-

- **Bloomington Center for the Arts**
- **Bloomington Family Aquatics**
- **Added-Hyland Greens Golf Course \$300,000**

Potential-

- **Park Development- pay go vs debt issuance**

Debt Service

Tax Abatement

Recreational Facilities

Fire Pension

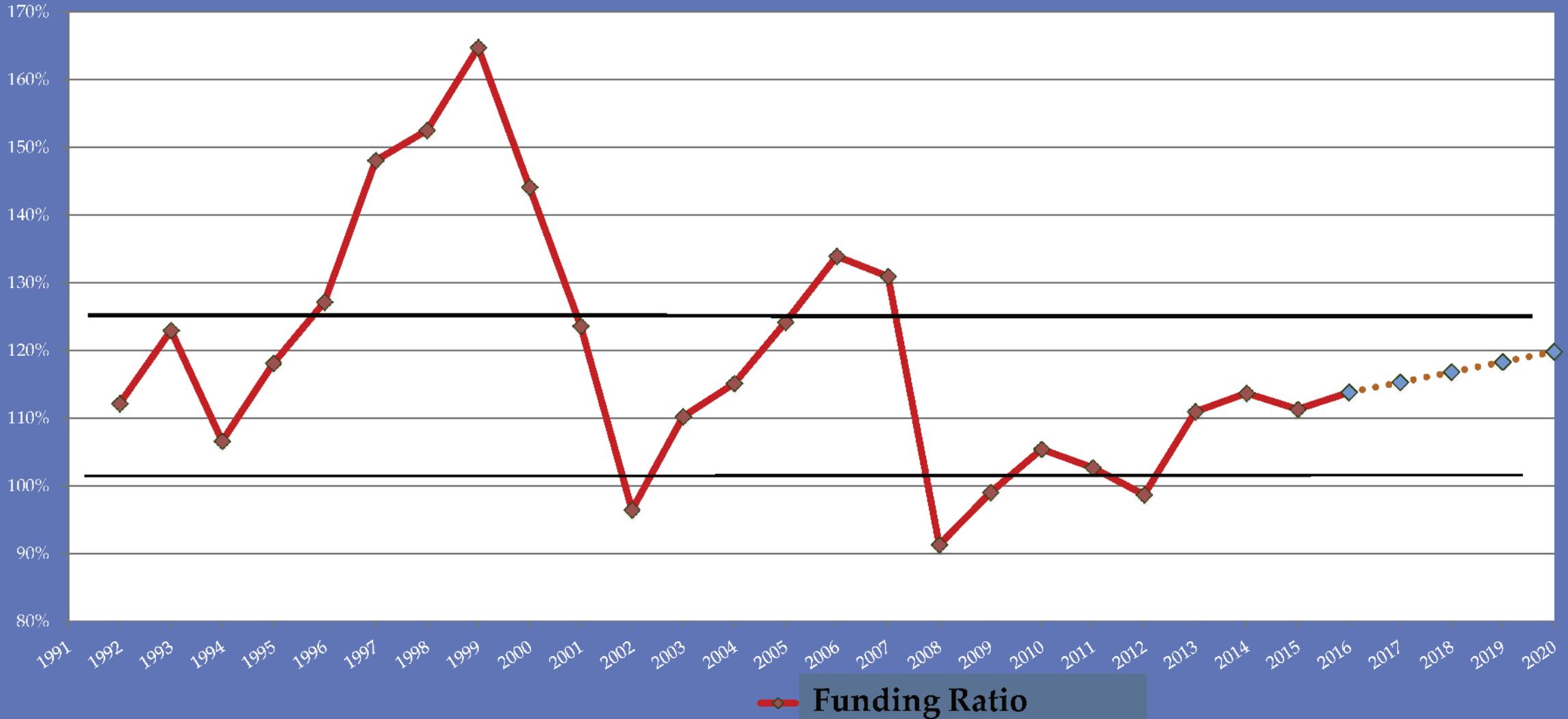
Strategic Priorities

General Fund

Fire Pension

Fire Pension

BFRA Funding Ratio based on Year End 1991-2015



City Contribution- Averages



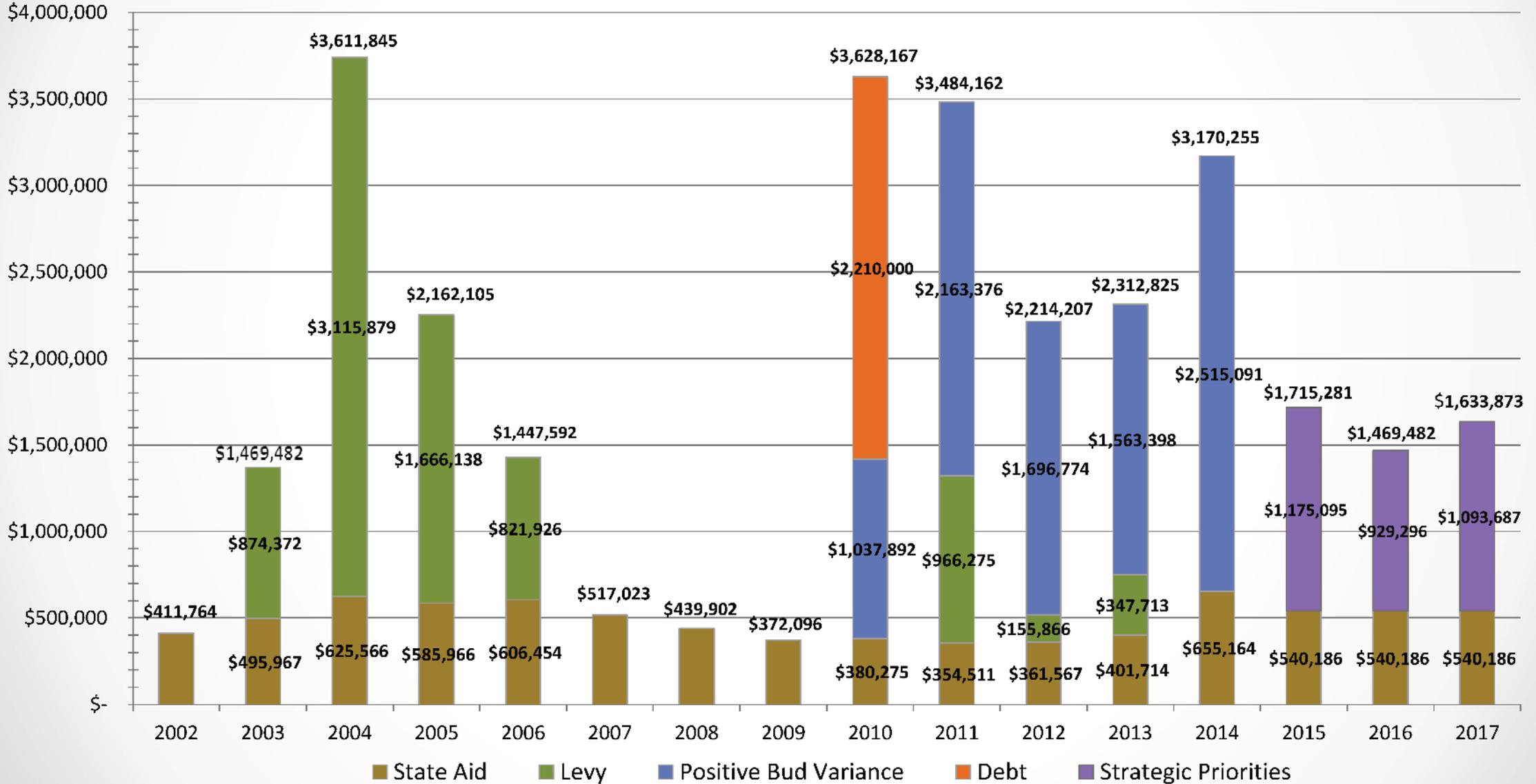
25 years
\$1.2M

10 years
\$1.5M

5 years
\$1.9M

Pension Obligation Funding Sources

*City Contribution from 2002-2017 totals \$22,332,778



Debt Service

Tax Abatement

Recreational Facilities

Fire Pension

Strategic Priorities

General Fund

Strategic Priorities

Fund 4200 Strategic Priorities	Expected	Modeling				
	2016	2017	2018	2019	2020	2021
Revenues						
Property Taxes	535,037	500,000	500,000	500,000	500,000	500,000
Local Governmental Aid	628,207	639,367	639,367	639,367	639,367	639,367
Interest (Mkt Value Adj)	15,000	15,000	15,000	15,000	15,000	15,000
Transfers In						
General Fund-Positive Budget Variance	1,400,000					
Information Systems Repayment	200,000	200,000	200,000	200,000	200,000	250,000.00
