

**AGENDA**

**CITY OF MINNETONKA**

**STUDY SESSION**

**MONDAY, JANUARY 23, 2012**

**6:30 PM**

**BOARDS & COMMISSIONS ROOM**

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1. Boards and Commissions Interviews
2. Adjournment

Additional Information

Study Session summary, August 29, 2011

Jt. Study Session w/EDAC summary September 26, 2011

Jt. Study Session w/Hopkins City Council summary November 1, 2011

Study Session summary November 21, 2011

The purpose of a study session is to allow the city council to discuss matters informally and in greater detail than permitted at formal council meetings. While all meetings of the council are open to the public, study session discussions are generally limited to the council, staff and consultants.

**City Council Study Session Item #1  
Meeting of January 23, 2012**

**Boards and Commissions Interviews**

**Background**

The following openings exist on city boards and commissions:

- Community commission – 2 adult positions, 1 student position
- EDAC - 2 adult positions
- Park board – 2 adult positions, 1 student position
- Planning commission – 3 adult positions
- Lake Minnetonka Conservation District – 1 position

Six candidates who indicated planning commission or EDAC as their top choice will be interviewed during the meeting. The list of the candidates to be interviewed at this meeting is shown below. They will last approximately five to eight minutes each. Each applicant will be asked to give a brief (about three minutes) presentation of his/her background. Then the applicant will be asked to respond to questions from the council. The applicants may also ask the council any questions they may have at that time. More interviews are scheduled for a special study session on February 13<sup>th</sup>.

Following these interviews, there will be a special council meeting beginning at 7:30 pm in the council chambers.

**Interview Candidates**

Last Name	First Name	Ward
Asp	David	4
Dionne	Pam	4
Sims	Nicklaus	3
Taylor	Tracy	1
Thaler	Jeffrey	2
Yetka	Leslie	3

Submitted through:

Terry Schneider, Mayor  
John Gunyou, City Manager

Originated by:

Karen Telega, Administrative Assistant

**STAFF SUMMARY  
CITY OF MINNETONKA  
CITY COUNCIL STUDY SESSION  
MONDAY, AUGUST 29, 2011  
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, Merrill King, David Blumberg, Julie Wischnack, Perry Vetter

Schneider called the meeting to order at 6:30 p.m.

**1. 2012 preliminary budget review**

Gunyou gave the staff report. He noted that there were previous discussions about expanding the duty crew but it was decided to take a different approach. Similar to other departments, the fire department would manage the duty crew's staffing hours rather than adding new full crews 24/7. The number of firefighters on duty would depend on the work that needed to be done. Allendorf asked if the idea was to move away from paid on call firefighters. Gunyou indicated that was not the idea. The duty crews are still paid on call firefighters that serve shifts. The duty crew system was implemented to help recruit firefighters and also to reduce response time. This would continue.

Allendorf asked for more information about the proposal in the Recreation Services Department to decrease total staff while increasing support for community facilities and senior services. Gunyou said there are two full time staff that are retiring. The two FTE positions would not be completely filled but support would be increased for the facilities and senior services areas.

Gunyou summarized two changes related to fund balance policies.

Wagner asked if the GASB change related to government funds applied to the general pool of funds or if it applied to every single fund. King noted there are categories of funds that the change would be applied to.

Hiller said the proposed Budget Stabilization Reserve made sense but he would like to see guidelines established for how the one time uses would be decided. Wiersum agreed and said when government has extra money it somehow always seems to get spent. He said the guidelines could fit with stated objectives that are consistent with the city's values. There would also be an option to not spend any of the reserve. Gunyou noted the focus of the policy was on one-time uses. He said in the past couple of years a few capital projects had been advanced that were funded by the extra funds available for that one year. Wagner said if the city continued to have good budget management, the policy would be for appropriate one time uses.

Schneider said he would be interested in looking at leveraging the one time funds

**STAFF SUMMARY  
CITY OF MINNETONKA  
CITY COUNCIL STUDY SESSION  
MONDAY, AUGUST 29, 2011  
PAGE 2**

---

with other partners to grow the amount in order to do something that fit in with the city's goals and guidelines. Allendorf said the city did not want to budget so conservatively that it allowed something not to be included in the budget with the thought it could still be paid for by the extra reserve. The reserves could not be looked at as a fall back.

