

**CITY OF BURNSVILLE
WORKSESSION MINUTES
JUNE 13, 2006**

Council Present: *C. Crichton, T. Daly, D. Gustafson, E. Kautz and L. Workman*
 Council Absent: *None*
 Staff Present: *C. Ebeling, T. Omdal, T. Hansen, B. Osmundson, M. Brooks, J. Faulkner, G. Harker, B. Dalrymple, J. Dorshak, M. Brokl, S. Nienhaus, K. Strey, J. Erickson, J. Rhode*
 Others Present: *L. Goldsmith, M. Wentzell, L. Nachman, Waste Mgmt, M. O'Connor, J. Kellas*

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

ITEM 1. PERFORMING ARTS CENTER (PAC) UPDATE

Tammy Omdal, Deputy City Manager/CFO, made a presentation to the Council regarding the next step for the Performing Arts Center (PAC) project and reviewed three options for the Council to consider.

History

- Yr 1988 and Yr 1994 Community Visioning Reports
- Yr 1999 Community Arts Facility Committee Formed
- Yr 2000 Heart of the City Concept Adopted
- Yr 2001 Met Council Grant to Purchase Land
- Yr 2001, Yr 2003, Yr 2004, Yr 2005 Community Surveys
- Yr 2002 and Yr 2004 Developer Proposals
- Yr 2005 Feasibility Studies
- Yr 2006 Preliminary Design Study/Business Plan

Preliminary Design Study

- Regular bi-weekly updates as the Preliminary Design Study was being prepared
- Study was based on a “Good-Better-Best” scenario assuming various size levels for the facility – a matrix of options
- Consultants worked with city staff, potential user groups, other interested parties, and the Council in completing the study
- Cost estimates assume construction to start in 2007 – a delay in project timeline will result in greater costs than shown today due to inflation

Total Project Cost Scenarios

Project Quality/ Project Size	GOOD	BETTER	BEST
SMALL 62,584 SF	\$20 M	\$25 M	\$32 M
MEDIUM 81,600 SF	\$26 M	\$33 M	\$42 M
LARGE 100,128 SF	\$32 M	\$39 M	\$51 M

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ITEM 1. PERFORMING ARTS CENTER (PAC) UPDATE (continued)

Business Plan

- Information on competitive climate for a proposed PAC
- Recommendation on facility operations, including governance and management
- Projected annual budget estimate for the PAC – operating pro forma
 - Project the facility will not have sufficient operating revenue to cover its expenses – City will need to plan for this
- City has learned that the private sector tends not to own and operate such facilities because they don't make money
- Communities that invest in such facilities tend to do so for cultural and broader economic benefit reasons

Financing Options

- Council could act to finance a facility – similar process to issuance of annual improvement bonds for other municipal projects
- Council could approve the issuance of lease-revenue or abatement bonds to finance the facility
- Council could pledge, to the extent available, other non-property tax sources of revenue in addition to the property tax revenue that would be required for payment on the bonds
- Council has options to provide financial assistance to a privately owned facility, as well

Three options for the Council to consider:

- Option A: Proceed Towards Construction
 - Council could proceed immediately to prepare for construction of a PAC
 - Staff would prepare a detailed process schedule and timeline, including Council actions that would be required at a future date/meeting
 - Process would provide opportunity for public input, as required for all municipal financed projects
 - City would need to contract with a consultant (architect) to prepare construction plans/drawings
 - Process would provide opportunity for public input
- Option B: Request Development Proposals for the City-Owned Parcel in the Heart of the City (HOC) to include a PAC
 - Council would not proceed to prepare for construction of a PAC – wait for RFP process to be completed
 - Staff would send out RFP to potential developers (within the next week) – no Council action needed to seek the proposals
 - Council action would be required to accept proposals and approve any contracts/agreements
 - Council action required to accept proposals and approve any contracts/agreements.
 - RFP could require that developers include a PAC in their overall development proposal (site location/interaction with other proposed buildings, etc.)
 - Different from the last RFP process, this time the City would not seek to have a private developer proposed to build, own, operate, and maintain a PAC
 - While public ownership (and financing of the PAC) would be part of the RFP – developers could still be encouraged, as an alternative, to partner with a private entity on a cultural facility should such a partnership be identified

