

**STAFF SUMMARY  
CITY OF MINNETONKA  
CITY COUNCIL STUDY SESSION  
MONDAY, MAY 10, 2010  
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**Council Present:** Bob Ellingson, Amber Greves, James Hiller, Tony Wagner, Brad Wiersum, and Mayor Terry Schneider. Dick Allendorf was excused.

**Staff:** John Gunyou, Geralyn Barone, Merrill King, Darin Nelson, Julie Wischnack, Lee Gustafson, Liz Stout, Mark Raquet, Brian Wagstrom, Perry Vetter, Joe Wallin, Kevin Fox, David Maeda

Schneider said he had spent the last month recruiting and contacting people who had previously applied or had been interviewed for a position on one of the boards and commissions. He said time was running out to fill some of the open positions. The first EDAC meeting was scheduled for June 21. He asked if the other council members preferred to do a special study session to conduct interviews or if they preferred for him to put together a list of the applicants he felt were qualified for the open positions. If a council member wanted more background on an applicant then that person could be interviewed. Schneider said he was trying to fit specific skill sets with consideration to balance on the particular board or commission.

Wagner said sitting through boards and commissions interviews was his least favorite duty of being a council member. He said it was always a challenge because there were so many mixed pieces and he thought it was beneficial for Schneider to put forward a list of qualified candidates. He suggested that it would help in the application process to be more purposeful by defining expectations rather than screening applicants after they had already applied. He said a lot of times the council had to educate applicants during the interview process.

Wiersum said he would like the process to be as efficient as possible and if Schneider had a sense of a slate of candidates that would fit well in certain positions, it would be beneficial. He agreed with Wagner in making the application process more purposeful by clarifying the specific experience the council was looking for before applicants are brought in for an interview. This would also allow council members to encourage somebody who might be a good fit, to apply. He said the process had to continue to be open but if there was a way to make the process more efficient it would be helpful.

Hiller said he was comfortable with Schneider's suggestion of developing a list because that process was already being used for the EDAC. He said he was open to either process however.

Greves asked if in the past everyone who applied was granted an interview. Schneider said that since the interview process was started all applicants had been given an interview. He said he would not eliminate the interview process but the challenge for the EDAC was to appoint the entire commission all at once and that there was a mix of pre-defined experiences being sought. Greves said

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her concern was because the city had interviewed all applicants then there might be the expectation for an interview but she supported an expedited process.

Ellingson said Schneider had a good sense of who should be on the EDAC and what types of qualifications were needed.

**1. 2011-2015 Capital Improvements Program**

Gunyou explained the recommended fire apparatus fund. An additional \$425,000 per year would equate to a one-time 1.5 percent increase in the total property tax levy in 2011. The fund would be used for bigger ticket items like replacement pumper trucks, ladder trucks and SCBA equipment.

Wagner asked if the major ticket purchases have occurred fairly consistently in the past or if there is a bubble coming up in items whose life spans have been extended for a long time. Gunyou said that for the first five years there would be some catching up that needed to be done because some purchases have been delayed. Once the process is in place, items could be scheduled out. Fire Chief Joe Wallin indicated even after the catch up period equipment would still need to be purchased as time goes on. Gunyou said one example was the SCBA gear that is on a seven year replacement cycle. One big unknown was what the public safety study would conclude. Wallin said the age of the equipment has been stretched out as far as possible and he did not see the fund having a huge surplus in the future.

Wiersum said in reading the staff report it sounded that the approach of buying used and refurbishing equipment would not be as effective in the future because increasing costs of replacement parts. Wallin said that was a fair statement. The price of used equipment has gone up and the cost of maintenance has also increased. He said the strategy gave the city a decade worth of equipment and saved a significant amount of money. Wiersum agreed the proposed fund had merit and was needed. He said his one concern was that sometimes when special funds are created, the demands for the amount of money accelerate at a greater rate than the overall budget. If the council chose to establish the fund he would like the fund amount set at an amount that the city could live with for a number of years. Gunyou said staff was comfortable with the five year planning timeframe.

Hiller said there was no question the equipment needed to be replaced but he had concerns about why another fund was necessary.

Schneider asked if the city switched away from using refurbished equipment if there was a plan in place to address the impact on the 30 year life cycle of the equipment. Wallin said the ladder trucks would last longer. Gunyou said even though the recommendation was for a separate fund, over the recent past there

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has been a shift from increasing funds by a certain amount each year to an approach of adjusting levies in each of the funds accordingly for the five year period to provide flexibility. Finance Director Merrill King noted the flexibility was the reason why the overall CIP levy has not increased the past few years.

