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CITY COUNCIL STUDY SESSION  
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**Council Present:** Dick Allendorf, Bob Ellingson, Amber Greves, James Hiller, Tony Wagner, Brad Wiersum, and Mayor Terry Schneider.

**Staff:** John Gunyou, Geralyn Barone, Merrill King, Julie Wischnack, Lee Gustafson, Desyl Peterson, Brian Wagstrom, Darin Nelson, Dave Johnson, Joe Wallin, Jo Colleran, and David Maeda

**1. 2010 preliminary budget review**

City Manager John Gunyou noted the upcoming meeting schedule.

Gunyou said the city has already made a lot of preliminary budget adjustments so it is in good shape going forward. Wagner asked if there have been any surprises or if things are going according to plan. Gunyou replied staff has had to make adjustments with the cross-training, retirements, and people taking on new responsibilities, but that things have generally gone well. He complimented the professionalism of the entire staff. Finance Director Merrill King noted that other cities are still facing major challenges trying to figure out how to address their 2010 budget issues.

Allendorf complimented staff for being able to renegotiate the largest union contract to help address the budget issues. Gunyou said it was unusual to be able to renegotiate such a contract, and was unaware of any other city doing so. There were two years left on the three year contract with the 49ers. The city had previously agreed to a base increase of 2.85 percent for the next two years. The city approached the union and sat down with the business agent and local stewards. The city offered a one percent base increase and agreed to leave the market rate adjustment intact to stay competitive. In exchange, the city also agreed to no layoffs for the union employees.

Hiller asked if the projected three to four percent gap between revenue and expenditures has been taken care of. Gunyou said that was the goal with the adjustments that have been made, and that the city should be in good shape for the next three years.

Gunyou then summarized the reorganization steps that had already been taken, and the additional budget adjustments that were underway. He also asked for direction of several major budget considerations.

**Public Safety**

Gunyou explained the objectives of the public safety plan that will be completed over the next year to evaluate future operational, building and equipment needs to meet changing demographics consistent with the city's recently adopted comprehensive guide plan. Wiersum asked if the process in developing the plan would include resident input. Gunyou said staff had not contemplated direct

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resident involvement because the plan is more technical in nature. The idea is to build on the comprehensive plan, which takes a more broad view. The public safety plan will provide more definition, and as the specific components are developed, they will be shared with the council and public for review and approval

Greves asked for information on how the reduction in school liaison officers has worked acknowledging that school is not in session. Gunyou said there was not much more information available at this point. Wagner said that the county attorney had recently given a presentation about the county's truancy efforts. He said the reduction in liaison officers seemed to counter those efforts. He suggested engaging the school districts early next year to see if they can find money to fund more officers. Schneider noted there was a difference between truancy and inappropriate student behavior. He also asked for more information about what the liaison officers' experience has been when it is available

Wagner noted that funding was being reserved to begin to implement the public safety plan in 2010. He asked if the funding was more operational in nature or if it included capital funding. Gunyou said the target of \$75,000 to \$100,000 was mostly for operational expenses. One of the first things that might come out of the plan is if the city should add another fire duty crew.

Wiersum complimented the proactive changes the city has taken to address budget issues. But he said he would agree further analysis should be done on the changes that were made, including the impact of reducing the number of school liaison officers.

Greves asked Wagner to further comment on his suggestion to engage the school districts in the school liaison officer issue. Wagner said there has not been a joint council/school district discussion. He said he was looking for more data to identify any potential issues. The last thing the city would want is for there to be more police calls to the schools that would result in the city paying more than it would in providing more liaison officers.

Gunyou said one of the factors driving the need for the public safety plan is the rising number of medical calls, and expectation that they will continue to significantly increase as the community ages. Wagner asked if the plan would address long term capital needs. Gunyou confirmed that would be included in the plan.

Allendorf said that the benefit of having liaison officers was always touted as being important. He said the same thing has been said about the city having its own dispatchers. He said as budget decisions are made it was important the city not go backward in providing such services. Gunyou said the question being looked at is if there is a different more cost effective way to provide the services.