Wagner noted the city has fund balances in order to cash flow projects. He asked if that would be a factor that had to be considered in determining what the fund balance should be on a regular basis. Gunyou said that was taken into account with the staff recommendation of the 40 percent threshold. The state auditor uses 50 percent as an indicator that the city may be taxing too much, and 30 percent as not having enough of a reserve.

Hiller said a concern was not allowing the reserve to grow and grow up to the 50 percent level by over taxing and then have the mindset the money should then be spent on something. Once the reserve hit the 40 percent level there was an obligation to flatten out taxes. Gunyou said part of budgeting conservatively was trying to realistically determine actual costs and budgeting that amount in order to break even. Actual net income is either higher or lower than forecast, and the fund balance varies accordingly. In recent years the city has seen personnel savings because of retirements, and has collected more permit revenue than expected during the down development market.

Wiersum said the trails could be used as an example of what was being discussed. There have been numerous discussions about wanting to improve the trail system but it's been determined that the city could not afford the improvements right now. The improvements are not a bad idea, nor do the residents oppose trying to improve the trail system, it was a matter of not having the budget. The one time funds from the reserves could be used for something like trail improvements. Because the city has been prudent and budgeted conservatively in the past and there were still unfunded opportunities in the community puts the city on solid ground to spend the money on improvements that meet specific objectives. Gunyou said he didn't think the available one-time amounts would be significant enough to support ongoing investments going forward, but staff felt there should be a policy in place to allow for that possibility.

Hiller suggested rather than discussing an extra reserve every year that the forty percent be made part of the annual planning process. Gunyou agreed it made sense to make it part of the capital discussion each spring with the CIP.

Allendorf noted that Gunyou was indicating one time funds would be used for the proposed trails funding but he had also indicated that funding for improvements would be made over a number of years. He asked for clarification. Gunyou said the one time funds would be used to help stabilize the trails as quickly as possible in 2012. Other on-going funding would be used to expand the trail

**STAFF SUMMARY  
CITY OF MINNETONKA  
CITY COUNCIL STUDY SESSION  
MONDAY, AUGUST 29, 2011  
PAGE 3**

---

system and to potentially leverage resources from other partners including Hennepin County and the Three Rivers Park District. Staff has discussed putting together a 20 year plan for the trail system, similar to what was done for streets.

Wiersum indicated he would support giving priority to the trails that were in poor condition. He asked if the limestone gravel covered trails were much less expensive than the paved trails. Assistant Public Works Director Perry Vetter indicated that was true in the short term but not the long term.

Wagner suggested keeping the Mills area in mind when looking at areas that need to be advanced that are tied in with the redevelopment.

Schneider noted that as part of the light rail transit project that consideration be given for the need to acquire easements rather than just focusing on the paving of trails.

Hiller said he thought the proposed idea was a good one but rather than just providing a jump start to improve the trail system there needed to be discussion about the ongoing funding needed to continue with the improvements. Gunyou said staff would come back in November with that type of long term plan.

Wiersum said it made sense to focus first on getting the existing trails in good shape and then look at leveraging other funds for expanding the trail system.

Gunyou said another area that had been discussed quite a bit was economic development funding. He noted that Wagner had a good suggestion that the city should think about the economic development funds similar to CIP funds. It would be good to have a longer term plan that looks at the resources and uses rather than trying to address those things on an annual basis. This would allow the city to look at all the pieces together, rather than piece by piece.

Wagner said during an EDAC meeting there was an examination of the funds. At some point the housing funds would pay for themselves and there were projections at what point that would occur. Meanwhile the Livable Communities fund will eventually go away if the city continues to provide the same funding for WHAHLT. This was why he suggested taking a longer term look at the funds.

Gunyou said the EDAC would be given the direction to come up with a five year plan showing how all the pieces fit together. This would also give the city a better handle on how the HRA levy was being used.

Schneider said when there was a restructuring of the EDA and the creation of the EDAC there were two main goals. One was to get a higher quality board with expertise built into it. The other was to have the council provide more oversight and direction. He said the EDAC had done good job of providing expertise but he

**STAFF SUMMARY  
CITY OF MINNETONKA  
CITY COUNCIL STUDY SESSION  
MONDAY, AUGUST 29, 2011  
PAGE 4**

---

wasn't as certain the council had done such a good job at its role. The long term planning would assist with that aspect.

