

**STAFF SUMMARY  
CITY OF MINNETONKA  
CITY COUNCIL STUDY SESSION  
MONDAY, NOVEMBER 15, 2010  
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**Council Present:** Dick Allendorf, Bob Ellingson, Amber Greves, James Hiller, Brad Wiersum, and Mayor Terry Schneider. Tony Wagner was excused.

**Staff:** John Gunyou, Geralyn Barone, Merrill King, Liz Berger, Julie Wischnack, Desyl Peterson, Mark Raquet, Brian Wagstrom, Dave Johnson, Kevin Fox, David Maeda

**1. MCWD joint facility update**

Victor Pechaty, HGA Architects and Engineers, gave the presentation.

Greves said looking ahead as the group moves ahead with design, she would like to see the building be the greenest building possible given the purposes of the programming. Assistant City Manager Geralyn Barone indicated that the steering committee had put together values that were desired for the site and the environmental aspect was one of the values identified.

Allendorf asked if the proposal was for the city to donate the land but not participate in the building cost. Schneider said that was generally correct but what was yet to be determined was if the city would build the building and then lease it to the district. The alternatives have to be flushed out to determine what made the most sense.

Wiersum agreed with Greves' comments and said it would be great if the building could get LEED designation given the purpose of highlighting the natural resources of the area as long as it didn't cost a lot of additional money. City Manager John Gunyou indicated the district's board of managers feels the same way. Schneider said there were a couple of home grown programs similar to LEED that would accomplish the same end result without all the paperwork and fees.

Ellingson said that in considering the public use of the building it might be comparable to something like the Guthrie Theatre where the building was oriented for the view. The Guthrie is always open to the public and he would like to see the same for this proposed facility. Another comparable building is the Three Rivers Park District nature center in Bloomington. There is a room with a glass wall that allows visitors to see wildlife just a few feet away. This provides a reason to go to the building. Schneider indicated that Wagner shared a similar concern about there being something that draws people to the facility.

Hiller said the first step was to determine if it was feasible to build the facility. After that was answering the fundamental question about the programming. There has to be something that brings people in to justify the building.

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Greves asked if the education piece was one of the top values Barone had previously mentioned. Barone indicated that it was.

Ellingson asked if any of the property had been acquired from money from the bond issued for open space. He didn't support using taxpayer money to buy open space for an office building. Gunyou informed him earlier in the day that some of the land was acquired with parks funds. Ellingson said parks are a type of development. People don't visit raw open spaces. There has to be a building with parking and programs that brings people in.

Schneider said if the project proceeds the discussion has been to make the design of the building fit the character of the environment.

Eric Evenson, from MCWD, said the district fully understands that whatever happens has to meet not only the city and district needs, but also the greater needs of the community.

**2. 2011 detailed budget review**

Gunyou indicated that the preliminary levy was for a 3.4 percent increase but the recommendation was now a 2.9 percent increase.

Wiersum asked what was happening with the ratio between commercial and residential properties. Finance Director Merrill King said the value of commercial properties has been steady compared to residential properties and therefore the relative share would be greater for commercial properties.

Allendorf said it was a big deal that the levy was for 2.9 percent rather than 3.4 percent. He said there should be more information for residents about why the proposed levy had decreased. Gunyou said the budget article for the next Minnetonka Memo was being prepared and would include more of an explanation.

Greves said she too was pleased that the 3.4 percent had been reduced to 2.9 percent but was still hoping for a little lower increase.

Ellingson said at the council meeting where the budget had been discussed information indicated that if the TIF district was decertified, the city would get \$180,000 more per year. Gunyou said the district could be decertified any year. If the money hasn't been spent, the city would receive it back. Ellingson asked if the district was decertified next February if the city could increase taxes less than the 2.9 percent. Gunyou said that was correct. Ellingson said this meant the city was raising taxes more for low income housing. Gunyou said it was more accurate to say the council wasn't lowering taxes. He noted despite all the

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Minnetonka Memos and newspaper articles about the proposed increase, staff had not heard from anyone expressing concerns.

Allendorf said there was not a specific project connected with the HRA levy and it was not good tax policy to collect money without having something identified that needed the funds.