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Wiersum said one question that should be asked in relation to the reduction of liaison officers was had the school districts not cut their funding, would the city have looked to save money by reducing the number. Gunyou responded the idea was initiated by Police Chief Mark Raquet who felt adequate service could still be provided with a reduction in the number of liaison officers, and redeployment of the remaining officers. If that turns out not to be the case, the city and districts could reconsider the decision in the future.

**Firefighters' Pension Fund**

Gunyou said the biggest budget issue related to public safety was addressing the condition of the firefighters' pension fund. He noted that in addition to complying with the state funding mandate, it was important to take a long term view about the issue, with the aim of eventually transitioning to a defined contribution plan similar to most of those now available in private industry. Another factor to be considered is the vulnerability of the individual local fire pension funds. While Minnetonka's fund is in good shape, many of the funds in smaller communities are not. He said it was likely a matter of time before the state bails out those other pension funds, and that our fund and pensioners would be vulnerable to any such state action. State law changes would be needed to allow the transition to a defined contribution plan and the idea is to form a collaborative task force with our current and retired fire fighters to come up with something that works for both the city and its fire fighters. It's in the interest of the city and also its fire fighters to not have the state takeover our pension fund, and a defined contribution plan would protect us both. The pension is a major factor in recruiting and retaining firefighters, and a defined contribution plan would legally belong to the fire fighters, and not be susceptible to the state taking its assets to bail out other funds. Any plan would necessarily involve a transition that would respect the rights of existing fire fighters and pensioners.

Gunyou said the recommendation is to levy the amount needed. The city has been building a reserve that would only be adequate to make one year's payment, but in the long term, using the reserve as a one-time payment would not be a wise approach to take. The state mandate is long-term. If a transition is made in the future to a defined contribution plan, it would help to have the reserve funds available to fund such a transition. The state auditor and the League of Minnesota Cities are working on the issue. One idea would be to extend the amortization and also allowing a three year average of actuarial returns rather than looking at a fixed point in time. These approaches would lower the annual amount of the state mandate.

Wiersum said it would help him to have a better understanding of what options exist and the actual chance that the changes being discussed could be adopted by the state. He likened the city's situation with the government bailout of home mortgages that seemed unfair to those homeowners who were able to continue to make their mortgage payments without assistance. Schneider said there

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always is paranoia whenever pension legislation is discussed at the state. But he noted the state auditor's work group that was formed was done so by the administration. King said firefighters want the funds shored up, amortized over a 20 year period, and for the city to contribute. Schneider said the proposal for allowing a three year average and for a 20 year amortization seemed to have a decent chance of getting passed by the legislature.

Allendorf asked what would happen to the amount collected by the levy increase going forward. Gunyou said the increase would be added to the base levy. The council could later decide to lower that increase from the base if the mandated amortization went down. Allendorf said the way the staff recommendation was written it appeared the increase was just for next year. Gunyou noted that the increase was only for one year, since the it would then be in the base levy. The levy would not have to increase another 1.2% every year.

Schneider said the council could request that the city manager give an annual report on the status of the pension fund. If the stock market was to go way up and the fund became whole, then the amortization would stop. Gunyou said the city would not put more into the fund then was legally mandated, but noted that once the additional mandated contribution was made, it could not be removed from the fund. Allendorf asked if the 1.2 percent would be eliminated if not needed or if the city would spend the additional revenue on something else. Gunyou said it would be the council's decision. Allendorf noted the decision would likely be made based on the staff's recommendation. Hiller suggested listing the item separately on the budget page.

Wiersum asked if the council could approve the \$348,000 increase for one year with a stipulation that the issue would be revisited next year. Gunyou said the item would be reported separately in the budget to confirm that it was a year-by-year decision.

Wagner asked if in addition to the reserves if the city really wanted to levy the full \$348,000 given the actuarial study could get better. Another option would be to levy a lesser amount and use some of the reserves. He said the whole point of a relief fund was for situations like this year. Hiller said another way to ask Wagner's question was why the city has \$350,000 in reserve. Gunyou said historically the city has put a certain amount into the funds annually. The reserve fund was for contingency situations but it was never envisioned that the size of the amount now needed would be so high in a single year. He said one way to view the fund was as one time money, and reminded council that that the availability of the reserve would be important to fund any transition to a defined contribution plan, which was the long-term solution to the issue.