Allendorf noted the city had a number of different housing programs and at times it was difficult to remember what an individual program was meant to do. He asked if there was a fund that could be used to consolidate the programs with different buckets for different activities. This would better assist the council to determine if each area was being properly funded. Wagner said he thought the EDAC was doing a good job at determining if different housing issues were being properly funded. Wischnack agreed the city was doing a better job at monitoring the programs to determine if different housing issues were being adequately addressed.

Gunyou said the long range planning change would introduce a discipline to the process by providing a structure to planning for what needed to be done, and insuring that funding was sustainable.

Hiller said he would not support spending any of the unassigned funds for economic development until there was a better picture in place of a plan to meet the city's goals.

### **2012 Preliminary Levy**

Gunyou explained the change in the state's Market Value Homestead Credit (MVHC) program. Staff was recommending spreading the additional revenue out over a two year period.

Hiller asked what the levy would be if there wasn't the change in the MVHC program. Gunyou estimated the preliminary levy recommendation would have been around three percent. Hiller asked if the general fund expenditures were being increased and after the two year period the levy would need to increase. Gunyou said because the adjustment was being made in the capital fund and not the general fund, the levy would not automatically need to be increased.

## **2. Adjournment**

The study session adjourned at 8:29 p.m.

Respectfully submitted,

David Maeda  
City Clerk

**STAFF SUMMARY  
CITY OF MINNETONKA  
SPECIAL JOINT STUDY SESSION WITH EDAC  
CITY COUNCIL STUDY SESSION  
MONDAY, SEPTEMBER 26, 2011  
PAGE 1**

---

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

**EDAC Present:** Kathryn Aanenson, Benita Bjorgo, Chandra Coughlin, Michael Happe, Ken Isaacson, Bruce Smith, Peter St. Peter,

**Staff:** John Gunyou, GERALYN Barone, Merrill King, Elise Durbin, David Maeda

Schneider called the meeting to order at 6:04 p.m.

**1. Housing Improvement Area council policy**

Wischnack gave the staff report.

Schneider noted the one page handout was helpful in showing a snapshot of the city's programming but it was only a third of the picture that also includes tax credits, grants, the land trust and other opportunities. Wischnack added that it might also be helpful to add information about development programming. Schneider suggested having someone like a regional developer come in and provide information about what it really takes to actually get a project from one step to the next. This would show issues like timing when one application might be due at a fixed point in time and another might be due much later causing delays.

Allendorf said he asked for the one page summary because he wanted information about where duplication might be occurring. He noted the owner occupied rehabilitation program was for a lower economic strata than the fix up fund and asked how the Minnetonka Home Enhancement fund fit in. Wischnack said the difference between the fix up fund and the Minnetonka Home Enhancement Fund was the fix up fund did not allow up the 120 percent AMI based upon household size. The types of loans for what could be financed also differed. Allendorf said he would like to see information about what the city received from the different programs. Schneider said many applicants looked at all government as a single entity and it would be helpful to be able to tell a resident that although the city may not have the funds available, where the other potential sources of assistance might be.

St. Peter asked if the city had a direct liaison with the Minnesota Department of Employment and Economic Development (DEED), the Minnesota Housing Finance Agency (MHFA) and Hennepin County redevelopment staff that a developer or resident could be put in contact with. Wischnack said the city had a good working relationship with DEED and she often worked as the point person.

**STAFF SUMMARY  
CITY OF MINNETONKA  
SPECIAL JOINT STUDY SESSION WITH EDAC  
CITY COUNCIL STUDY SESSION  
MONDAY, SEPTEMBER 26, 2011  
PAGE 2**

---

For the MHFA it was a little more complicated because the different programs had different people in charge of the program. She added city staff was well aware of the redevelopment funding of Hennepin County.

St. Peter said he was a strong proponent of the evaluation criteria provision in the proposed HIA policy that at least 75 percent of the units in the association must be owner-occupied. One of the goals and objectives of the policy was to support the owner occupied housing within the city. A number of the projects had rules that prohibited a certain level of rental units and a number of the projects were letting that rule slide. This was evident in the Cedar Ridge situation where the management could not indicate the percentage of owner occupied and rental units.