Hiller noted the .5 decrease was not really a cut but primarily exists because a project had not come up that the amount could be used for. He said he had heard comments from residents who have expressed concern about what the state government might do to solve its budget issues. The residents indicate they are receiving reasonable value for their taxes but question if the city is being diligent in trying to control costs.

Schneider said the only comments he has heard from residents relate to the macro issue of all levels of government getting by with less. He said when he engages these residents in conversation to inform them the steps the city has taken, the residents agree the city has done a good job.

Wiersum said he too has heard concerns about the macro issues. Wages are flat and costs are going up and people are feeling stressed. Residents want to be convinced the city is adequately tightening its belt. He said he references the fact the city did reduce positions and that satisfies some of the residents' concerns.

Greves noted that the storm water fund included a proposed .32 cents per month fee increase that would generate \$75,000 increase over the next year. She asked how the fund creates a communitywide benefit given that a lot of the projects are neighborhood specific. Gunyou said one way to look at the fund was similar to how the city pays for street improvements. The city does not special assess an area for street improvements because over time everyone in the city benefits from the road improvements. He said storm water used to be paid by property taxes but was now was part of the utility fee. Everybody pays into the fund even if they might not get a pond in their area because over time the ponds provide citywide benefit. Schneider said that since the beginning of the city, the wetlands had been used as storm ponds with pipes between them so they eventually drain. By doing that a lot of money was saved for people buying lots to develop. Under current standards that system is inadequate citywide. Fixing one neighborhood affects surrounding drainage areas. There had to be a comprehensive way to address the entire city. Because everyone benefited over the years with the prior way of doing things, everyone now contributes by paying the fee.

Greves noted the fee would continue to increase and she questioned if going forward the city should capture some of the increases in the levy. Wiersum said he does not have an issue with the fees. When the fees were first implemented

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there was a long list of storm water projects that needed to get done. The fee provided a tool to start reducing the backlog. The tool isn't big enough to get the entire list done. He said the community benefit is that anyone could have storm water problem and the fund helps resolve those problems. Schneider added the fee buys time to defer any major bonding that might have to be done.

Hiller asked if the city had seen significant decreases in fuel costs. Wagstrom said the consortium the city belongs to that does bids for fuel is in the process of submitting requirements and needs for the next bid so the upcoming fuel prices are unknown but likely to go up.

Wiersum asked if salt brine was a more effective way to mitigate ice so that less is needed on the roads. Wagstrom said salt brine is a more efficient and cost effective way to deal with ice early in winter and later on in winter. During mid-winter when it gets very cold, the better salt from out west is needed.

Greves asked for more information about the increased fees for the rental of school district facilities in the Recreational Services Department's budget. Recreation Services Director Dave Johnson said the Hopkins School District had adjusted their fees upward. The Minnetonka School District has now incorporated a fee schedule.

Allendorf asked for more information about why the Williston Center's daily nonmember participant revenue was expected to increase 50 percent. Johnson said there was a reduction in 2010 due to the construction and the time the pool had been shut down. Going forward, the indoor kids pool, indoor play area, and the new fitness area will attract more people to the center.

Allendorf asked for more information about the projected 2011 development in the city. Community Development Director Julie Wischnack said she was being conservative because she doesn't see a lot of projects coming in. Gunyou said Wischnack does a much more detailed trend analysis than the city did before.

Greves noted the page for the housing and redevelopment authority fund indicated the EDAC had already made recommendations for the 2011 HRA levy. Wischnack said the EDAC reviewed the levy one time and would review it again. Greves also noted that the page indicated that \$90,000 was to finance low to moderate income housing rehabilitation program. She asked if this was different from previous discussions. Wischnack agreed it was more accurate to state it was for moderate income housing rather than for both low and moderate income.