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ITEM 1. PERFORMING ARTS CENTER (PAC) UPDATE (continued)

- Option C: Request Development Proposals for the City-Owned Parcel in the HOC and “Not” include a PAC
 - Similar to Option B with one major difference – providing for location of a PAC would not be a requirement – developers would have the entire site to propose for development without the requirement for location of a PAC

Council discussed whether decision making authority would be retained with a RFP process and reviewed the options and differences regarding the previous RFP attempt. Discussed expanding focus from a Performing Arts Center project to include the entire development area. Council consensus was to direct staff continue forward with Option B, developing a proposed RFP for Council review.

Len Nachman voiced concern regarding the Compass business plan and requested clarification of future community group roles in this proposed development.

Otis Blockhus, 13801 Susan Lane, requested Council send the issue of whether a Performing Arts Center should be built to the voters as a referendum at the November election.

ITEM 2. WASTE MANAGEMENT FEES

Jenni Faulkner, Community Development Director, reviewed the development fees structure for the future Development Stage PUD application for Waste Management regarding the expansion of the landfill and golf course end use plan. Waste Management has requested the Council consider a different fee structure for the project.

Options:

1. Exempt lands in the conservation easement from the fees.
2. 2% reduction in park dedication due to end use as a recreational golf course.
3. Reducing storm water fees to the extent the city system is actually utilized.
4. Addition of another land use category in the fee structure
5. Payment of fees over time.

Council discussed creating a new category within the park dedication policy for commercial/recreation business developments that retain large amounts of green space and discussed making adjustments to park dedication fees through PUD process.

Waste Management representatives reported that some fees are already collected through the host community agreement.

Council directed staff to prepare a new land use category for the purpose of calculating development fees including park dedication and utility trunk fees.

ITEM 3. FIVE YEAR FINANCIAL PLAN DISCUSSION

Tammy Omdal, Deputy City Manager/CFO, presented information on the multi-year financial projections, focused on the projected demands on the property tax revenue for the next five years.

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ITEM 3. FIVE YEAR FINANCIAL PLAN DISCUSSION (continued)

2007 BUDGET PROCESS AND IMPACT OF LEGISLATION

- 2006 Legislative Sessions
 - Levy limits
 - Market Value Homestead Credit
 - PERA contribution increases
- Strong Financial Condition

BACKGROUND BUDGET INFORMATION

- Source of Funds – 2006 Budget \$62.6 M
- Use of Funds – 2006 Budget \$66.4 M

PROJECTED BUDGET PRESSURES

- Continuing demand for services and infrastructure replacement
- Tax base may not continue to grow at historical rate
- Effectively promote and facilitate redevelopment

SUMMARY

- Growth in expenses will exceed growth in non-tax revenue
- Resulting in a “budget planning gap” – which is the difference between projected sources and uses of funds

PLANNING BUDGET “GAP”

- Property Tax Supported Funds – expenses are projected to increase faster than the growth in revenue from non-property tax sources.
- Assumptions
 - Non-Tax Revenue – Historical growth and rates adjustments plus adjustment for any “known” extraordinary reductions or increases.
 - Personnel Expense – COLA plus step increases and increases in PERA contributions.
 - Non-Personnel Expense – Inflationary adjustment.
 - Debt Service
 - Infrastructure Trust Fund
 - Economic Development
- Preliminary Projected 2006 Net Revenue Shortfall
 - \$1,330,000 equivalent to a 5.7% increase in property tax revenue
- Impact of Debt Service Levy

PLANNING OPTIONS

- Addressing the “Planning Budget Gap”
 - Identify opportunities to improve efficiency of service delivery.
 - Change the cost drivers.
 - Reprioritize where available dollars are spent.
 - Increase other non-property tax revenues
 - Increase property tax revenue

ECONOMIC DEVELOPMENT AUTHORITY LEVY POLICY ON FUND BALANCE

- With adoption of the 2006 EDA Levy, the Council indicated an intent to consider a fund balance policy for the EDA Levy – through a Governance Policy discussion – tentatively scheduled to begin in July.