Wagner said he would have a hard time supporting levying the full amount given the market has improved since the actuarial study. Wiersum said he too was

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struggling with not using the reserve when the purpose of the reserve was for situations like what was now being faced. He said he would like consideration of using at least part of the reserve to mitigate the hit in the budget.

Schneider said what he was hearing was that there was support for leaving in the recommended amount for establishing the preliminary levy but the council wanted a more detailed discussion before adopting the final levy.

Greves said she was pleased that the department was looking at a smaller vehicle for the duty crews to respond to medical calls. Wiersum asked if the city did a good job in avoiding redundancy in responding to emergency calls. Fire Chief Joe Wallin said there was still work to be done in reducing the redundancy. Schneider said there would be an issue the first time a person died because response was delayed due to the lack of redundancy.

#### **Streets and Utilities**

Gunyou said there was a three part strategy for completing the Bren Road interchange. The plan anticipates approximately \$8 million in state grant money. Another \$10 million in local funds would be needed. He said \$5 million would come in a low interest loan from the state that would have to be paid back. The other \$5 million would come from the trip generation overlay district. One option to repay the state loan would be to use tax abatement. In the worst case scenario there would be another 0.25 percent needed to do the abatement.

Schneider said it was important to finish the interchange. He said with future development there might be more potential than is currently anticipated. The city's amount was modest when compared with the huge public benefit. Wiersum agreed. There is potential to create jobs, tax revenue, as well as light rail.

Wagner asked if the same model could be used for the Ridgedale area. Schneider noted by law, abatement and TIF could not be used together.

#### **Parks and Environment**

Gunyou said that when the emerald ash borer comes to Minnetonka it will basically mean all the city's ash trees will eventually die. While research continues, that has been the progression of the disease in other Midwestern states. There are an estimated 120,000 ash trees in the city. As is oftent he case with natural resource issues, the cith of Minnetonka is out front on the emerald ash borer issue. Public education efforts will be started this year. The long term cost to remove and replace the trees on city land will likely be between \$1 million and \$2 million. He said the council would have to decide what responsibilities are the city's and what responsibilities are the residents'.

Wagner asked if there was any risk given the anticipated spike in tree removal, in the city having to fund the costs up front and then assess them back to residents.

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Gunyou indicated the city's basic responsibility is for removing the trees that are on city owned property. At the other end of the spectrum are the trees on private property. Somewhere in the middle are the trees located on boulevards. The trees on boulevard are privately owned but currently the city has a program that covers half the cost of removing the trees when they contract Dutch elm disease. He said staff is working on ordinance language to clarify that the boulevard trees are privately owned. The policy on how much, if any, the city will assist in the removal and replacement of boulevard trees will need to be discussed. Schneider said if the city policy allows for residents to assess a certain portion of the costs and enough residents choose to do so, there would likely be a need to bond to cover the costs. Gunyou said currently the environmental fund is in decent shape, and could be used to help front those costs, but the historic revenue sources are drying up. The city had a great curbside recycling deal that had the city collecting around \$40,000 a month. That revenue was lost when the recyclable market contracted, and the contract expired and had to be renegotiated. He said going forward the city may have to consider increasing the levy to bolster that fund.

Wiersum asked how effective advertised treatments were in preventing the spread of the emerald ash borer. He suggested if the treatments were effective the city could possibly play a purchasing agent role in creating a resident pool and using quantity purchasing to get a better deal. Natural Resources Manager Jo Colleran said there is not much research available to determine if the treatments are effective. One issue is that a lot of the people who are buying the treatment are drenching their trees, figuring more is better. The excess runs off and ends up in the wetlands. The trees have to be treated every year and it is expensive with no guarantee the treatment will work.

