

**STAFF SUMMARY
CITY OF MINNETONKA
CITY COUNCIL SPECIAL STUDY SESSION
MONDAY, FEBRUARY 8, 2010
PAGE 1**

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

Staff: John Gunyou, Geralyn Barone, Julie Wischnack, Elise Durbin, Desyl Peterson, and David Maeda

EDA President Peter St. Peter was also present.

1. Restructuring of Economic Development Activities

Schneider said he had been thinking about if the current EDA structure was working ever since the joint council and EDA study session where the meeting included discussion about the EDA being more proactive and having a closer working relationship with the council. Since then he has run some alternatives by City Attorney Desyl Peterson and discovered minor changes to the EDA would not work because of restrictive state statutes. He also met with Wagner and Wiersum and it was decided the best approach would be to start over to make the group more effective. The idea is to transfer the formal aspects of the EDA to the council. The restructured EDA would become an advisory commission known as the economic development advisory commission (EDAC). Similar to the other boards and commissions, the mayor would recommend the chair rather than have the group appoint the chair. This would allow for more flexibility to address a current issue that might arise.

Schneider said he developed several categories of expertise and skill sets that he would attempt to use in making recommendations for appointment to the EDAC. Another proposed change would be not to have councilmembers serve as members of the advisory commission. A councilmember would act as a liaison and would report the commission's activities back to the council. He said he reviewed the changes with the EDA members at the meeting earlier in the evening and there was general support for the concept. Wiersum had suggested having a primary liaison and an alternate liaison so a councilmember was always present at the meetings. Schneider said another concept incorporated in the change would be to have a working group model that would have a core group of people with general knowledge about all the issues. There would also be smaller groups that include outside people with specialized expertise that would get into the technical issues related to a specific topic.

St. Peter said the EDA had discussed the concept back in 2002-2003 when a developer was playing the EDA against the council. The EDA looked at the staff costs as well as costs for an outside consultant and looked at potential structural changes to better address the issues. At that time, St. Peter came to the conclusion that the statutes would only permit one model or the other and that was why most cities operate with the council serving as the EDA. He said there

**STAFF SUMMARY
CITY OF MINNETONKA
CITY COUNCIL SPECIAL STUDY SESSION
MONDAY, FEBRUARY 8, 2010
PAGE 2**

was significant value to be gained from citizen input on economic development in the city. He supported the proposed changes but had some concern that ad hoc task forces that do not have legal standing tend to go away unless the institution formalizes the group. He said he would also recommend that those people who participate in the EDAC over the next three to five years understand it is a work in process and the city was trying to determine how to establish the best working relationship between the EDA and the advisory council.

Schneider said not only would the number of members increase on the advisory commission but the scope of the issues the group would get involved in with would also expand. He said there would almost be a planning or visionary element to the group's focus. There likely would be interaction with the planning commission and the community commission.

Wagner said that included in an earlier draft of the changes was a section that indicated there would be communication or planning sessions. He said part of what is driving the need for the change is to be more proactive but another driver is that the EDA was facing policy decisions that only the council can make. As policy decisions are made and objectives for the year are defined it would be helpful for the advisory council to have a work plan to work off of. It would also give the council liaison direction on how to guide the group throughout the year.

Hiller suggested having the advisory commission report to the council on a regular basis at a council meeting. He said it would be easy for the first few years for the group to drift off and end up causing issues that the changes are meant to address. Wiersum suggested the council liaison could report back to the council at a council meeting. Wagner said when he was on the planning commission the community development director would give the commission feedback from the council. Schneider said part of the council's charge would be to provide clear direction to the EDAC and what the council's expectations are. The council might ask for a summary report and recommendation on an issue and would receive formal feedback when the reports are done. During other times the liaison could provide updates about the EDAC's activities.

Wiersum said there are three primary strengths to the proposal. By taking the councilmember off of the EDAC and making the person a liaison, it would allow the councilmember to provide insight and expertise from s councilmember's perspective. He said from his experience of serving on the EDA, the councilmembers tend to have an inordinate amount of authority because what the councilmembers say tends to lead the direction of the discussion. A related issue is if he took a position as an EDA member, he felt compelled to continue with the position as a councilmember even if he had learned new information and his opinion had changed. He said another strength of the proposal was placing the authority on people who are elected. To put volunteer residents in the role of having to take the blame for taxing was not fair.

**STAFF SUMMARY
CITY OF MINNETONKA
CITY COUNCIL SPECIAL STUDY SESSION
MONDAY, FEBRUARY 8, 2010
PAGE 3**

Allendorf said he had seen both Wagner and Wiersum suffer in having to come back to the council only to find the council not agreeing with what the EDA had done. He said he didn't think it would work to have a liaison member report to the council during a council meeting. The tendency is for a liaison to stress the positive. He preferred having the staff person prepare the report as part of the council packet. Wagner said that approach would still allow the liaison to give feedback.