Total Revenues	2,778,244	1,354,367	1,354,367	1,354,367	1,354,367	1,404,367

Fund 4200 Strategic Priorities	Expected 2016	Modeling				
		2017	2018	2019	2020	2021
Expenditures						
Operating Transfers Out						
Bloomington Fire Relief- Pension Obligat	1,057,350	1,094,000	1,000,000	500,000	500,000	-
Dwan Bldg Project & Golf Course	225,000	Future Funding is within the Recreational Funds Tax Levy Category				
Expanded Home Improvement Loan Program	480,000	400,000				
Curb Appeal Loan Program	150,000	150,000				
Neighborhood-Park Improvements		300,000				
Neighborhood-Infrastructure	150,000	150,000				
<i>Strategic Priorities New Initiatives 2016</i>		<i>200,000</i>				
<i>Available for projects</i>		-	1,200,000	1,200,000	1,200,000	1,000,000
Audit & Accounting	2,300					
Total Expenditures	2,064,650.00	2,294,000.00	2,200,000.00	1,700,000.00	1,700,000.00	1,000,000.00
Net Income (Loss)	713,594.00	(939,633.00)	(845,633.00)	(345,633.00)	(345,633.00)	404,367.00
Beginning Fund Balance	3,825,433.32	4,539,027.32	3,599,394.32	2,753,761.32	2,408,128.32	2,062,495.32
Ending Fund Balance	4,539,027.32	3,599,394.32	2,753,761.32	2,408,128.32	2,062,495.32	2,466,862.32

