

**CITY OF BURNSVILLE  
WORKSESSION MINUTES  
AUGUST 15, 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, J. Faulkner, M. Brooks, B. Osmundson, T. Schulz, D. Jacobson, J. Schussler, R. Peterson, R. Oppelt, J. Erickson*  
PNRC Present: *T. Stewart, S. Steuber, M. Hughes, J. Oravis, J. Wallace, E. Spieler*  
Others Present: *L. Goldsmith, J. Gessner, R. Leaf, D. Kealy, D. Tollefson, M. Miranda*

Mayor Kautz called the meeting to order at 6:43 p.m.

**ITEM 1. UPDATE ON NATURAL RESOURCES MASTER PLAN**

The Parks & Natural Resources Commission and Terry Schulz, Director of Natural Resources, provided an update on the Natural Resources Master Plan, providing an overview of key elements, where revisions are anticipated, and timelines for completing the updates.

Plans to achieve Burnsville's Environmental End - "People find Burnsville is an environmentally sensitive community ensuring preservation and enhancement of its natural resources."

- Natural Resources Master Plan
- Wetlands Management Plan
- Water Resources Management Plan
- Comprehensive Plan: (Solid Waste/Sustainability)
- Water Conservation Plan
- Wellhead Protection Plan
- Wildlife Management Plans (Deer/Geese)
- Parks Master Plan (Active and Natural Areas)

❖ Natural Resources Master Plan

- Inventory of all Natural Resources
- Ecosystem Based Approach
- Establishes Resources Management Units
- Goals & Strategies for Upland Resources
- Monitoring Programs for Upland Resources
- Ensures City's Environmental Plans are Integrated
- 1999 – 1st Generation Plan

❖ Natural Resources Master Plan Updates

- Add Urban Forest Management Section
- PFT Goal
- PNRC Goal
- Incorporate New Information
  - Council discussed methods of acquiring up-to-date information.
- Update Goals & Strategies
- Revise Implementation Plans
- Parks and Natural Resources Commission Input
- June, 2007 – City Council Review

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### ITEM 1. UPDATE ON NATURAL RESOURCES MASTER PLAN (continued)

- ❖ Wetlands Management Plan
  - Inventory of Wetland Resources
  - Policies/Strategies for Wetland Preservation & Protection
  - Basis for Wetland Regulation / WCA Implementation
  - 1998 - 1st Generation Plan
  
- ❖ Wetlands Management Plan Updates
  - Update Inventory / Maps
  - Separate Out Created Storm Water Ponds – not actual wetland.
  - Update Policies/Strategies
  - Comply with Vermillion River Watershed
  - Buffer Standards
  - Function / Value Assessment on Select Wetlands
  - Parks and Natural Resources Commission Review
  - City Council Review - December/January
  
- ❖ Water Resources Management Plan
  - 3rd Generation – 2002 Water Resources Management Plan
  - 3 Year Reviews
  - Established Water Quality Goals
  - Addresses Known Flooding Issues
  - Storm Water System Mapping / Modeling
  - Maintenance of Storm Water Conveyance System
  - Sets Development Requirements
  - Meet Federal, State, Regional Requirements
  
- ❖ Water Resources Management Plan Updates
  - Lake Water Quality Goals
  - Maps /Tables
  - Highlight Accomplishments
  - Project List / Financial Information
  - Incorporate New Agency Requirements
  - Policies / Developer Guidelines
  - Parks and Natural Resources Commission Review
  - City Council Review – Summer, 2007
  
- ❖ Challenge #1 - Increased Regulation
  - Environmental Protection Agency
    - Clean Water Act
  - State Agencies (MPCA)
    - NPDES Permit
    - Impaired Waters – Total Max Daily Load Analysis (TMDLs)
    - Non-degradation Analysis – Plan to get back to 1988 levels.
  - City of Burnsville
    - Water Resources Plan
    - TMDLs
    - Permits
  - Metropolitan Council
    - Regional Plans/TMDLs
  - Watershed Organizations
    - Watershed Plans/TMDLs

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**ITEM 1. UPDATE ON NATURAL RESOURCES MASTER PLAN (continued)**

❖ Burnsville Lakes – Water Quality (Clarity) Goals

<u>Lake</u>	<u>3-Yr Avg.*</u>	<u>Plan Goal*</u>	<u>Revised Goal*</u>
Alimagnet	0.6	1.7	1.2
Crystal	1.7	2.6	2.1
Earley	1.7	1.7	Study
Keller	1.3	1.7	1.8
Lac Lavon	3.8	3.6	3.6
Sunset Pond	2.4	1.7	1.7
Twin Lake	1.7	1.7	Study
Wood Pond	1.5	1.7	Study

\* Secchi disk reading measured in meters (m)

- There are different contaminants for different lakes – mercury, excess nutrients.