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ITEM 3. FIVE YEAR FINANCIAL PLAN DISCUSSION (continued)

- In 2004, the Council completed a Governance Policy process that resulted in amendment to the Revenue Management Policy, which is included in the City's Financial Management Plan.
- The City has a Reserve Policy in the City's Financial Management Plan.
- In reviewing this policy, staff believes that the Council may find that it already adequately addresses the issue of "reserves" for all city funds, including the EDA Fund
- Options for the Council to consider:
 1. Proceed with Governance Policy Discussion as planned
 2. Direct staff to include the following language in the financial plan for the EDA Fund that is included in the annual budget document:
 - The EDA Fund has a growing fund balance in anticipation of funding future projects in the Minnesota River Quadrant (MRQ). The fund balance will not exceed the estimated project costs for future, but not fully funded projects listed in the City's Capital Improvement Program (CIP). As projects for the MRQ begin to move forward other revenue sources, in addition to the EDA Levy shall be identified.

Council discussed the EDA Levy Policy directed staff to prepare language in the financial plan for the EDA Fund Balance. Council directed staff to add the EDA Annual Levy issue to the Governance agenda.

ITEM 4. NORTHEAST TRAIL CONNECTION

Bud Osmundson, Director of Public Works/City Engineer, provided an update on the Northeast Trail Connection and maps of the current and future projected trails. Council directed staff to alter the project trail connection to follow Highway 13 and add the review of the Parks Master Plan to next year's agenda.

ITEM 5. ROUNDTABLE**➤ Sketch Plan for Pleasant View Retail**

Chris Slania, Planner, presented a Sketch Plan Review for commercial development of property owned by Pleasant View Cemetery at the intersection of Trunk Highway 13 and Portland Avenue. Mike Korsh, Kraus Anderson, gave a brief presentation providing conceptual information only. Council discussed traffic concerns. Council was not supportive of a retail center in this area but would consider office buildings.

➤ County 42 Segment 8 Update

Bud provided an update on the County 42 Segment 8 project and the Hwy 13/5 project.

➤ Discussion on Festival Liquor Licenses

Councilmember Gustafson asked the Council to consider amending the temporary liquor license ordinance requiring non-profit organizations to be sponsored by fully licensed liquor establishments, indicating a consistency with state law. Matt Brokl, City Attorney, reviewed legal regulations of the liquor license. Council requested the city attorney to bring an ordinance change to Council for approval amending the word "shall" to "may" in the temporary intoxicating liquor ordinance.

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➤ Discussion on Veterans' Memorial in Burnsville

Councilmember Workman reviewed research on Burnsville veterans' statistics and possibility of memorial. Council discussed possible location of a veterans' memorial in the Bicentennial Gardens and possible creation of a task force. Councilmember Workman will continue to research the issue, contacting the area veterans' clubs and report back.

➤ Reports on Advisory Boards & External Organizations**Councilmember Gustafson - None****Councilmember Workman:**

- I-35W - MVTA Sales Tax Amendment – Mayor will do PSA's.
- EGC – Commissioners not supportive of being televised. Not worth costs involved. May negatively change the dynamic of the meeting.
- CVB meeting Thursday

Councilmember Crichton - None**Councilmember Daly:**

- BMA does not meet until July.
- International Festival is moving along, meet next week.
- Earley Lake Association Meeting

Mayor Kautz:

- MN Valley Transit Authority
 - Meet Monday for a special session - regular meeting June 28th
 - Successful Bus Rapid Transit (BRT) summit.
- Cedar Avenue Corridor Meeting - Acquisition of property
- STA – change designation as “opt outs” with legislature.
- MLC – meets Thursday
- DCC – Groundbreaking last Thursday
 - Budget meeting on Wed June 22nd.
- USCOM
 - Telecom bill still before the House
 - Immigrations bill – research undocumented aliens
 - Defense budget is cutting C17 which will affect some BF Goodrich employees

Councilmember Workman requested staff look at installation of a pedestrian crosswalk at 126th and Nicollet Avenue.

The meeting was adjourned at 9:37 p.m.

Respectfully submitted,

Macheal Brooks, Deputy City Clerk

Approved by the City Council of the City of Burnsville this 19th day of June 2006.

Elizabeth B. Kautz, Mayor