Debt Service

Tax Abatement

Recreational Facilities

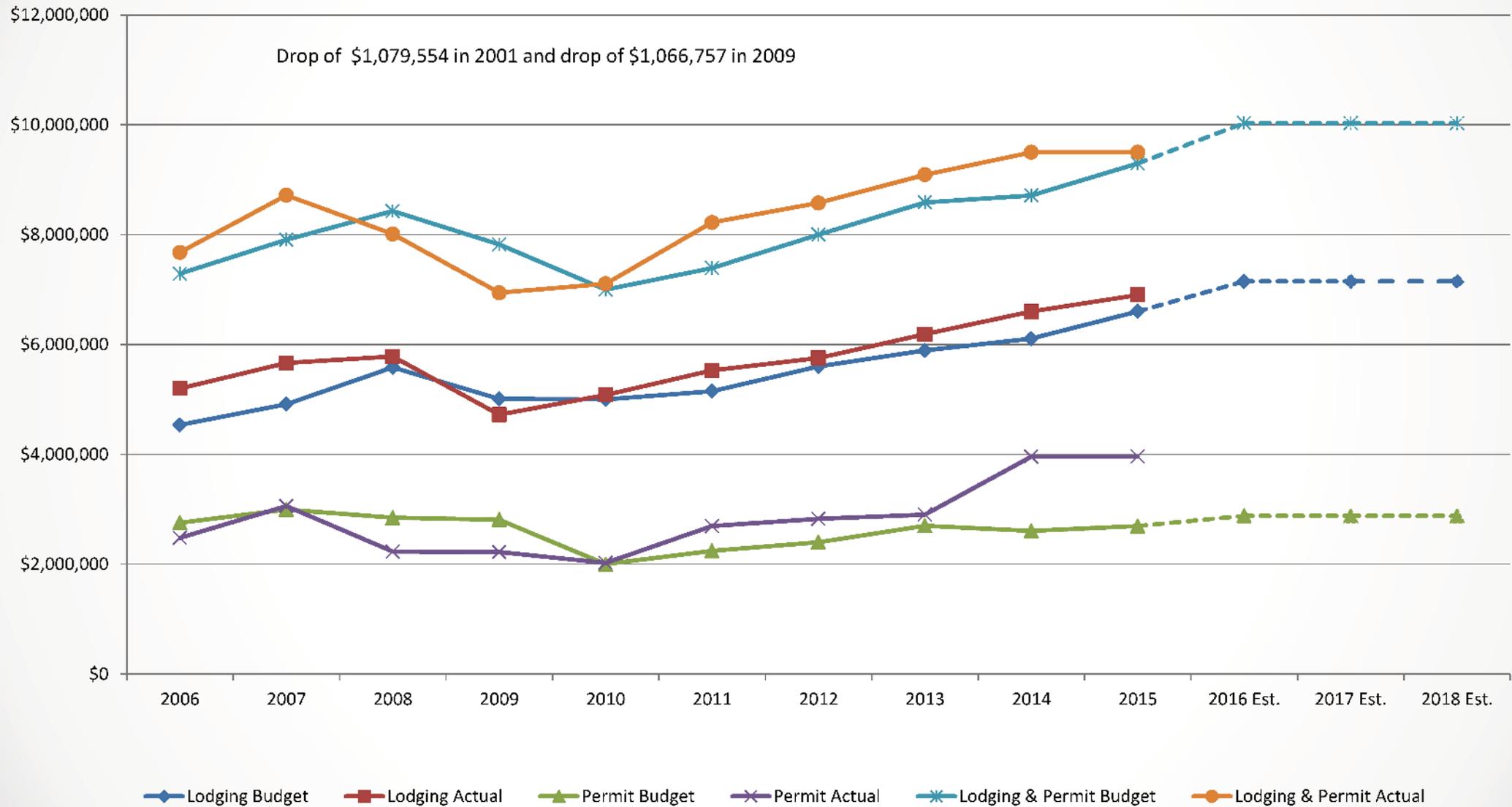
Fire Pension

Strategic Priorities

General Fund

General Fund

Lodging and Permit Revenue



General Fund Modeling

Expenditure Area	2016 Original		2017 June Est.		2017 August Est.	2018 June Est.		2018 August Est.	Change BTW 2016 to Aug 2017	Change BTW Aug 2017 to Aug 2018
		%		%			%			
Wages and Benefits	47,534,000	70%	49,470,000	70%	\$ 48,414,407	51,197,000	69%	\$ 49,732,158	1.9%	2.7%
					(1,055,593)			\$ (1,464,842)		
Operational Costs	9,138,000	13%	9,233,000	13%	\$ 10,280,907	9,328,000	13%	\$ 10,154,543	12.5%	-1.2%
					\$ 1,047,907			\$ 826,543		
Internal Charges	19,254,000	28%	20,528,000	29%	\$ 19,661,395	21,637,000	29%	\$ 21,076,553	2.1%	7.2%
					\$ (866,605)			\$ (560,447)		
Transfers, Contingency, Est. Unspent & Chrgs	(7,771,000)	-11%	(8,163,000)	-11%	\$ (6,491,140)	(8,325,000)	-11%	\$ (6,629,317)	-16.5%	2.1%
					\$ 1,671,860			\$ 1,695,683		
Total	68,155,000	100%	71,068,000	100%	\$ 71,865,569	73,837,000	100%	\$ 74,333,937	5.4%	3.4%

General Fund Expenditure Talking Points

- Maintaining current level of services
- Continue to stabilize Internal Service Funds
- Safety upgrade 98th and Lyndale Streetscape Improvement
- Funding for ROW and Park accelerated mowing (Strategic Priorities had funded this program)
- Maintenance costs related to 494/169 Interchange
- Maintenance costs related to Normandale Boulevard
- Funding for Wilder Foundation, AWED and Literacy contracts
- Youth and Family Program Expansion
- Park Ambassador Program
- MN River Valley Plans
- Park Asset Inventory
- Staff development and retention costs

2017 Levy &
2018 Conceptual

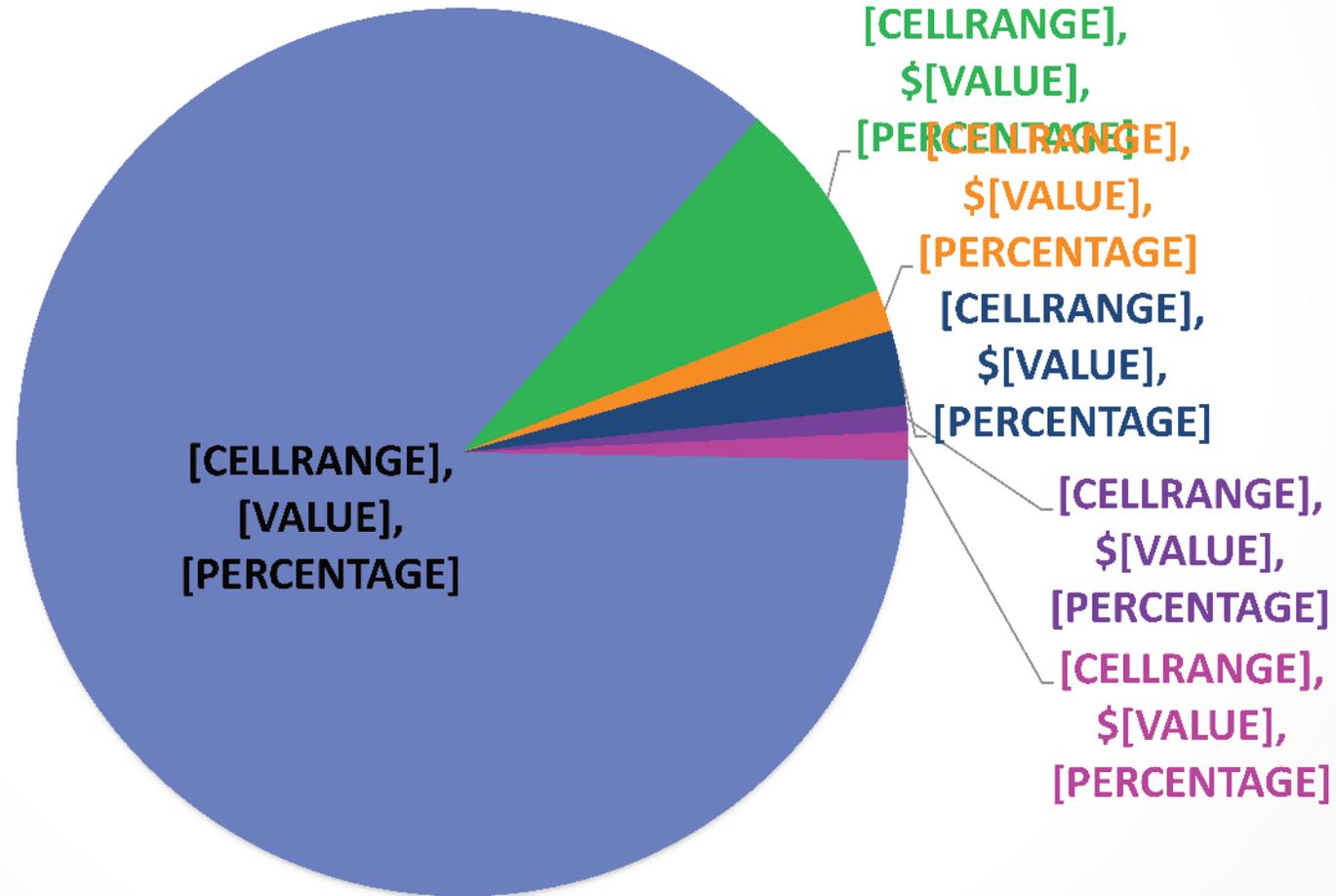
MOA Impact for 2017

	<u>City Tax</u>	<u>Total Tax</u>
Residential (MVH)	-9.4%	-4.8%
Commercial/Industrial	-9.4%	-2.3%

TIF District 1-C decertifies as of 12-31-2016.