Wiersum said the fire apparatus fund was defensible because it was for public safety and the city has been prudent in the way it has spent money on capital funds for the fire department. Having a separate fund would make it more difficult for the council to take money from the fund for something else. The equipment would need to be purchased anyway and having a separate fund would make it more visible.

Schneider said he fully supported the idea of a dedicated fund that would allow the city to plan for bigger purchases. His concern was about the timing and the process for getting the fund to where it needs to be in today's economic climate. He suggested establishing the \$425,000 as a goal, having a lower tax levy, and then trying to figure out how to get to that amount by transferring money left over from other reserves and building the fund over a couple of years.

Ellingson asked what the levy limit was for 2011. King said the specific number was not yet known. The legislature recently increased the limit to 1.17 percent. She noted that things that were unallotted could be added to the limit.

Wiersum agreed with Schneider that if there were other funds that could be tapped to lower the levy increase, he would be fully supportive of that approach.

Greves asked if Gunyou had any possible reserves in mind to transfer into the fire apparatus fund. Gunyou said staff tries to estimate the carry forward amount for every fund to schedule approved items and that was already included in the information. If the council chose to take Schneider's suggested approach, staff would need to go back and reschedule some items.

Wagner suggested Gunyou and King bring back options for the council to look at. He said he would be opposed to using the CIF for a core service of the city.

Gunyou outlined the trail improvement plan. He said staff had two questions for the council: 1) If trail improvement was an appropriate application of the CIF; 2) If the approach staff had taken was the correct approach.

Parks, Buildings and Grounds Manager Perry Vetter gave background on the plan.

Greves noted the southwest quadrant of the city had little programmed into the plan. She asked if there was something in the Highway 7/County Road 101 corridor that potentially could be added. Gunyou said he asked Vetter to develop

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a 10 year plan. The information provided to the council was for the first five years. Vetter said the plan was developed to include what trails could be built and finished right away. Other trails that might not have as high traffic but were missing links for other trails were then considered.

Schneider asked how the trail on Shady Oak Road between Excelsior Boulevard and Highway 7 was being handled given the timing of the road project was up in the air. Vetter said the trail was scheduled for 2014. Gunyou said consideration was given to when the road projects would occur and staff wanted to make sure the funds were available given that some of the trails would be expensive.

Wagner said he was a big advocate of the program and that there was no better use of the CIF dollars than to accelerate the 30 year trail plan. He frequently hears from residents concerned about riding on the side of high traffic streets. Because there was no scheduled reconstruction of some high traffic areas, his concern was that it would take a long time to get some of the trails done. He said for him CIF dollars should be about advancing projects that aren't scheduled to be done as part of road project. He gets a number of calls from residents near schools who want to send their kids to school on their bikes. He suggested challenging the residents to work together to donate easements, or coming up with a matching grant fund, to stretch the city's resources further. If a neighborhood participated, their project could be moved up the list. Gunyou said staff discussed Wagner's idea and thought the idea was a good one.

Wiersum said furthering the trail system had broad community benefit but the city had treated the trail system as nice to have rather than a core part of the infrastructure. He agreed using the CIF to accelerate the trail system process was what the fund was meant for. He would strongly support making the connections to allow people to use the trails to get to the places they want to go.

Hiller said his concern was about the use of the CIF. The fund was set up to do special projects like the Williston Center. He was concerned that trail improvements would bleed the fund and the fund would never grow to the amount necessary to do special projects. He said specific goals and principles needed to be identified to use the CIF for trail improvements. Gunyou said one advantage of using the CIF for trails was that it would provide flexibility for the future. It would be easier to delay a couple of years of trails to fund a big project.

Schneider said he agreed with Hiller. He said that trail improvements met all the criteria for the CIF. His concern was because there was the potential that the trails would absorb all the funding, the funds would not exist to do a major project in the future. He suggested the council adopt a resolution that would identify trail projects that would qualify for CIF funding. Rather than dedicating the funds the council would inform the park board the money that was available. The park board would then have to apply for the money on a yearly basis to fund the

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priorities. The council then would make a decision on an annual basis looking at the status of other projects. Gunyou noted the rules of the CIF were that the project had to be in the CIP for two years. He suggested one way to do what Schneider was proposing was to assign a lower number to some of the trails and creating a list of trails in waiting. This would keep those trails on the list but not commit the funding. Wagner said it was important for the council to set the expectation for staff and residents on what the recommended appropriation would be so proper planning could be done.

Ellingson asked what types of trails were being envisioned. Vetter said he envisioned the trails to be similar to the trail along Shady Oak Road. Eight foot wide trails would be easier to maintain and allow traffic in both directions.

Gunyou and King gave a summary of the proposed economic investment fund.

Wagner noted that King indicated that \$2 million was needed in the assessment account. He asked how she saw the fund growing going forward. Would the city be in a similar situation five to ten years out? King said she thought the fund would continue to grow but not at the same rate.