Greves asked if there are educational opportunities and cooperative arrangements that could save money since many residents will be facing the issue of having to remove and replace trees. Colleran agreed, and said she already works with other cities and agencies to coordinate efforts. Greves noted that current staffing levels could not absorb the impact of the issue and asked if there could be a possible sharing of staff with other cities that would include sharing tree inspectors to help manage the staff shortage. Gunyou said one problem with sharing resources in this situation is that is when the infestation hits the region it would hit everyone at the same time.

Hiller said the council and staff have already put in a lot of time discussing the tree ordinance in an effort to save as many trees as possible. The problem of the emerald ash borer will be much more extensive. He said the city needed to be more proactive to address the problem. He appreciated the budget concerns but noted trees were highly valued by residents.

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Allendorf said because the problem is widespread people will be working on finding solutions. He could support \$45,000 in the budget to hire another tree expert. If what was being asked for was additional funding for a management program when it's too early to know what the program would be, then he would be reluctant to spend \$1.5 million to fund such a program. He suggested waiting to analyze the solutions that would be developed. Gunyou noted the \$1.5 million to \$2 million estimate was for a ten year period. He said a big part of the cost of the management program would be determining how to replace the trees.

Schneider said the current management program approach for diseased trees is to remove the trees as quickly as possible to prevent the spread to other trees. The difference with the emerald ash borer is that once it arrives in the city it would not do any good to try to remove the infected trees immediately. There would still be a public safety issue in removing trees where there is a danger they will fall over. This timing difference will allow the city to manage the removal in a different way. He said he was interested in looking at the appropriate way to replace the trees. He also is interested in the educational piece about changing the mindset related to boulevard trees so that people understand that the trees are privately owned and possibly doing away with the 50/50 split in the cost of removing boulevard trees. The city could still provide the mechanism through special assessment to help a resident who has to remove multiple trees. He said he would like the city to layout a matrix of the various options focusing on the appropriate type of replacement. This would get residents thinking now about replacing the trees that will need to be replaced in the near future. Although there might be a cure discovered, he noted that the issue has swept through several states with no solution found.

Allendorf asked for an update on the composting program that began a year ago. Public Works Director Brian Wagstrom said people are slowly becoming aware of the program with a few people signing up each month. There are now around 500 households signed up. Allendorf said he would like to have a future discussion about the program and its associated costs especially if it is not catching on with residents.

Schneider suggested with the loss of resources the city look at reevaluating or restructuring the current curbside recycling program to protect it from being eliminated. Other programs like the brush drop off have some value but are not as essential. Wagstrom noted the brush drop off program is one of the more popular programs in the city. Schneider suggested looking at setting the drop off fee based to cover its costs. Gunyou noted one benefit to the program is it cuts down on dumping in public and private areas.

**Recreation**

Gunyou said staff is recommending two upgrades to the already budgeted Williston Center that would add a youth component to the existing building. Hiller

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said he thought the recommendations were good and would offer something that other area health clubs are not offering. His one concern was reducing the number of batting cages because the cages are heavily used especially during the baseball and softball seasons. Recreation Services Director Dave Johnson explained that currently there are four batting cages. The youth softball and little league cages would remain the same. One cage would now share the two higher level pitching speeds. Gunyou noted there would be no changes to the pitching areas outside the batting cages.

Schneider asked Greves if the recommendations encompassed what she was envisioning for a youth center. Greves said the recommendations along with the Kids Corner space when it is not used have a lot of potential to benefit families with younger children.

Gunyou added the new Hopkins Area Teen Spaces (HATS) program would create a virtual center for teenagers. The idea is to coordinate all the programs offered and spaces available from multiple providers throughout the community in one online area. The program is focused on teenaged kids but Gunyou said it might make sense for younger kids as well. Johnson said program participants would be issued a card that would get them into different activities that they could find by going online.

Greves said it was a fabulous pooling of resources and collaborative effort. Schneider agreed it was a great concept and plan. Investing in fixed facilities is difficult because what is cool one week to a teenager probably would not be cool in a matter of weeks.