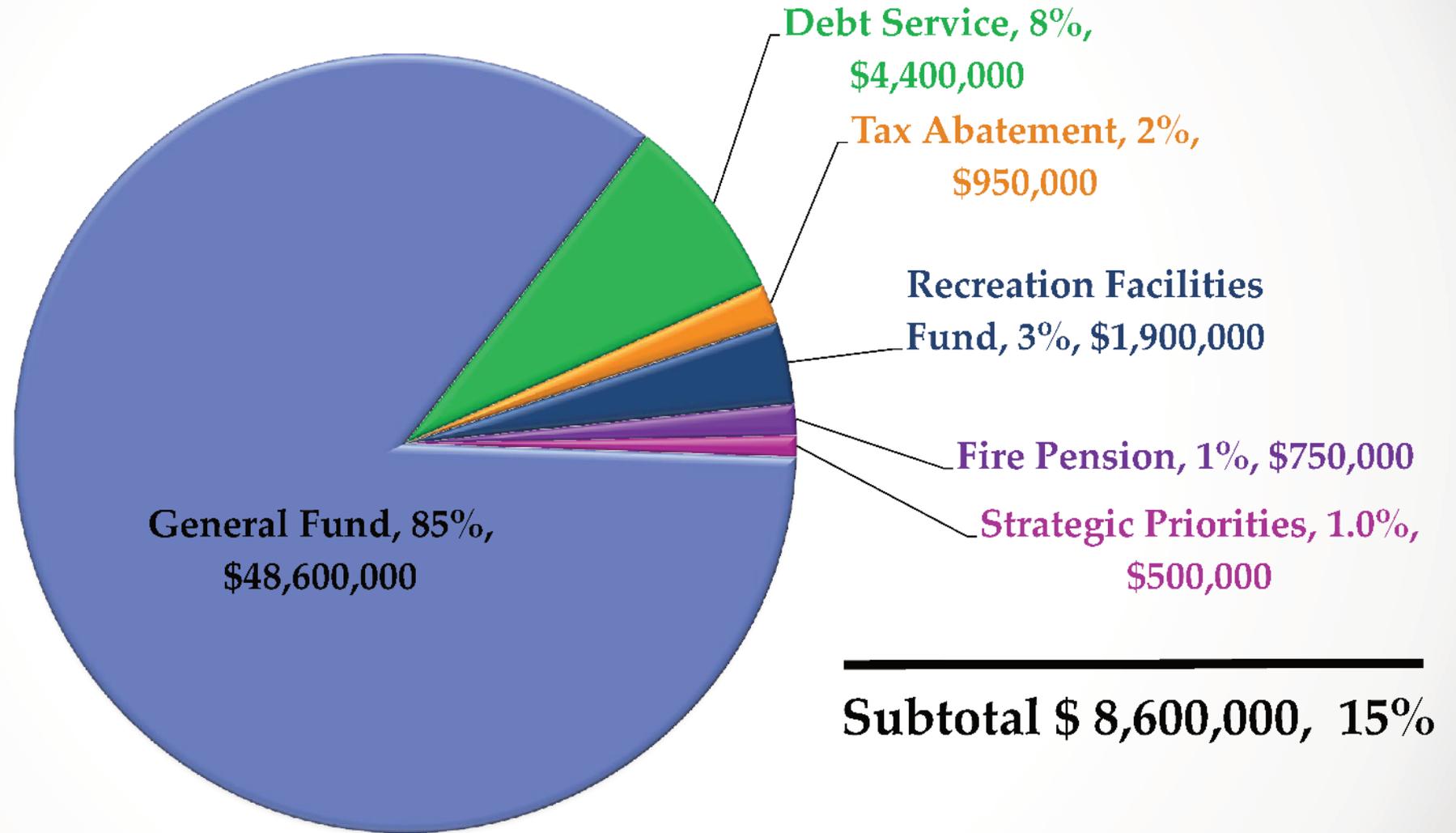
2016 Final Budget Levy Categories

Total Tax Levy =
\$52,845,152, 5.75%



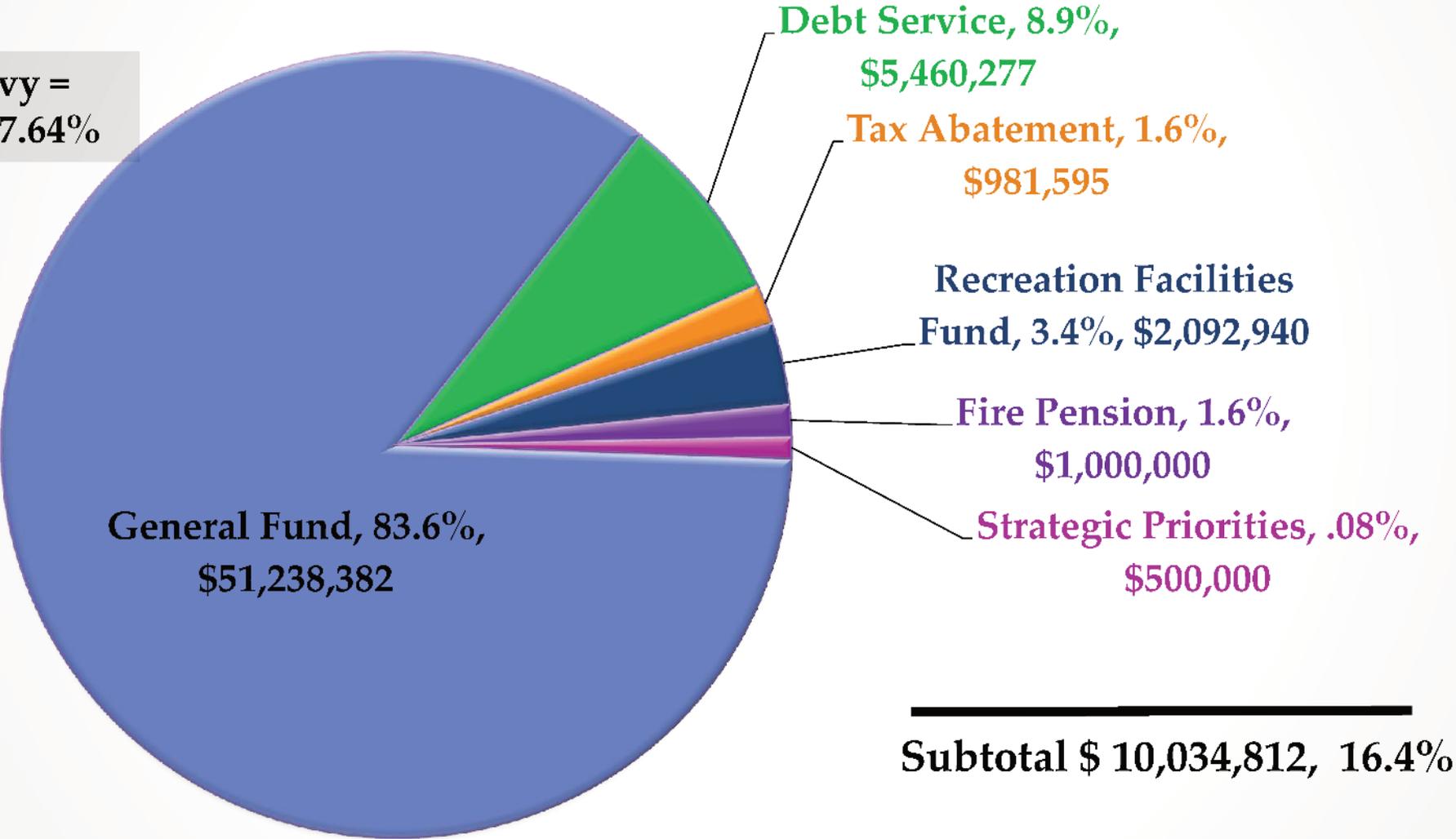
2017 Levy Model Tax Levy Categories

Total Tax Levy =
\$57,200,000, 8.2%



2018 Levy Model Tax Levy Categories

**Total Tax Levy =
\$61,273,194, 7.64%**



Quality Service

- **Tier 1:** Public Safety and Infrastructure **\$50.28**
- **Tier 2:** Community Safety, Planning, Prevention and Maintenance **\$11.41**
- **Tier 3:** Quality of Life Services **\$11.30**
- **Total** **\$72.99**

Tier One:

Public Safety and Infrastructure

Service	Tax Support/Month
Fire Pension	1.14
Police Patrol (including EMS)	18.02
Capital/Debt-PMP Reconstr.	7.71
Street Maintenance	9.19
Police Investigations	4.19
Fire Suppression	4.74
Traffic Control and Street Lights	3.29
Pavement Management Program	0
Fire Prevention	1.09
Crime Prevention	.91
Building Inspections	0
Total Tier One	\$50.28

Tier Two:

Community Safety, Planning, Prevention and Maintenance

Service	Tax Support/Month
Parks Maintenance	5.29
Engineering	2.53
Environmental Health	1.31
Community Planning	1.70
Emergency Response	.44
Emergency Preparedness	.08
Bomb Squad	.06
Total Tier Two	\$11.41

Tier Three:

Quality of Life

Service	Tax Support/Month
Golf Course	.45
General Recreation	3.30
Human Services	2.77
Aquatics	1.47
Public Health	1.07
Center for the Arts	1.00
Cultural & Special Events	.72
Animal Control	.52
Total Tier Three	\$11.30