Hiller said one of his concerns in lowering the assessment account balance was that the city might lose some margin on future bonding. King said staff now has a better handle on each of the funds used for road projects than ever before. None of the funds has a negative balance. City Engineer Lee Gustafson noted that with the three county road projects in the CIP, the two County Road 101 projects also qualify for turnback funds. The city will not have to participate to the same extent as it did with the last Shady Oak Road project. The city went through a very laborious process to come up with a very good cost estimate for the other Shady Oak Road project. He said there has been great specificity in identifying the funding sources to make certain that the city's funds remain in good shape.

Gunyou gave an overview of the water quality improvement program. Schneider he was serving on the Headwaters Council. The group is developing the broad policy on how the Legacy funds would be used. He said it was likely much of the funding would be allocated to the metro area for water quality improvements. There likely will be performance based criteria and matching funds. Cities that are prepared will potentially be able to capture the funds first. Greves asked if a key to that would be partnering with the watershed districts. Schneider said the more a city can have things in place early on, the better chance the city could capture available funds.

Hiller said he wanted to manage expectations and make sure that people understood the city wasn't promising to take care of each lake annually.

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Greves asked the status of the state addressing the impaired lakes. Gustafson said the state was moving forward. He said two of the three lakes that are now listed as impaired were not listed that way several years ago. Because of the citizen monitoring program the three lakes are listed as impaired. Once a plan is approved by the PCA and EPA, an implementation program must be developed. Aesthetics often do not pertain to the water quality. Gunyou said one thing the city would want to do was to address not just the lakes that are impaired but looking at steps that could be done to protect the lakes that are not impaired.

Wagner said there are times that an action the city has done drives the water quality but a lot of times it was also about management around the lakes. He asked if the city could do something to get neighbors more organized. Gustafson said the city was well ahead of many other cities. The computer modeling will help analyze where the city can get the most from the available resources.

Ellingson asked if the strategy was to put chemicals into the impaired lakes to kill the weeds or if there was a strategy that didn't rely on chemicals. Gustafson said there were many strategies that would be used.

Schneider called a recess at 8:18 p.m. He called the meeting back to order at 8:36 p.m. He said he would like to hear a general discussion about what overall magnitude and direction of the proposed CIP.

Greves said that she wanted to make sure that when staff came back with options related to the fire apparatus fund, she didn't want to see cuts or further delays to things that were real needs. Gunyou said if the adjustment was in the \$100,000 range, then staff could likely come back with options that would not include cuts to things that were real needs. Wiersum said there seemed to be a general agreement that what the council was asking for were options that looked at other sources of funds.

Hiller asked if there was an estimate what the levy increase would be over the next few years. Gunyou said looking at the capital levy for 2010 and 2011 the increase would be a little larger due to the fire apparatus fund. Looking out further, the increase would likely be in the two and a half to three percent range for the capital levy.

Schneider said for the overall budget the council needed to be able to tell residents what they would lose if there was no tax increase. Gunyou said staff would discuss how that information could be provided. Wiersum agreed it was a better message that the city looked at a zero based budget but determined that cutting key programs and services was not in the best interest of the city rather than how a proposed property tax increase compares with peer cities. Hiller said in talking with residents, people were concerned about what the state would do.

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He said the one place that could be trimmed was road improvements but people understand and accept the need for those improvements.

Wagner noted that light rail was scheduled for around 2015. He asked at what point there would be better estimates from a streets standpoint of what the city's contribution would be. Community Development Director Julie Wischnack said by next year there would be more information available.

**2. Disposition of funds from the sale of 5425 Spring Lane**

Gunyou reviewed the proposal.

Wagner said the hard costs should be valued more than appraised value. The park fund has already received the rental income associated with the property. He said he would have a difficult time having the park fund benefit from appreciation that occurred over the years while the development fund take a hit for the hard costs that were paid out.

Hiller noted the park board had agreed to sell the property while the EDA knew it was taking the risk.

Ellingson said he agreed with the staff recommendation.

Wiersum said he thought the staff recommendation made sense.

Schneider said if the house had been torn down and the land made into a park, the land would have been worth \$50,000 rather than \$200,000. The land was purchased to be incorporated with Purgatory Park and this probably wasn't a good decision because the land didn't fit into the park like it should have. He said the \$145,000 was a viable reimbursement cost. He agreed with Wagner that it made sense to give more to the development fund.

Greves said given the discussion about trails, if there was potential for the recommended approach then additional funding for the park development fund might be needed.

**3. Adjournment**

The study session adjourned at 8:57 p.m.

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Respectfully submitted,

David E. Maeda  
City Clerk