Isaacson said the first presentation the EDAC saw was lacking in professional financial analysis. He said he wasn't as concerned about the percentage of owner occupied versus rental units, because there no way the rental component could be enforced without the city getting involved in compliance monitoring. He said he was not certain that the 75 percent threshold was correct but there should be a requirement that the majority of the units be owner occupied. Currently there was no incentive for the owners to increase the association fees to maintain the property.

Happe said the issue arose because of financial mismanagement from a long term strategic standpoint. The perception was if there were a lot of rental units then the rentals were being run as a business and money could be taken out of the program that wouldn't be committed to the long term maintenance issues.

Allendorf said the provision in the policy that required the plan be approved by a third party would address the concerns about what was going to be done going forward. He said if the program was being done for neighborhood revitalization, stabilization and code violations than it seemed contradictory to not make it available to a facility that had a certain percentage of units that were not owner occupied. He questioned if the 75 percent threshold was too stringent.

Wagner said the only reason the city was getting into the HIA was because it did not want the housing stock to deteriorate. He suggested creating different thresholds for homestead properties and non-homestead properties.

Smith said an issue the president of an association brought up was that a lot of the owners did not have a way out because of the housing market. They were trying to be responsible by renting. He suggested putting in a threshold that allowed the real situation to be considered.

Wiersum said it was important to keep in mind what problem the city was trying

**STAFF SUMMARY  
CITY OF MINNETONKA  
SPECIAL JOINT STUDY SESSION WITH EDAC  
CITY COUNCIL STUDY SESSION  
MONDAY, SEPTEMBER 26, 2011  
PAGE 3**

---

to solve. There was infrastructure that needed improvement. He liked the idea of having a threshold for owner occupied units but taking a step back he concluded that consideration had to be given to what was trying to be achieved. The city did not differentiate between owner occupied and rental for affordable housing purposes. He agreed the housing market had been really unkind for condominiums.

Schneider said the idea behind the owner occupied provision was the city did not want someone receiving public money to profit. He noted that the problem wasn't necessarily mismanagement but rather a lack of management. Homeowner associations often do not have the professional management that a rental building does so they postpone dealing with maintenance issues until a point where it becomes too expensive to address issues. A rental building on the other hand is motivated to maintain the property in order to continue to rent the property at a market rate. He said he did not want to exclude those with too many rental units but would suggest treating them on a case by case basis.

St. Peter said an alternative he offered at the EDAC meeting was that there be multiple standards in terms of the length and rate of the loan. This might get at the issue without setting a threshold.

Schneider said the policy had to be flexible enough to allow for changing lifestyles and attitudes. Coughlin said she agreed because she has seen trending over time that home ownership was decreasing and this may continue in the current economy going forward.

Wiersum said he agreed with Isaacson about the need for a good plan and good financial management. The owner occupied issue was of lesser importance but it increased the importance of the financial plan. The city would need to forget about some of the past practices of the associations in order to help address the maintenance issues. The financial plan was the most important evaluation criteria.

Allendorf suggested removing the criteria related to owner occupied percentage and to put more emphasis on the financial planning.

Schneider suggested taking a certain percentage of what was allocated to provide for consulting services for the associations.

Wagner suggested the city make available an approved list of consultants or an example of the level of detail expected from the financial plan.

Allendorf asked if it would make sense to make some funding available to provide to the associations to hire a financial planner. Gunyou said it might be

**STAFF SUMMARY  
CITY OF MINNETONKA  
SPECIAL JOINT STUDY SESSION WITH EDAC  
CITY COUNCIL STUDY SESSION  
MONDAY, SEPTEMBER 26, 2011  
PAGE 4**

---

possible to capitalize that cost. Schneider said he would be supportive of that idea in order to get the associations to think about the long term issues sooner rather than later.

Wagner said a concern was he didn't want the city to become involved in managing the properties. He asked when the policy is rolled out if there was some certification that should be required to make sure the city doesn't receive numerous requests at the same time. Gunyou said the issue of financial soundness had been discussed at the staff level. As the "banker" the city could put requirements into place like requiring that one of the board members be a CPA. He noted a new state law requires the associations do capital planning. He said the city could put together a package that would list all the things needed, like a financial plan that included certain elements, to give to the associations. He agreed the city did not want to get into the business of managing the properties but wanted to make sure a plan was in place to take care of the ongoing infrastructure. Wischnack added it wasn't just looking at the financial information but making sure the associations have looked at the right capital improvements that are needed. This has been done informally, but formalizing the process might be important.