Ranking of City Services *

Tier One Services	Tax Support/Month
Fire Pension	1.14
Police Patrol (including EMS)	18.02
Capital/Debt-PMP Reconstr.	7.71
Street Maintenance	9.19
Police Investigations	4.19
Fire Suppression	4.74
Traffic Control and Street Lights	3.29
Pavement Management Program	0
Fire Prevention	1.09
Crime Prevention	.91
Building Inspections	0
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Tier Two Services	Tax Support/Month
Parks Maintenance	5.29
Engineering	2.53
Environmental Health	1.31
Community Planning	1.70
Emergency Response	.44
Emergency Preparedness	.08
Bomb Squad	.06
Total Tier Two	\$11.41

Tier Three Services	Tax Support/Month
Golf Course	.45
General Recreation	3.30
Human Services	2.77
Aquatics	1.47
Public Health	1.07
Center for the Arts	1.00
Cultural & Special Events	.72
Animal Control	.52
Total Tier Three	\$11.30

* Last ranked by City Council in 2014

Prior Levy Data

Year	Levy Rate	Monthly Service Cost	Monthly Change
2010	2.98%	\$ 67.82	
2011	-0.12%	\$ 67.82	\$ -
2012	-0.25%	\$ 67.82	\$ -
2013	4.95%	\$ 66.24	\$ (1.58)
2014	3.02%	\$ 67.82	\$ 1.58
2015	4.00%	\$ 71.66	\$ 3.84
2016	5.75%	\$ 74.64	\$ 2.98

Monthly Cost Options

2017		Change	2018		Change*
<u>Levy</u>	<u>Mo. Cost</u>		<u>Levy</u>	<u>Mo. Cost</u>	
5.75%	\$71.56	-\$3.08	9.64%	\$82.59	\$11.03
6.75%	\$72.29	-\$2.35	8.62%	\$82.55	\$10.26
7.72%	\$72.99	-\$1.65	7.64%	\$82.50	\$9.51
8.75%	\$73.74	-\$0.90	6.62%	\$82.44	\$8.70
10.00%	\$74.64	(flat with 2016)			