Greves said the community has shown great interest in having the aquatic features and the Williston proposal was a way to meet that interest at a fraction of the cost. Johnson noted the facility would become a destination area that could be marketed to the schools and daycare centers. Greves said the comp plan targeted the concept because there are limited places for people to go and for kids to go in the winter to get exercise. Currently residents are going to play areas in other cities to meet their needs.

**HRA Levy**

Gunyou said the EDA was recommending a \$75,000 increase to the \$100,000 levy. The increase would be used for the village center planning process and housing initiatives. The other EDA recommendation was funding for Homes Within Reach should come entirely from the Livable Communities Fund, and not the HRA levy.

Allendorf noted the village center proposal listed the Shady Oak/Excelsior area. There is a church on one corner, a gas station on another corner, a fast food restaurant on the third corner and a developer owns the area on the other corner.

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He asked why that area was included. Community Development Director Julie Wischnack explained staff has received a lot of development interest about that area due to the proposed light rail station that would be located at the southeast corner. The developer is constructing plans. Wagner said the EDA discussed the fact that the area ties in with the Shady Oak Road project.

Greves noted Highwood Drive was listed as number 11 on the list but the city was also getting a lot of pressure to do something in that area. She asked why it was not higher on the list. Wiersum said in terms of impact on the total community, the projects listed higher had a much greater impact. Gunyou said as things evolve and development interest changes, the list would change. Wagner said staff indicated to the EDA that two projects per year could probably be handled.

Wiersum said from the EDA perspective the discussion was if EDA members were comfortable recommending an increase to the levy. The proposed increase was the lowest number they thought could recommend while recognizing the council likely would not increase the level above what the EDA recommended. The identified proposals were thought to be things that needed to get done.

Wagner said the two programs tie back to what was discussed in the comprehensive plan and the Opportunity Cities project. The two programs have been successful in other cities. He said the question was what programs would be best for furthering the city's goals. If younger families are to be targeted would a program assisting first time homebuyers be more effective than providing more funding for renovating homes to provide homes that younger families really are looking for?

Hiller said it would be helpful to get a copy of the minutes to EDA meetings sooner. Looking back at what the city got out of the Minnetonka Mills study he questioned if it would even apply to what is needed in the areas recommended by the EDA. Several of the plans and options considered by residents in the study did not address the major problem of the funding necessary including removing the retaining wall. The study also did not provide any guidance to developers. There was no commitment what would be done with the results of the study. He said a better approach would be tying in the city's values with what is trying to be done. One example is the Highway 7 and County Road 101 area where the concept is to create a transit hub. He said it would be premature to go before the public without determining the traffic counts, the kind of development, and the costs. He said going through the village centers and coming up with what the public likes would not advance the city very far. Rather, a better approach would be more economically driven providing models and trying to see how partners could be engaged on the projects. If something looks promising, then the residents would be engaged.

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Hiller said another thing he has been asking from the EDA is to give the council a plan so the council could discuss if it should be funded. He said the EDA is underfunded but it was difficult supporting increases without specific plans in place.

Greves said she looked at the Minnetonka Mills study in a different way. The whole purpose of the process was to engage residents. She said the process was the best tool the city had and the council hasn't seen it play out to where there is an actual proposal to consider. She was very pleased with the outcome of the Mills process and there are suggestions for developers and stakeholders in the study. She said the Opportunity Cities pilot program also provided a wealth of data about the entire city. She would like to see the council have a strategic discussion about how the outcomes of the program match up with the suggestions in front of the council. Examples of proposals that meet the city's goals were the homebuyers' assistance program and the home renovation program. These proposals would create affordable housing by reducing the costs of obtaining a house for the workforce housing demographic that the city has not been attracting. She said that the Minnetonka Mills study had to be looked at differently than the Opportunity Cities study.

Wagner said what was missing from the process was that the Opportunity Cities document came out around June and the HRA levy had to be certified in August. There was no council and EDA discussion in between. He said one of the objectives of the EDA was to meet the Met Council's affordable housing goals. The affordable housing goal would not be met without large scale development in the Ridgedale and Opus areas. The EDA could not front those developments but rather the city had to wait until private development comes forward. The strategy in establishing the HRA levy was on a project by project basis. The council would approve funding when something important came forward. Given the current state of the economy, none of the projects are coming forward. Therefore the EDA pushed affordable housing measures off until the economy recovers.