St. Peter suggested that councilmembers and other board and commission members who have something to say about an issue should show up for discussion at the EDAC meeting. Schneider said he would have concerns with that because the direction to the EDAC would come from the entire council and not any single member.

Schneider said he would envision the EDAC having a regular meeting night but the actual schedule of meetings would be flexible. When the EDAC is given a charge to lead an effort, the expectation would be the group would figure out how many times it would need to meet in order to meet the timeframe. Wagner asked what Schneider envisioned for the task force or subcommittees as far as the size. Schneider said it would depend on the subject matter. He said the main goal would be to add the flexibility to add new talent rather than just rely on the seven members of the EDAC. Wagner said it would be valuable because it would allow the business community to get more involved earlier in the process. Wiersum said a primary benefit would be recognizing the role of expanding the economic development perspective in the city. The changes would put the structure in place to allow that to happen.

Schneider said to incorporate the changes would require the council to adopt a resolution. If the process is not working, the resolution could be amended. Peterson said two resolutions would be needed. One resolution would reconstitute the EDA and the other would specify the other changes. She asked Schneider who would appoint the task force members. Schneider said it would be a similar procedure as appointments to the other boards and commissions.

Wiersum said the city could target businesses in the area that are influential and who might have the resources and people who would be helpful.

St. Peter said one challenge would be finding people with the necessary skill sets within the city. Schneider noted "best efforts" is included in the skill set criteria. He envisions more definitive outreach to residents that would likely get people to step forward to participate. He said he has been keeping track of the applicants ever since the interviews to fill the empty council seat and he feels there is a good pool of people to draw from that would cover many of the categories.

**STAFF SUMMARY
CITY OF MINNETONKA
CITY COUNCIL SPECIAL STUDY SESSION
MONDAY, FEBRUARY 8, 2010
PAGE 4**

Greves asked if information would be included in the Minnetonka Memo explaining the timeline to residents. Schneider said the first step would be to transfer the EDA authority to the council and then information would be included in the Memo. The process may take a few months. Wagner said the council should have some agreement on what the 2010-2011 objectives for the group are before soliciting applications.

Hiller said he was trying to understand how the process would be accomplished within the next six months. He said either a strong leader who knows what is going on would need to be identified or a staff person would need to guide the process or the council would have to develop a priority list. Schneider said the council would develop a list of priorities. The list would likely evolve over time and might include both tasks and goals.

Allendorf said the city already has a list of engineering companies that are used for various studies. He said the two known areas already being looked at are the LRT area and associated developments and also the Opus area. He suggested coming up with a list of developers the city would work with that would bring the expertise needed to determine costs and time frames for those two areas. He asked if the city would need to go through a formal process for selecting the master developer. Gunyou said the city would continue to use consultants for the detailed planning. Selecting people to participate on the task forces would be different from that process. Schneider said after the study is completed then a standard RFP process would be used for the development. The consultant who helped with the study would not be excluded from responding to the RFP. Allendorf asked if the council could select the developer who made the most sense for the project or if it would be required to select the low bidder. He cited a recent project in an area in Minneapolis that the city wanted to have developed. A developer was selected to come up with a master plan. An RFP was sent out for a developer to purchase and develop the property. A lot of companies submitted a proposal but the developer involved with the master plan was selected not as the low bidder but because they had the most knowledge. Peterson said that process could be used and a competitive bid process was not required.

St. Peter said part of the challenge in getting people to participate on the task force would be the city would be looking for volunteers. Allendorf noted those people may not get the work but they would have an inside track. Schneider said his experience has shown that the developers who participate in the earlier process have a more difficult time because they know too many of the details. He said Minnetonka has never used the process but most other cities already do something similar on a regular basis. It is not without controversy because the city would be more directly involved but it does result in things getting done in the community that otherwise likely would not get done like affordable housing and quality of life issues. Wiersum said it put the responsibility for the difficult

**STAFF SUMMARY
CITY OF MINNETONKA
CITY COUNCIL SPECIAL STUDY SESSION
MONDAY, FEBRUARY 8, 2010
PAGE 5**

decisions where it belongs. Gunyou said the major advantage to the change would be to clarify responsibilities and roles and focuses the accountability on elected officials. Greves said she liked the aspect of having at large members on the EDAC. This would allow people who are particularly passionate and knowledgeable about an issue to serve.

2. Adjournment

The study session adjourned at 9:35 p.m.

Respectfully submitted,

David E. Maeda
City Clerk