* Includes projected increase of 9% to median value home for 2017/pay 2018

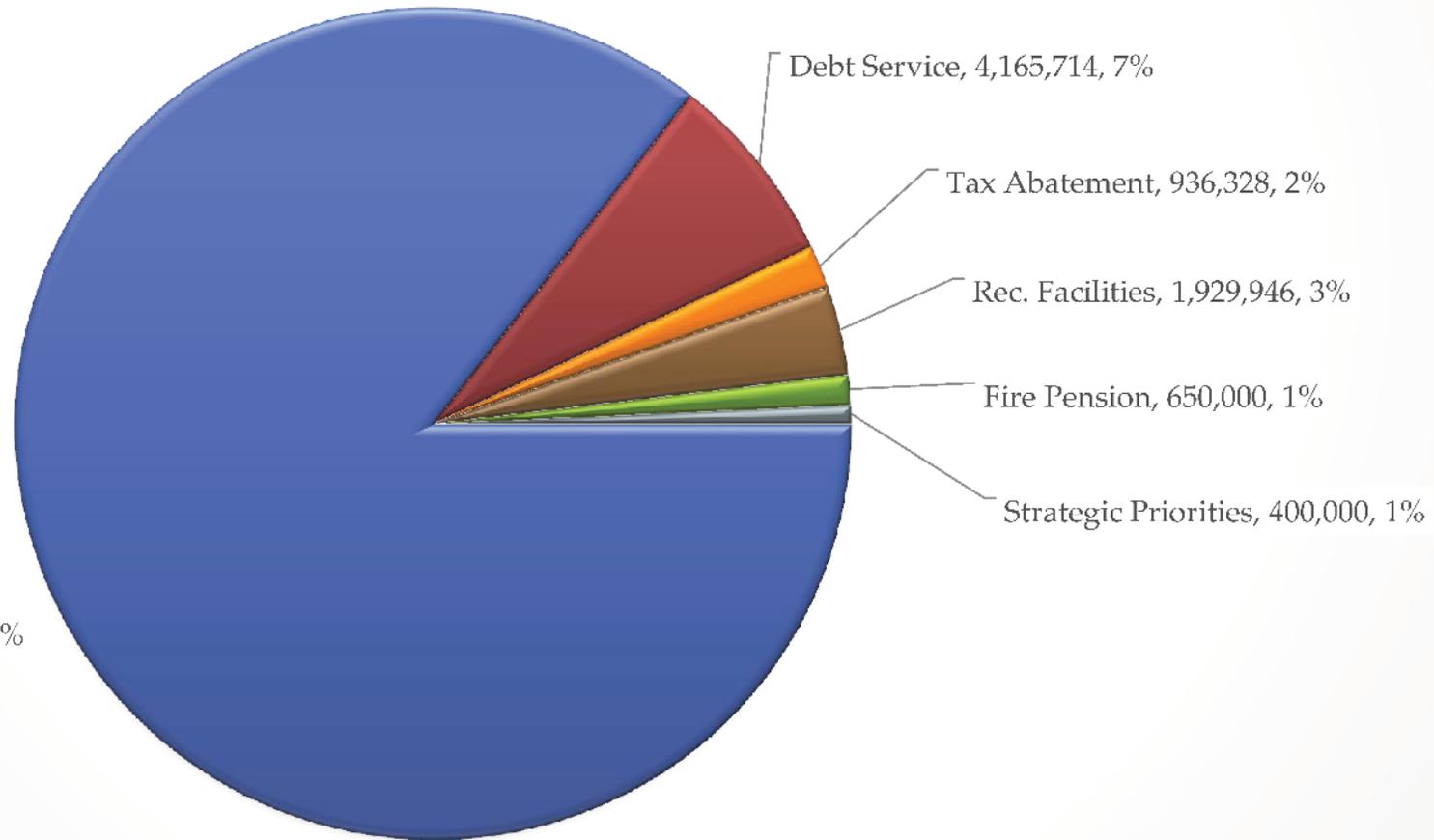
Levy Percentage Change

- Each 1% levy change is approximately \$528,000 or \$0.73 in Monthly Cost
- To get to 5.75% is a \$1,040,090 decrease from the information provided on the previous slides

Tax Levy Detail 2016/2017

with 5.75% and changes to General Fund, Fire Pension, Strategic Priorities

**2017 Tax Levy
Total at 5.75%=
\$55,892,748**



General Fund, \$47,810,760 , 86%

Timelines

1. June 1, 2016 Budget Kick-off
2. June 13, 2016 Provide 2017 and 2018 Conceptual Budget to Council
3. June 22, 2016 Departmental Budgets Entered
4. July Departmental Budgets Meeting
- 5. August Council Study Session- Discuss Preliminary 2017 Levy**
6. September 12 Council to Approve Preliminary 2017 Budget and Levy
7. September- December
 - A. Council Reviews and Approves Approximately 30 budgets
8. December Hold Public Hearing on 2017 Levy and General Fund
9. December Council to Approve Final 2017 Levy and General Fund



Questions &
Discussion?



DATE: August 18, 2016

TO: Mayor and City Council

FROM: Jamie Verbrugge, City Manager
Lori Economy-Scholler, CFO

RE: 2017 Preliminary Tax Levy and proposed General Fund Budget and Conceptual
2018 Tax Levy and General Fund Budget

Attachments:

- A. General Fund 5 year Budget Model and Tax Levy information for 2017-2018
- B. Draft Presentation

Background:

In even years the Bloomington budget process includes preliminary budgets prepared for 2017 and conceptual budgets prepared for 2018. At the June 13, 2016 Study Session, staff provided Council with the current modeling status showing the 2017 Preliminary Tax Levy was at 7.63% and the Conceptual 2018 Property Tax Levy was at 7.38%. Council provided direction that they would like to see the 2017 Preliminary Property Tax Levy near 5.75% similar to the 2016 property tax levy. Since the June Study Session, departments have submitted their budgets, Finance has analyzed and prepared budget reports and the City Manager has reviewed these reports and met with each of the departments. **The City Manager would be able to provide a 2017 Preliminary Tax Levy at 5.75%**, however, to frame up the information within the memo and the attached presentation the 2017 Preliminary Property Tax Levy is shown at 7.72%.

Similar to the presentation layout, this memo will include discussion of each of the key elements to the 2017 Preliminary Property Tax Levy. Please refer to the presentation to view the tables and graphs.

- Debt
- Normandale Tax Abatement District
- Recreational Facilities Funds
- Fire Pension
- Strategic Priorities
- General Fund
- Debt Service Funds
- Capital Project Fund
- Enterprise Funds
- Special Revenue Fund
- Capital Project Fund
- General Fund

Debt

Since June the estimate, debt to be issued and the related tax levy support has decreased by approximately \$287,000. The Park related Charter Bonds have been posted to early 2017 and not as many PMP reconstruction projects were approved for summer of 2016. Slides included in presentation reflect:

- **Debt Outstanding History and Projections by Type of Bonds:** Projections now include the issuance of debt for a Community Center with Aquatics in 2019.
- **Tax Supported Debt Outstanding by Bond Type:** This slide represents the same information as the previous slide but only shows the debt service funded through property taxes and the Facility Fund.
- **Total Annual Debt Service Funding Sources:** This slide reflects that we currently have three funding sources to pay the tax supported debt.
 - **CIP Bonds-** The Facility Fund through occupancy charges to departments provides the debt for these bonds through the duration of the bonds on February 1, 2021.
 - **PIR (PMP) Capital Revolving Fund-** During the 1990's and early 2000's this fund accumulated approximately \$7 million dollars of interest revenue. Since 2010, to supplement or mitigate the need for tax levy support for the annual debt service, the previous interest earnings have been systematically utilized to fund the debt service. This process will continue through 2020 at which point the balance in the fund will be approximately \$1 million and would be maintained as a reserve.
 - **Net Debt Levied-** It is anticipated that by 2021 this will be the sole source for tax supported debt service.
- **Debt Subject to the 1% - Debt Limit Charter Rule**
 - The City Charter was changed in 2015 to allow bonds to be issued for city related capital improvements but with a 1% debt limit. Under Minnesota statute 475.53, the City's outstanding general obligation (100% tax supported) debt should not exceed 3% of the total market value. As part of the revised charter, the debt outstanding in this category cannot exceed 1%.
 - **On the slide:** The estimated Debt Outstanding (in blue) includes 4 fire stations, the Community Center with Aquatics, a Public Works Maintenance Garage, and approximately \$1 million a year in Park related capital improvements. The rest of the column (gold/orange) indicates the City's capacity to issue further debt and remain under the 1% debt limit cap.