Wagner said the difference between the village centers and the Minnetonka Mills area was that the Mills area requires an entire rezoning and reguiding of the area. That inherently created a different dynamic and conversation than an area like Highway 7 and County Road 101 that is already mixed used guided. He said the EDA discussion about providing funding for first time homebuyers and renovation was clearly about finding a way to attract younger families into the city. The recommendations were made under the premise that no additional staff would be added.

Wiersum noted the HRA levy is not the only revenue source available to encourage affordable housing. WHAT would be funded through another part of the budget. The EDA discussed being more proactive and having a plan to achieve some of the city's housing goals. The two programs the EDA

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recommended pursuing represented good ways to achieve that objective. The home renovation program will touch more families than providing additional funding for WHAT. He said other communities that Minnetonka competes with to attract younger families already have the programs in place. The recommendation to evaluate the village centers was made because the EDA was looking for a way to make the comprehensive plan whole with the assumption staff would not be added. The two top areas are high visibility areas and much would be learned through the studies. He said there is no question a lot more could be done, but to do more would take more staff and money.

Wagner said the other thing the village center process would result in was an implementation road map. Wiersum agreed that was the rationale behind the EDA's recommendation.

Greves said she watched the entire EDA meeting and appreciated the work that was done.

Hiller said the EDA discussion was about what could be done with the available funding and not what needed to be done.

Wagner said the EDA was sensitive to the political reality of the situation.

Schneider said the Minnetonka Mills process was a learning experience with the LISC process to see what components could be incorporated in the city's strategic planning for the village centers. It was an experiment where parts worked and parts did not work. He said one part that worked was the excellent work of the facilitator who was able to get people to talk openly and reach a consensus. Another part that worked was the developer who ran some numbers and scenarios. Those two parts are something not normally available in the city's existing planning process. He agreed with Hiller that the whole approach should not be applied to the village centers. There is a need for a facilitated discussion with the stakeholders. There is also a need for an independent party to run financial scenarios to show costs and what is doable rather than having a developer determine what he can and cannot do. Schneider said the missing piece was how the information could be interpreted in the fiscal context of what exists. Independent expertise is needed to come up with a concept plan that determines what is feasible and meets what the stakeholders want for the area. He said he envisioned the plan being like a refined guide plan. The plan could be shopped to a developer that provides enough guidance that the developer would be willing to invest the money to come up with a detailed analysis.

Schneider said he thought the main issue about the HRA levy was what the Livable Community Fund was to be used for and what the HRA levy should be used for. He voted for the HRA levy last year to support WHAT.

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Wagner said the EDA was told the Livable Community Fund was specifically for affordable housing initiatives. Schneider said the fund was for one time incentive planning items and not for ongoing programs. He said he had difficulty spending the levy funds on something that is not well defined.

Schneider suggested the EDA's role for the village center could be to come up with a game plan on how to do the centers without worrying about the timing or how to pay the costs. He said currently the EDA appeared to be constrained by thinking how the levy could be spent, if indeed it could be spent, instead of figuring out what needs to be done. Greves said she was concerned about the scope of responsibility of the EDA and how much work the council was asking the board to do.

Wagner said either the council needs to be the EDA or the council needs to give the EDA clearer direction. He said the council has had several discussions over the past few years about possible roles for the EDA and the lack of direction has put he and Wiersum in a difficult situation of trying to keep the volunteer members motivated over how to move forward. The council ordered the Opportunities Cities' study and agreed the results were great. As an EDA member he looked at the comp plan's objectives along with the study as an implementation map. Looking at the village center concept there were two areas identified that had a high amount of pressure coming up to do something. He disagreed with Schneider about how the Livable Communities Fund should be used. The council needed to figure out a long term funding solution for WHALT and other housing issues. He said he felt that during his six years on the EDA the discussion has gone around in circles and there is not an overall strategy of what the council wants the EDA to do.