❖ Challenge #2 Re-development Policies

- More Stringent Standards are Needed to Meet New Regulations
  - Current Standard: 50% – 70% - 90% Total Suspended Solids Removed
    - Infiltration volume = HOC runoff from 1.5-inch event
  - Proposed Standard: 90 – 92% Total Suspended Solids Removed
    - Infiltration volume = runoff from 1.0-inch event
- Must Meet Standard if:
  - More than one acre disturbed
  - More than .5 acres of new impervious surface
- Small Projects Can Trigger Large Storm Water Management Costs
  - Burnsville Center Area

❖ Re-development Issues

- Flexibility of Standard
- Who Pays?

Council discussed the pros and cons of setting more stringent standards. Ron Leaf, NURP, reported that State standards are approximately 90%TSS removal. Council requested information on other cities solutions to meeting these goals. The trend is moving toward having developers pay, but all cities are struggling with this issue, same as Burnsville. The Council requested staff to research models and best practices regarding who pays and how much and discussed creating a policy to comply with non-degradation standards, starting with the 90% standard.

Council discussed the Shoreland Ordinance and its flexibility if variances include mitigation effects on the lakes. PNRG could consider variances from a non-degradation policy before being sent to Council to address issues and work on a compromise.

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## ITEM 2. PROPERTY TAX AND 2007 MAX TAX LEVY

Tammy Omdal, Deputy City Manager/CFO, gave a brief presentation on the 2007 Budget and property tax levy options.

### 2007 Budget Process Dates

- September 5 Council adopts maximum property tax levies
- November 14 Council Work Session to discuss 2007 budget
- November 28 Council Work Session to discuss 2007 budget
- December 4 Truth-in-Taxation Public Hearing
- December 12 Continuation of Public Hearing, if Needed
- December 18 Budget adoption

### Maximum Levy Discussion Facts

- The City Council must certify a proposed budget and levy to the county auditor on or before September 15th
- No state imposed general levy limits for 2007 budget
- The Council has discretion over deciding what the maximum levy amount should be

### Estimated Taxes Needed to Fund Projected Growth in Expenditures

- |  |              |
|--|--------------|
| • Adopted 2006 property tax levy   | \$23,200,000 |
| • Projected increased demand for property tax revenue to support expenditures (net of other revenue) | \$ 1,330,000 |
| • Preliminary estimated 2007 property tax levy needed to fund projected growth in expenditures       | \$24,530,000 |
| • Annual percent change  | 5.7%         |

### Preliminary Projected 2007 Net Revenue Shortfall

- |   |                    |
|---|--------------------|
| • Total Projected Non-Tax Revenue Increases | \$ 82,000          |
| • Total Projected Expense Increases         | <u>\$1,412,000</u> |
| • Net Shortfall In Non-Tax Revenue          | (\$1,330,000)      |

### Items NOT included in the projected growth

- No “new” funding for new or enhanced initiatives/services
- No adjustments to the EDA Levy
  - The EDA levy is a “special benefits” tax and cannot exceed 0.0144 percent of taxable market value in the city or approximately \$885,000 for 2007
  - 2006 Adopted Levy was \$240,000

### Options for Consideration

- The Council must make a decision on the maximum amount of property tax revenue to be certified for 2007 budget
- The tax increase necessary to fund the current level of services is estimated at 5.7%, the Council could choose not to fund this growth and act to reduce services/spending
- The Council can set the maximum tax at whatever level it believes is appropriate
- The “max tax” amount can be reduced when the final budget is adopted in December, but it cannot be increased
- Staff has prepared some different options for Council consideration:

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**ITEM 2. PROPERTY TAX AND 2007 MAX TAX LEVY (continued)**