Normandale Tax Abatement District

In 2008 the City established one of the first abatement districts in the state for transit improvements in this district. Funding for this comes through numerous sources: City tax levy abatements, special assessments, County CIP funding, State and Federal Grants. Full funding was achieved in early 2016 and the project is proceeding. It is contemplated that the district could be closed as early as 2023 if all of the related projects have been funded and completed.

Recreational Facilities Funds

The City has many community amenities. Two specific amenities that have been supplemented with tax levy support for many years are the Bloomington Center for the Arts and the Bloomington Family Aquatics (Pool and Beach). The requested increase presented at the June meeting was 10% increase in tax levy for supporting service costs and to keep fees low/comparable to our neighbor cities to ensure high levels of community participation. This request for tax levy support has not changed.

Over the last few years Hyland Greens Golf Course has been reviewed and discussed by the Council, and additional funding has been provided through the Strategic Priorities fund. A task force was created and it was recommended to keep the golf course open in 2015. Generally, Strategic Priorities should be used for one time or short term projects. The Hyland Greens Golf Budget was prepared and reviewed in July, and due to long term need of additional tax support, the golf course was moved from Strategic Priorities tax levy category and added into this tax levy category. The amount added to the levy since June is \$300,000 for Hyland Greens. Should the Council approve this addition of \$300,000 for 2017 it is anticipated that the same amount would be needed annually through 2027 to move the fund balance into positive territory. The consultant's report due this fall may recommend additional financial activities.

Fire Pension

- **Fire Pension-** The first pension slide reflects the Bloomington Fire Department Relief Association pension funding ratio since 1991. Each February, the City receives the actuarial report on the fire pension which is based on year-end investment performance, membership changes, and other financial constraints. This report will calculate actuarial assumption on funding and obligations. The graph shows the fund has been fully funded other than a few years over the last 25 years. Within the graph is a line at 125%. This line would represent when the City would not be required to make a contribution under the calculations established under Minnesota statutes.
- **City Contributions- Averages-** This slide shows the average city contribution over 5, 10 and 25 years.
- **Pension Obligation Funding Sources-**
 - **Fire State Aid:** Each fall the City receives fire aid from the State which is required to be pass-through to the BFDRA within 30 days.
 - **Debt:** In 2010 the City issued pension bonds. These bonds matured on February 1, 2016.
 - **Positive Budget Variance:** Starting in 2010, and through 2014, year-end positive budget variance in the General Fund was utilized to fund this statutory obligation.
 - **Strategic Priorities:** Starting in 2015 and anticipated through 2020 Strategic Priorities would fully or partially fund the annual obligation.
 - **Tax Levy:** Over the years the City has levied property taxes for the pension obligation.

In 2015 the Council approved establishing a “Pension Reserve” strategy that would have Strategic Priorities Fund paying the entire or a portion of the annual obligation for several years while at the same time slowly building the Pension levy amount from \$500,000 in 2016 to

\$1,500,000 by 2020 (incremental annual increases in the levy of \$250,000). The Pension levy would be placed in the Pension Reserve Fund (Special Revenue Fund) to slowly create a fund balance of \$2-\$3 million with a goal to reduce the future volatility in funding the pension levy obligations. The levy request increase from 2016 to 2017 is \$250,000 to continue to build the Pension Reserve. For 2018 another incremental increase of \$250,000 is requested.

Strategic Priorities

Strategic Priorities is a Capital Projects fund that allows the Council to approve and fund projects for a single event or events over a few years. The 2017 and 2018 tax levy request is \$500,000 each year. In 2016, and requested again for 2017 is funding for:

- | | |
|--------------------------------------------|-----------|
| • Expanded Home Improvement Loan Program | \$400,000 |
| • Curb Appeal Loan Program | \$150,000 |
| • Neighborhood Park Improvements | \$300,000 |
| • Neighborhood Infrastructure Improvements | \$150,000 |

It is anticipated that the Council's Strategic Priorities will be finalized and adopted in September. As further details and activities are prioritized, possible funding for these Priorities could be found within the Strategic Priorities Fund.

General Fund

Revenues:

- **Financial Resiliency-** Over the last few years the Council and staff have discussed concerns with the increased reliance on Lodging and Admissions sales tax revenues. When combined, they are the second largest revenue source in the General Fund accounting for 12.5%. In 2009 there was a significant decrease in revenues. Within the revenues is a change from the June presentation. The current budget model, we have frozen the Lodging and Admissions sales tax budget at the 2016 rates and have modeled them at zero increase. Anticipated within the June presentation to Council had been an estimated increase of \$200,000 from these sources. The recommendation is if there is positive budget variance at year-end in Lodging and Admissions sales taxes, this amount would be transferred into a new fund (actually an old fund) called Transitional Reserves Fund. The City had a fund called Transitional Reserves and it was utilized in periods when the City experienced a downturn. This funding strategy would continue until the new Transitional Reserve Fund maintained a fund balance sufficient to mitigate future downturns.
- **Franchise Fees-** Council approved adding franchise fees to fund the Pavement Management Program, specifically the following two elements of the PMP program 1) overlay and 2) trails. The funding modeled for the two elements included fee increases on average every five years. Included within the presented General Fund budget is the utilization of \$1 million of franchise fees annually for Seal Coating, a third element of the PMP program that is currently operating expense in the Public Works general fund budget. The franchise fee modeling would accelerate the fee increases from five years to three years to include this element.

Until the final 2017 Property Tax Levy is approved in December staff will continue to analyze and review revenues for increase potential.

Expenditures:

Expenditure Area	2016 Original		2017 June		2017 August		2018 June		2018 August		Change BTW 2016 to Aug 2017	Change BTW Aug 2017 to Aug 2018
	Est.	%	Est.	%	Est.	%	Est.	%	Est.	%		
Wages and Benefits	47,534,000	70%	49,470,000	70%	\$ 48,414,407	69%	51,197,000	69%	\$ 49,732,158	1.9%	2.7%	
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Operational Costs	9,138,000	13%	9,233,000	13%	\$ 10,280,907	13%	9,328,000	13%	\$ 10,154,543	12.5%	-1.2%	
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Internal Charges	19,254,000	28%	20,528,000	29%	\$ 19,661,395	29%	21,637,000	29%	\$ 21,076,553	2.1%	7.2%	
					\$ (866,605)				\$ (560,447)			
Transfers, Contingency, Est. Unspent & Chrgs	(7,771,000)	-11%	(8,163,000)	-11%	\$ (6,491,140)	-11%	(8,325,000)	-11%	\$ (6,629,317)	-16.5%	2.1%	
					\$ 1,671,860				\$ 1,695,683			
Total	68,155,000	100%	71,068,000	100%	\$ 71,865,569	100%	73,837,000	100%	\$ 74,333,937	5.4%	3.4%	

Wages and Benefits- Salaries are modeled with a 2.75% increase. There is one proposed position added in the Planning Division. The total change from 2016 to 2017 of 1.9% reflects turnover of baby boomers and a health insurance decrease from modeled numbers.