Wiersum asked if it was possible to establish a simple assessment method of looking at the association dues and the percentage of the value of the infrastructure to determine what portion dues would be needed to cover the costs of the necessary improvements. Gunyou indicated currently the margin was really low.

Greves said she liked the discussion had included all the different elements to include in the comprehensive application. Providing information about other options was important as well.

St. Peter said his church recently went through a similar process where maintenance had been deferred over the past 15 years. The church tried to begin catching up three to five years ago and this required a significant commitment of capital. He said he supported coming up with the policy but the bigger challenge was coming up with the funding because the number of facilities on the list would require a significant amount of money.

Allendorf how much it would cost an association to hire a financial planner. Issacson indicated the cost would not be very expensive but it would be more problematic to getting a plan that the association would adhere to. St. Peter said the cost would likely be in the \$2,500 to \$5,000 range.

Wagner asked what performance criteria should be included to ensure the plans are adhered to. Wischnack said the performance criteria would be documented in

**STAFF SUMMARY  
CITY OF MINNETONKA  
SPECIAL JOINT STUDY SESSION WITH EDAC  
CITY COUNCIL STUDY SESSION  
MONDAY, SEPTEMBER 26, 2011  
PAGE 5**

---

the development agreement.

Schneider indicated there were risks but the idea was to structure things right to begin with to ensure a good probability things would succeed.

Smith said part of the EDAC discussion was to have a frequently updated plan submitted as part of the development package to show the association was on track.

Gunyou said ideally the planning cycle would be established to give the city lead time to schedule different facilities over time. There always would be the possibility of a crisis situation like a roof that was leaking and needed immediate repair. Part of this would include publicizing the program to get people thinking about the process.

Schneider indicated the most likely scenario would be there would be funds available in bits and pieces. Ideally the available funding could be coordinated so the program funds were filling a gap and not replicating other funding.

Gunyou noted the goal was there would be no cost to the city for the program. The administration costs would be covered as part of the financing.

Schneider said a concern with the checks and balances would be ending up with a program that was so complex, no one uses it. The program had to balance still doing the right thing with having something the average person could understand.

Wagner said part of the language in the policy talked about getting rid of blight. He noted the purpose of the program was to prevent blight.

Smith asked about the educational aspect and marketing the program. Wischnack said information would be included in the Minnetonka Memo. A select mailing would also be done. Projects with known issues would be contacted. Another idea would be to build a web site resource center. Wagner suggested getting representatives from all the associations together for an information session. Schneider said surveying the associations would help the city get more current data. Smith said the biggest component was not necessarily education and marketing but assessment and how many of projects might be coming forward.

Allendorf asked if the banks knew about the program. Wischnack indicated they do and that staff meets regularly with them. Informational emails are sent to the larger banks.

**STAFF SUMMARY  
CITY OF MINNETONKA  
SPECIAL JOINT STUDY SESSION WITH EDAC  
CITY COUNCIL STUDY SESSION  
MONDAY, SEPTEMBER 26, 2011  
PAGE 6**

---

Schneider asked for comments on the general relationship between the council and EDAC.

Smith said he would like the council's perspective on what the EDAC's function should be. Schneider said when the EDA and EDAC structure was discussed the idea was to get a broader base of talent involved and for the council to take a more proactive role in providing guidance. He noted the council had not really done that outside the few things that had come up. He suggested future work sessions to identify emerging issues. Wagner said when the EDAC was formed the idea was for there to be a plan identifying three or four key initiatives. There was an EDAC work plan meeting and it would be useful to have the full council available to give direction. As the liaison he has seen a higher level dialogue since the EDAC was established but work needed to be done on not just being reactive. Housing has remained a heavy emphasis for the group.

Schneider suggested a facilitated work session might help with developing a priority list. Wiersum said he liked that idea and suggested the vision for the EDAC also be discussed at the session. He would also like to look at what other EDAs and other EDACs in other cities are doing.

St. Peter agreed the EDAC hadn't received guidance from the council that they were led to believe was coming. He said the next big area in the EDAC work plan was the Ridgedale area unless something like the light rail jumped in front of that.

Happe said he thought a half day retreat was a great idea. He noted much of the EDAC's work so far was related to affordable housing issues. Schneider agreed and said the intention was to broaden the scope of issues.