	<u>\$ Change in Tax Revenue</u>	<u>% Change in Taxes Collected</u>	<u>% Change in Tax Rate</u>
A) Fund increase to maintain current services	\$1,330,000	5.7%	-1.3%
B) Fund current services and utilize available cash in debt service funds to retire debt	960,000	4.1%	-3.0%
C) Fund current services, utilize available cash in debt service funds to retire debt, and pay for a portion of the maintenance facility expansion	877,000	3.8%	-3.4%
D) Reduce services to offset increasing cost	0	0.0%	-7.3%
E) Increase taxes by amount equivalent to capture growth in tax base from new construction and reduce services	500,000	2.2%	-5.1%
F) Fund current services and utilize cash in debt service to retire debt, pay a portion of mtce facility expansion, and certify the EDA levy at \$885,000 (max)	1,552,000	6.6%	-0.5%
G) Maintain existing tax rate – fund current services and provide additional funding for expanded services.	1,630,000	7.0%	0.0%

**Other Options for Considerations:**

- Public Safety - New Officer for Street Crimes Unit
  - Estimated at \$100,000 including equipment
  - 0.4% increase in property taxes would be needed for this option
- Permanent Seasonal Staffing in Inspections Area during the summer months
  - Estimated at \$30,000, details of staffing still need to be addressed
  - 0.1% increase in property taxes would be needed for this option
- Update to the Comprehensive Plan will need to be completed in 2007
  - Staff is working on a cost estimate, but preliminary scope of work would suggest about \$225,000
  - Staff proposes this be funded from available reserves in the General Fund and applicable Enterprise Funds, as this is not an annual expenditure that requires an on-going funding sources such as the property tax levy
- Each 1.0% increase in property tax revenue provides about \$230,000 in new revenue

**Reduce the Debt Service Levy**

- Sufficient cash (\$370,000) is available in certain limited debt service funds to cover remaining annual debt payments - eliminating the need to continue to certify a property tax levy for these bond issuances
- Source of the accumulated cash in these funds is as follows:
  - Pre-payment of assessments
  - Surplus created over time from certifying a levy 5% over the amount needed for payment, as required
  - Higher interest earnings over time than anticipated due to market conditions

**General Fund Reserves**

- City policy statement on reserve for General Fund - “The City will maintain fund balances in the General and Special Revenue Funds at a level which will avoid issuing short-term debt to meet the cash flow needs of the current operating budget. Generally the goal would be to maintain a minimum General Fund balance of 35% of the operating budget; however, this need could fluctuate with each year’s budget objectives and appropriations such as large capital expenditures, and variations in the collection of revenues.”

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**ITEM 2. PROPERTY TAX AND 2007 MAX TAX LEVY (continued)**

- Fund Balance in the General Fund:
  - Year-end 2004 was \$12,509,000 or 57% of the operating budget
  - Year-end 2005 was \$14,102,000 or 59% of the operating budget

**Potential Use of Available Fund Balance Reserve**

- City has about \$4.2 million in fund balance reserves in excess of the minimum requirement that could be used for one-time expenditures thus avoiding the need to increase taxes for expenses that are not on-going
- City policy to maintain a 35% fund balance reserve is a “floor” versus a “ceiling” – any spend-down of the reserve in excess of the 35% should be considered carefully
- Staff has preliminary identified \$2.0 million of potential projects/capital outlay, which are not on-going items, that could be funded from reserves:
  - Transitioning to the DC Communication Center, \$52,000
  - Public safety radios, \$670,000
  - Maintenance facility expansion, \$850,000
  - Comprehensive Plan Update, \$225,000
  - Implementing pay-go strategy for equipment purchases, \$200,000
- If the Council ultimately approves use of fund balance for the purposes above, staff roughly estimates 2006 year-end fund balance reserve would be about 50%

**Tax Impact Scenario Funding Current Service Level**

- 5.7% Increase in the Property Taxes Collected by the City would impact individual properties as follows:
  - A residential property valued at the median value of \$240,000 (for taxes payable in 2007) will pay about \$30 per year more in taxes
  - A commercial/industrial property valued at approximately \$1,000,000 will pay about \$530 per year more in taxes

**Next Step - Resolutions for September 5<sup>th</sup>**

- Council will need to adopt a resolution certifying:
  - The 2007 proposed tax levy (max tax)
  - The 2007 proposed budget
  - The 2007 Truth-in-Taxation public hearing
- Council and EDA will need to adopt resolutions authorizing and certifying a special benefit levy and the 2007 proposed EDA budget

Staff recommends that Council consider adopting a maximum property tax levy that will provide the Council with some flexibility as it moves forward with consideration of the full budget in the later part of the year, always aware that it can be lowered but not increased. Council discussed the options listed above as A through G, noting that the difference between option C and option F is the EDA Levy. Council directed staff to research issues related to increasing the EDA Fund Balance with transfers from General Fund reserves on a year-by-year approval basis. Council will continue discussion on the EDA and Max Tax levies issue at a Special Worksession to be held Tuesday, August 29, 2006 at 5:30 p.m.