Operational Costs: Included here are numerous items

- Safety Upgrade 98th and Lyndale Streetscape Improvement
- Funding for ROW and Park accelerated mowing (Strategic Priorities had funded this program)
- Maintenance costs related to 494/169 Interchange
- Maintenance costs related to Normandale Boulevard
- Funding for Wilder Foundation, AWED and Literacy contracts
- Youth and Family Program Expansion
- Park Ambassador Program
- MN River Valley Plans
- Park Asset Inventory
- Staff development and retention costs

Internal Services – Internal service funds have been reviewed to find opportunities for fee reductions while continuing to replace fund balance used during the downturn. Most of these funds are on a multi-year schedule to eventually restore the fund balance.

Transfers, Contingency, Estimated Unspent and Charges - The General Fund will transfer to the Diseased Trees activity in the amount of \$400,000. The contingency amount is set in the City

Charter at 2.5% of expenses. This category also includes charge-backs from funds and the estimated unspent amount set out in the model.

Bloomington Valuation Information:

For pay 2017 the Port Authority's Tax Increment District 1-C has been completed and the valuation of that district will positively impact the Bloomington Taxpayers. Assuming no change to any other factors, the impact of Mall of America Phase I coming out of TIF is an approximate 9.4% drop in the City portion of tax. Under these assumptions, the impact on the total property tax is a reduction of approximately 4.8% for residential and 2.3% for commercial/industrial.

Recommendation

- A. Provide direction on the proposed 2017 Preliminary Property Tax Levy at 7.72% to maintain service levels and new services as described in each of the tax categories shown above.
- B. Provide direction on the Preliminary General Fund Budget of \$71,865,569.

Originator Human Resources	Item 2017 Employee Insurance Benefits
Agenda Section Organizational	Date 8/22/2016

Description

The City has received proposals for employee medical, dental, life and long-term disability insurance benefits for calendar year 2017. The potential plans and associated costs have been reviewed and discussed by the Employee Benefits Committee and now Council review and discussion is sought prior to scheduling this as an action item at an upcoming Council meeting.

Background

State law requires local government employers to seek competitive bids for employee insurance benefits at least once every five years and 2016 is that five year mark for the City of Bloomington. Therefore, the City issued Requests for Proposals for its insurance benefits earlier this summer and has multiple options to consider for calendar year 2017. It is common practice for the City to convene an Employee Benefits Committee, with representation from each of the bargaining units and non-union employees, to review insurance options for the upcoming year. This was done again this year and the Committee has reviewed the RFP responses.

Medical

The City received five responses to the RFP for medical insurance, with Medica, our incumbent carrier, and Blue Cross Blue Shield providing the two lowest cost options. Fortunately both are offering to continue the City's existing insurance plans at a lower cost in 2017 than we are paying for 2016. This means coverage levels, co-pays, deductibles and out-of-pocket maximums will all remain the same, while the monthly premium cost goes down.

Blue Cross Blue Shield offered the lowest cost option, with their proposal reflecting a 9.4% decrease in cost. Medica came in with a 6.5% decrease. The Employee Benefits Committee gave serious consideration to both, as the City is not required to take the lowest cost proposal but instead has the discretion to select the plan that best meets our needs.

Based on their discussion over the course of several meetings, the Benefits Committee is recommending that the City accept the renewal offer from Medica. This would result in an estimated savings of \$519,946 to the group. (A portion of this savings would accrue to the City and a portion to employees based on the employer/employee split of premiums.) However, this is approximately \$225,000 less in savings than could be achieved by switching to Blue Cross Blue Shield, which is something the Council will need to consider in the context of its overall budget discussions.

The primary reasons for the Committee's recommendation are:

- It will avoid disruption to employees and their families, especially as it relates to provider networks and prescription drug coverage. While both carriers are offering the same deductibles and co-pays relative to prescription drugs, each has its own list of formulary drugs. A switch from Medica to Blue Cross Blue Shield is likely to result in some employees being forced to treat with a different prescription drug than they are currently taking. This is especially relevant for those treating a chronic condition.
- Employees and retirees who currently treat at an Allina Clinic can stay with the lower cost network under Medica, but would be forced into the higher cost network with Blue Cross Blue Shield, due to their contracts with Allina. This switch is estimated to impact approximately 64 individuals and their families.
- Medica's offer includes a pooling point of \$125,000 rather than the \$200,000 offered by Blue Cross Blue Shield. Claims above the pooling point are not reflected in the City's claims experience rating used to calculate renewal rates for future years. This essentially minimizes the City's exposure to high cost claims. For 2017, the City had

4 large claims that hit the existing \$125,000 pooling point. Had we been with Blue Cross Blue Shield, 3 of these would have been fully charged to the City's claims experience and only one would have been pooled out.

- Medica offers better wellness benefits and funding for the City, including a \$25,000 lump sum to fund the City's wellness efforts.

Dental

The City is self-insured for dental insurance and in the midst of a multi-year contract with Delta Dental for administrative services. As a result, no competitive RFP is required. Upon reviewing the claims experience for the dental plan, it is recommended that both monthly premiums and benefit levels remain the same for 2017.

Life

The City provides \$50,000 in life and \$50,000 in accidental death and dismemberment insurance for all full-time employees. An RFP was issued and three responses were received. The lowest cost proposal was from the incumbent carrier – Minnesota Life / Securian. They are offering the City a rate reduction from \$0.13 per \$1,000 of coverage to \$0.10 per \$1,000. This amounts to a 23.1% cost reduction and is estimated to save the City \$9,936 per year. The company is also providing a three-year rate guarantee, meaning our costs for life insurance will be flat for 2018 and 2019.

Long-Term Disability

The City also provides long-term disability insurance for all full-time employees, which provides 60% of an employee's pre-disability wages if they have been unable to work for 90 days or more. We received two responses to the RFP for this benefit and once again the incumbent carrier, Madison National Life, provided the lowest cost. They are offering a rate reduction from \$0.245 per \$100 of covered wages to \$0.230 per \$100 of covered wages. This is a 6.1% reduction in costs that is estimated to save the City \$5,974 per year. It too comes with a three-year rate guarantee, protecting the City against cost increases in 2018 and 2019.

Requested Action

This is a discussion item only at this time.

Attachments:

NONE



Request for Council Action

Originator City Manager	Item City Manager Council Update
Agenda Section Organizational	Date 8/22/2016

Description

1. Updates to Council by the City Manager
2. Council Issue Identification

Requested Action

Discussion

Attachments:

NONE