**2. Adjournment of the special joint study session in order to convene the regular study session**

The special joint study session was adjourned at 7:25 p.m.

**3. Shady Oak Road Improvement**

Schneider called the study session to order at 7:25 p.m.

Wischnack gave the staff report.

Schneider noted that when the effort started both city councils made a strong statement that the boundaries would be ignored in order to do the improvement correctly. He said this still should be the bottom line.

**STAFF SUMMARY  
CITY OF MINNETONKA  
SPECIAL JOINT STUDY SESSION WITH EDAC  
CITY COUNCIL STUDY SESSION  
MONDAY, SEPTEMBER 26, 2011  
PAGE 7**

---

Wagner said given the location being half a mile from the light rail, if the cities had given consideration lower parking requirements for the area. Wischnack the intention was to not make the parking any worse.

Allendorf asked what happened to the plan to extend Main Street to the west. Wischnack said there was a plan to extend Main Street but not to connect it to the residential area.

**4. Adjournment**

The study session adjourned at 7:44 p.m.

Respectfully submitted,

David Maeda  
City Clerk

**STAFF SUMMARY  
CITIES OF MINNETONKA AND HOPKINS  
JOINT CITY COUNCIL STUDY SESSION  
TUESDAY, NOVEMBER 1, 2011  
PAGE 1**

---

**Minnetonka Council Present:** Dick Allendorf, Bob Ellingson, Amber Greves, James Hiller, Brad Wiersum, and Mayor Terry Schneider

**Hopkins Council Present:** Rick Brausen, Kristi Halverson, Bruce Rowan, Cheryl Youakim, and Mayor Gene Maxwell

**Minnetonka Staff:** John Gunyou, GERALYN Barone, Julie Wischnack, Lee Gustafson

**Hopkins Staff:** Mike Mornson, Steve Stadler, Kirsten Elverum, Nancy Anderson, Tara Beard.

### **Shady Oak Road Reconstruction**

Maxwell welcomed council and staff from the cities of Hopkins and Minnetonka, Hennepin County representatives and members of the business community and property owners.

Wischnack gave an overview of Shady Oak Road reconstruction project including changes to the design and funding since the joint councils last met in 2006.

Stadler explained the history of the road reconstruction layout and gave a summary of changes to the roadway since 2006.

Gustafson explained the road construction timetable and costs including cost savings due to reduced acquisitions and construction costs, federal funding and overall savings to the cities.

Elverum discussed the impact on residents and businesses in the project area. Property owner meetings have been held and future meetings will be held to provide updated project information.

Mark Kogler, HKGI project consultant hired by Hennepin County to examine parking and design elements of the project, gave an explanation of the proposed concept for the area affected by the road project and potential parking solutions for the businesses. Community works dollars could be used to accomplish the vision of the proposed design concept.

Staff updated the councils on the next steps of the project which include a final report from the Consultant, HKGI, working with Hennepin County on the approval for use of community works dollars, meetings with property owners in January, 2012, having revised layout approval by both cities in February, 2012, right-of-way acquisitions in 2013 and construction in 2014.

Staff presented the councils with two questions to consider:

**STAFF SUMMARY  
CITIES OF MINNETONKA AND HOPKINS  
JOINT CITY COUNCIL STUDY SESSION  
TUESDAY, NOVEMBER 1, 2011  
PAGE 2**

---

- Are the councils in general agreement with proposed layout for road improvement?
- Are the councils in general agreement about the approach for use of community works dollars?

Maxwell and Wischnack explained the community works dollars program.

There was much discussion by the councils regarding the positives of reduced costs, benefits of the turn lanes, parking and access to businesses, goal of maintaining as many businesses as possible, proposed office building, federal funding, community works dollars and funding deadlines, intersection designs, neighborhood buffer, number of current parking spots vs. proposed parking spots, timing of the project and utility replacement.

Staff and the consultants answered councils questions explaining traffic circulation, access points to properties, new office building proposal to facilitate new business, project timetables, funding deadlines, reasons behind intersection designs and that the number parking spots have been maintained but redistributed.

Some council members expressed support of the roadway improvements, recognizing the impact on the businesses, but feel the roadway will be safer, improve traffic flow and improvements will revitalize existing businesses and encourage new businesses. Council members were encouraged about the use of community works dollars and want to continue to work towards a plan that meets the needs of the business owners.