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**ITEM 3. PROJECT AUTHORIZATION RESOLUTIONS – EMINENT DOMAIN FOR PUBLIC PROJECTS**

Bud Osmundson, Public Works Director/City Engineer, provided an update on the newly passed eminent domain legislation and the effects this legislation will have on the City.

Recent legislative changes to the eminent domain law have made changes to the definition of “public use” and “blighted area” but will also have a significant effect on public works projects both in time-line and possibly cost. Council thanked Mr. Osmundson for the update.

**ITEM 4. UPDATE ON HIGHWAY 13/COUNTY ROAD 5 PROJECT**

Bud Osmundson, Public Works Director/City Engineer, provided information on the status of the project and reported on:

- The schedule of Environmental Assessment (EA), staff approved layout, and City Council action – pushed back a month.
- Noise wall open house meeting scheduled for August 23, 2006 in the Council Chambers 4:30 – 6:30pm.
- The City must meet federal guidelines if it intends to acquire land using grant funds. Future application for the project will compete better if 40% plans are complete, so we intend to use a portion of the \$2.4M grant that the City presently has to prepare 40% plans.
- No Council action required at this time.
- Discussed new funding possibilities requiring 25% from federal, state, county, and city.
- There is a minimum 20% match on federal funds.

**ITEM 5. ROUNDTABLE**

➤ **Discussion of Ordinance for Cellular Towers**

Council placed this item on the Worksession agenda to discuss with the full Council whether the ordinance regarding cellular towers should be reevaluated. Council discussed issues of taller towers and co-location. Council consensus was not to amend the ordinance at this time.

➤ **City Participation in Community Celebrations**

Council discussed equity issues of providing city services for community celebrations such as Fire Muster, Art and All that Jazz, and Tender Hearts. Council consensus to provide anticipated city services free of charge for 2006, but directed staff to return with a fee policy for city participation in all events (such as police services), mindful of actual city involvement in the event, to be effective for year 2007 events.

➤ **Mayor/Council Salaries**

Council discussed current rates and market city comparisons. Council consensus to increase salaries to \$700 per month for Councilmembers and \$1,000 per month for the Mayor. Directed staff to place an ordinance on the next meeting agenda.

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**ITEM 5. ROUNDTABLE (continued)****➤ Review Process for Heart of the City (HOC) Request for Proposals (RFP)**

Responders are scheduled to be interviewed on Sept 20, 2006, with Council consideration scheduled for October 2, 2006. Council directed staff to return with an informal presentation of only the top two or three proposals for Council consideration.

**➤ Dakota Futures**

Council discussed Dakota Futures request for membership contributions. Council consensus to deny the request for membership contributions at this time and monitor Dakota Futures to reevaluate membership at a future date. Council directed staff to report back with advantages of membership.

**➤ Reports on Advisory Boards & External Organizations****Councilmember Workman:**

- I-35W Solutions - Legislative candidate forum south of the river
- EGC
- CVB - Status quo

**Councilmember Gustafson - None****Councilmember Crichton**

- Suburban Rate Authority
- AMM Policy Committee will meet tomorrow

**Councilmember Daly:**

- TAB - bike ride last month
- BMA doesn't meet again until October

**Mayor Kautz:**

- MN Valley Transit Authority
  - Operations challenge due to budget shortfalls
  - Still working to get permits
- DCC Board passed Budget version #13R
  - Review employment comp plan on Thursday
- Suburban Transit Auth – Legislative Agenda – transit taxing district.
- The Garage met Monday – plan to ask attendees to join Explorer Program
- Cedar Ave Corridor – trouble with land acquisition for transit station
- Planning Commission last night
  - Open meeting law covered
  - Reviewed their role and responsibility.

Bud Osmundson, Public Works Director/City Engineer, reported that MnDOT is mobilizing the I-35W Bus Rapid Transit Project. Craig Ebeling, City Manager, reported that the 2006 State funding is for two stations on the north side of the river.

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The meeting was adjourned at 9:49 p.m.

Respectfully submitted,

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Macheal Brooks, Deputy City Clerk

Approved by the City Council of the City of Burnsville this 5<sup>th</sup> day of September 2006.

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Elizabeth B. Kautz, Mayor