Allendorf reiterated the concern he raised earlier about the HRA levy and that it was not good tax policy to collect money and not have something identified for it to be spent on. He suggested reducing the levy by \$85,000. Schneider said if there wasn't a perceived need he would agree with Allendorf. But there is a huge

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need and the city hasn't been able to implement the program and make sure the correct process was in place to get the funds to the right people. The proposed levy creates the funds to be set aside to address the huge need in the city. Allendorf said there was a huge need for a lot of different things in the city including affordable housing but that doesn't mean the city should levy for the funds and then try to figure out how to spend the money. Wischnack said there are two identified uses for the funds. One was for rehabilitation of homes for people not eligible for the CDBG program. The other use was for down payment assistance for first time homeowners that would help people afford homes in the city. She said the part that was missing was the process in which people would obtain the loans. Without a sizeable amount of money available or the funds being available annually, the programs would not be able to help many people. Allendorf said there was a huge difference between identifying the programs and working out the details of how people can apply for the funds and how the funds would be allocated. If those are the two programs the council thinks the programs are worthy to fund, then the programs should be identified in the budget.

Wiersum said the program being talked about needs more than \$100,000 year to be effective. At the same time there is \$100,000 leftover from last year and the proposal was to levy another \$100,000 at a time when money is hard to come by. He said he didn't want to take a step back and discontinue the HRA levy because it had been difficult to establish it in the first place. He suggested it might be feasible not to levy the \$100,000 and suspend it for a year because last year's money had not been used.

Hiller said one of the motivations in creating the HRA levy was that the Livable Communities Fund didn't have money coming into it. He said at that time Allendorf correctly noted that the problem was that once the funds are collected the city would find a way to use them. Hiller indicated that was exactly what now happening with the HRA levy. If the funds weren't being used for the Livable Communities Fund then the question should be why the council was shifting it for something else. Schneider said he originally argued for putting the money into the Livable Communities Fund but the counterargument was that there was still time before the city had to worry about that fund. He said he still thought the money should go to the fund so the fund wouldn't decline as fast. He would not be supportive of cutting the \$85,000 entirely. Allendorf pointed out the city was also close to establishing the Economic Investment Fund for development purposes. Schneider said that fund was meant more for creating jobs rather than housing assistance although the two were related.

Gunyou suggested providing specific options for the December council meeting.

Greves said she agreed with Schneider's comments about longevity. Staff has already begun to determine where the housing program was going. To see its effectiveness, things have to play out for a couple of years. She said she also

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saw Wiersum's point about using the money left over from last year to administer the program. Wiersum clarified he wasn't advocating reducing the HRA levy long term or discontinuing it altogether. But because the city was a year behind in getting the program up and running and there was money available, it might make sense to suspend the levy for a year given the economy.

Allendorf asked for elaboration about information that showed the "Percent of Met Council housing goals achieved" was listed at 82 percent. Wischnack indicated a new cycle has begun. The actual final percent would be provided at a later date. Schneider said that Minnetonka's percentage was higher than most cities. Wiersum asked how long a new cycle would last. Wischnack indicated the new cycle would run until the year 2020.

Greves said she would like to get more information on the funds budgeted for councilmembers' memberships to attend conferences. Schneider said fewer councilmembers are going to the conferences compared to previous years. He said it was better to budget for conferences and if people weren't able to attend, the money would go back to the general fund. Greves asked if the budget to hire consultants could be decreased. Barone noted consultants are used to help administer the city's human resources programs in order to keeping staffing costs lower. Gunyou said the consultant budget is also used to pay for the many evaluations the city conducts. Schneider suggested providing more detailed information about the larger amounts in the budget pages. Gunyou said a few years back the city went away from line item budget detail to focus more on the bigger questions.

Wiersum said he did not want the council to be micromanagers. He suggested asking staff to come up with cost saving suggestions for the council to consider. Gunyou noted staff already does that when preparing the budget for the council. King added that for particular areas of the budget like how money is being spent on consultants, staff could provide the analysis for the council. Allendorf pointed to large numbers listed under "other services" and said that was an example of where more detailed information would be helpful. Schneider said adding two or three lines of detail to a few of the budget pages to provide more clarity would not be counter to the switch away from line item detail budget pages.

Allendorf asked if the city really was seeking sponsors for city events. Johnson indicated two sponsors came forward for the past Summer Festival programming and more inquiries are coming in. Allendorf suggested getting sponsors for the cable programming that could be used along with the upcoming events information.

**3. Adjournment**

The study session adjourned at 8:18 p.m.

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Respectfully submitted,

David E. Maeda  
City Clerk