Hopkins council members discussed the fifty-fifty split of the construction project costs between the cities and would like more definite numbers to determine how the project will affect the taxpayers. Council members want to hear questions and concerns from business owners and residents about the project at upcoming community meetings in January before fully endorsing the project. Council members expressed concern about the community works dollars being available after approval by Hennepin County Board. Patrick Connoy and Dave Nuckols from Hennepin County explained the community works dollar approval process.

Council members discussed the importance of the two cities working closely together on the project and assuring all details are pulled together in order to keep the project on schedule and utilize the available federal dollars and community works dollars.

Mayor Maxwell thanked everyone for attending.

## **2. Adjournment**

The joint study session adjourned at 7:10 p.m.

**STAFF SUMMARY  
CITIES OF MINNETONKA AND HOPKINS  
JOINT CITY COUNCIL STUDY SESSION  
TUESDAY, NOVEMBER 1, 2011  
PAGE 3**

---

Respectfully submitted,

David Maeda  
City Clerk

**STAFF SUMMARY  
CITY OF MINNETONKA  
CITY COUNCIL STUDY SESSION  
MONDAY, NOVEMBER 21, 2011  
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, Merrill King, Patty Latham, Joe Wallin, Dave Johnson, Perry Vetter, Mark Raquet, Brian Wagstrom, Liz Berger, Dave Blumberg, Elise Durbin, Lee Gustafson, David Maeda

Schneider called the meeting to order at 6:30 p.m.

**1. Recognition of Council Member Amber Greves**

Schneider read the recognition and presented an award for her time and service on the council. Greves thanked the council, staff, and residents and said it had been a pleasure to serve.

**2. 2012 Detailed Budget Review**

Gunyou gave the staff report.

Wagner asked if the city was on target with the fund balances that were discussed at the August study session. Gunyou indicated the city was on target and there were no major changes since August.

Wagner asked if the fire pension shortfall projected over ten years gets recalculated every year based on how the market does. Gunyou indicated that it did. King noted the city paid for an extra actuarial that allowed the recalculation.

Wagner noted the franchise agreement with Comcast was being extended. He asked if there were any major changes to the franchise fees being charged to subscribers. Gunyou said the major issue in the negotiations was the studio Comcast charges for public access programs. In the Minnetonka area, the studio is mostly unused so the question was why subscribers should be charged for maintaining an add-on that was little used. One option was to look at whether the studio could be eliminated. The city has mostly gone to web based programming that later gets shown on the cable channel and this could be continued without the studio. Unlike Minnetonka, other cities and the school district see the charge for the studio as another revenue source.

Gunyou suggested the city should have the option to reduce the fee for Minnetonka residents. He said as negotiations are further along, staff would bring the item back to the council for discussion. Wiersum asked the amount of the fee being collected. Gunyou said Comcast was collecting a quarter per subscriber per month for the studio. Wiersum said he didn't think the studio was necessary,

**STAFF SUMMARY  
CITY OF MINNETONKA  
CITY COUNCIL STUDY SESSION  
MONDAY, NOVEMBER 21, 2011  
PAGE 2**

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but he thought the city should continue broadcasting council meetings for residents. Gunyou said the meetings would continue to be broadcast.

Allendorf asked if there was information in the budget materials on the five or six developments the city expected in 2012 that were driving the permit and license budget numbers. Durbin listed an apartment building project and a possible remodeling of the Best Buy as potential developments. Staff was unsure if the YMCA development would occur. Allendorf asked if the YMCA development was reflected in the permit revenue in the budget numbers. Schneider noted that in the past staff assigned a probability of a development and a percentage was used for budget calculations. Gunyou confirmed that staff uses a subjective analysis, including both baseline collections and probability estimates of possible major developments in the pipeline. King noted there was an ongoing increase in the permit revenue being generated.

Allendorf noted the number of medical calls decreased significantly from 2009 to 2010. Raquet indicated that initially a police squad and a fire duty crew were both being dispatched to medical calls. The process was reevaluated so that fewer fire duty crews were now being dispatched. The number Allendorf was referencing was just the fire duty crew medical response number.

Ellingson left at 6:50 p.m.

Wagner noted the \$3.6 million municipal state aid fund balance was larger than any other time since he's been on the council. He asked if it made sense to continue to bond for the road projects or if some of them could be paid up front. Gustafson indicated that there are three major county led projects coming up and that typically the city pays 95 percent of its estimated costs upfront. The current balances are needed for those projects.