Wiersum agreed the EDA members were not clear on what they should be doing and a lot of time is spent spinning its wheels. The recommendations being discussed were the result of the EDA trying to be proactive by coming up with a plan. He said it was confusing to say the EDA is a taxing authority when the reality is the EDA only makes recommendations similar to the other boards and commissions. He agreed with Wagner that if the council was going to revisit everything the EDA recommends, it would be better for the council to become the EDA itself out of respect to the residents who serve on the board.

Allendorf noted that only two out of the seven council members seemed to not agree with the EDA's recommendations.

Greves said the discussion about the EDA was similar to the council discussion about the tree ordinance in that there was a lot of back and forth without the necessary full policy discussion. She said she was not clear if the EDA's general policy direction was supported by the council.

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Ellingson said he liked the EDA's recommendations because there was a real need for the programs. The city has a goal of trying to attract young families and one thing young families want is a yard. High density will not attract young families and both of the EDA's proposals were good yet modest because of the available funding. He said the Minnetonka Mills process was a tremendous improvement over the process used for Glen Lake. Even though there was not a substantive result from that process it was good to get people talking with one another. He said he was sympathetic to the idea that it was not fair to the EDA members that the council had the final approval and it would be hard to serve on the board without having the final say on the decisions.

Allendorf said the evening's discussion seemed to indicate that four or five of the council agreed with the EDA's recommendations. This was an indication that the process works.

Schneider said the broader question was what exactly it meant if the council wanted the EDA to be more proactive. He said the council has not had that broader policy discussion.

Wiersum said being more proactive to him meant thinking about and having an opinion as a governing body about how the city should be developed in the future, understanding the demographic changes that are expected versus having a developer come forward with ideas for an up or down vote. Being proactive means taking the comprehensive plan and using that to put a process in place to answer some of those questions. He said he would prefer doing one study for one part of the city if there is not enough money to do more. It would be useful to see what developing a vision for a particular area in the city looks like.

Wagner agreed that was what the concept of a village engagement was about. If it is determined that a certain amount is needed to develop an area in the way the council wants it developed, then different funding sources could be looked at to get the development done. It is unrealistic to expect the EDA to have a plan for all of the village areas that meets all the needs of the city.

Schneider said what was being discussed may be more than an EDA function. Gunyou concurred, saying that village development would include more than housing strategies, such as improvements like trails and roads.

Hiller said it would be helpful if the discussion included the potential value the EDA could bring to the overall process and much it wanted to do, and what it needed from the council. He said it would be helpful if the EDA would determine what it thought could be done and an analysis of what it would cost.

Wagner said a volunteer board that meets once a month likely could not provide that information. He said until last year the meetings were about reviewing

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studies and voting on if there would be 10 to 12 percent affordable housing in a development. There have been changes to what the EDA should be over the last year and a half but to expect the EDA to come up a detailed plan with priority recommendations would require reallocating more staff to assist the board.

Gunyou suggested the council consider Wagner's idea to make the council the EDA. The magnitude of what was being discussed supersedes the current mission and expertise of the board. He said the kind of policy decisions about strategic priorities and direction requires the council to be involved in every step of the process. It was unfair to ask a volunteer board to do that. He said that was the reason that in most cities, the council serves as the EDA.

To address these various issues regarding funding and role, Gunyou suggested making the study session scheduled on September 28 a joint meeting with the EDA. The meeting could review the Opportunity Cities recommendations, and the outcome of the meeting could be prioritizing this list.

Wiersum said another issue that needed further discussion was what the EDA can be given current budget restraints. He said the EDA's recommendations were minimal because of the reluctance of asking for too much.

Wagner said it would help to have a council discussion about how to manage funds. Last year the council discussed not draining the Livable Communities Fund just for WHATL and now the discussion was about using the fund for WHATL to better move the Opportunities Cities program's ideas forward.

Greves noted what the EDA recommendations for this study session were exactly the type of recommendations she would expect. She agreed there was a need to have a broader discussion based on the Opportunity Cities document.