Schneider said right in the middle of the Glen Lake senior housing driveway area is a big power pole. He suggested it would be nice to bury that utility line.

Greves asked when the city collected money from the recyclables if it was listed under investment income or contract rebate. King indicated it was listed under contract rebate. Greves asked why the contract rebate revenue showed such a large increase in the revised budget number. Wagstrom indicated that last year's revenue was way down so the estimate for this year was for the revenue to remain low. The estimate was for the revenue to be around \$10,000 a month but the number has been closer to \$50,000 per month. Greves said with the expansion of plastic recycling she thought the number might continue to increase. Wagstrom noted that a lot of the recycling weight came from newspapers and the amount of newspapers being recycled would likely continue to decrease. Wagner said he would like the city to advertise the organics recycling program more. Schneider agreed the program should be advertised

**STAFF SUMMARY  
CITY OF MINNETONKA  
CITY COUNCIL STUDY SESSION  
MONDAY, NOVEMBER 21, 2011  
PAGE 3**

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more but if more people did not participate the city should look in eliminating the program. Wiersum agreed.

Allendorf questioned if residents knew about Tower Hill Park located behind Famous Dave's and if the city should do more to promote the park. Vetter said the park was a five million gallon water reservoir so there wasn't much that could be done.

Schneider said he was pleased with the increased membership at the Williston Center. He asked if the amount of staff was adequate to handle the increased numbers. Johnson said at this time the permanent staffing level was adequate but the seasonal and part time staffing numbers are being looked at. Wiersum asked how the calculation of the memberships sold had changed. Johnson said in the past an annual membership was counted as one membership. Now people have the option of being a member month by month. If a person renews every month it counts as 12 memberships. Schneider said it would be helpful to have more detailed information about the types of memberships that were being purchased.

Allendorf asked for an update on the transit study and the use of the regionally allocated transit funds. Durbin indicated staff expected to see the study sometime in August 2012. Schneider said at some point the city might look at a fixed route connector service. Gunyou said the study is looking at using some of the city's share of the funds to increase the local internal transit service. Wagner said that he receives email indicating that people cannot get back to the city by bus after 7:30 p.m. Wiersum said everyone would like to see improved service but the transit options were not cost effective.

Wagner suggested as part of the five year economic development planning process, he would like to look at using the general fund or HRA levy to fund the .20 FTE that is currently paid out of the development fund. Wiersum agreed that the FTE funding didn't belong in a fund with zero revenue.

Schneider said it was his understanding that the consultant costs related to analyzing financing issues of development projects were to be paid by the applicant. King said it depended on the development and what point in the development the consultant was used. Initial exploratory analysis was worthwhile for the city to pay for to determine if the development should be encouraged.

Allendorf asked how the two new housing improvement programs would become self sustaining by 2018. Durbin said an analysis was done looking at the number of homeowners that could be served on an average basis. Community development staff worked with King to come up with the calculations.

**STAFF SUMMARY  
CITY OF MINNETONKA  
CITY COUNCIL STUDY SESSION  
MONDAY, NOVEMBER 21, 2011  
PAGE 4**

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Gunyou said Ellingson asked for information about the last time the council received a pay increase. The last increase was in January 2008. Gunyou asked if there was any interest in bringing proposed council pay increases forward for consideration. Wagner said the pay differential between the council and the mayor's pay was not great enough given the extra duties of the mayor. Allendorf said the council pay was comparable with like cities so he didn't see the need for a pay increase. Wagner agreed. Schneider said he didn't think it was appropriate for the council to approve a pay increase when it was holding the employee pay increase to one percent. Wiersum agreed.

Hiller asked for more information on the increase in the workers compensation insurance premium. Maeda indicated the city was rated on a three year basis that took into account the number of claims and the severity of the claims. The increase was in part due to rising medical costs.

Allendorf asked if it would make sense for the city to pay more of the principle on its bonds to lower the debt or to do something to take advantage of the low interest rates. King said the city was looking into possible refundings, and was well positioned in terms of bond indebtedness. Gunyou noted the city's total indebtedness was much lower than most cities.

**3. Adjournment**

The study session adjourned at 7:53 p.m.

Respectfully submitted,

David Maeda  
City Clerk