Allendorf said if the outcome was to have the council become the EDA, there needed to be discussion and a process about any such transition.

Wiersum complimented the residents who serve on the EDA for being earnest and hard working. The message should not be that the potential change was based on the EDA not doing its job. Rather, the potential change was based on trying to make the EDA as effective as it can be. He said he would like to hear what the non-council members on the EDA think about their role.

Greves asked Wagner and Wiersum if what was before the council was reflective of what they thought was the appropriate role of the EDA. Wiersum said what was delivered was appropriate given the budget situation. Wagner said he looked at the situation as a multi-year transition of the EDA from what it had been to what it ultimately will be. Given the current economic times this phase was moving from being reactive to the beginning of planning with recommendations

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from a consultant, with the potential for something bigger when the economy recovers or as residential projects come up in the identified village centers.

Greves said she would like to see the EDA continue in some form because she finds the information it provides invaluable. Gunyou said there are different organizational options, and that it would be beneficial to still have an advisory board for the council. Greves said because the broader discussion had not occurred yet, she was uncomfortable giving the EDA more responsibilities at this point.

Schneider said he supported the programs the EDA was recommending. He said the senior housing regeneration program needs to be re-thought of more positively as a young family housing option program. Wagner said that was why the EDA focused on the other two programs. The senior housing regeneration program would not change as much as the other programs. Schneider said all the programs achieve the same thing. He said in another community it was found a subsidy helped in attracting young families but the most important element was letting people know what was available. An inventory of what was available and what needed to be done with a specific home would be helpful. This would help a potential homebuyer understand that there may not be the hurdles they think exist to buy a particular house in the city. Wiersum suggested adding that type of information to the city's web site. The city's role could be to help people make sure they are buying a good house, help them get the down payment together, and working with lenders to get the loans needed. This would provide an attractive tool for attracting young families to the city.

Allendorf agreed providing the inventory to realtors would be useful. Greves added that school districts are working hard to get young families into their districts. Schneider suggested the realtors could help pay for the costs of staff compiling the inventory.

Wagner asked Schneider if he wanted to amend increasing the funding for WHALT. Schneider indicated he was fine with the recommended level of funding. His concern was that the city needed to have stable funding for WHALT in order to leverage available grant funding from others. Wiersum said the message was the city was committed to affordable housing and was not going to leave WHALT needing more funds.

**Preliminary Levy**

Gunyou said staff was surprised to see how high a preliminary levy some of the other similar cities were proposing. Conversely, some cities that usually increase taxes more are exceptionally low this year. It appears some of the lower levies might be attributable to paying off debt and TIF district retirements.

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Hiller asked if any of the other cities were running into issues with their proposed levies. Gunyou said there is a provision in state law that allows a city to levy back the loss of LGA or HMVC for one year. It appears Eagan is levying that entire amount. Greves asked how many of the similar cities special assess for road and other projects. Gunyou noted Minnetonka is one of the few cities that does not special assess, so levies in other cities are understated in any comparison with Minnetonka. Greves asked how much public feedback had been received related to the proposed levy. Gunyou indicated very little feedback had been received as of yet.

Wiersum said he was OK with the proposed preliminary levy, although he had envisioned trying to come out with a zero percent increase as a message to residents that government can tighten its belt.

Allendorf said he also was OK with the proposed preliminary levy although he would like more information about what the transition costs might be for the firefighters' pension and using some of the reserve fund. Wiersum said he would also like more information about delaying some of the thin overlay program for roads freeing up revenue to mitigate the proposed increase. Wagner noted that the bidding environment is favorable now and to delay work on the roads might cost more in the future. Schneider said when he has talked with residents they understand the need to increase the levy to improve the condition of the city's streets.

Greves said it would be interesting to know how much the potential tax increase would have been had the budget adjustments not been made earlier in the year. Gunyou said it probably would be equal to the \$1 million gap that had been projected.

**2. Adjournment**

The study session adjourned at 9:36 p.m.

Respectfully submitted,

David E. Maeda  
City Clerk