

CITY OF BURNSVILLE
Governance Meeting
May 30, 2007

The City Council of the City of Burnsville met in a governance session at the Burnsville City Hall, 100 Civic Center Parkway, Burnsville, Minnesota the 30th day of May, 2007.

The meeting was called to order by Mayor Kautz at 7:00 p.m.

The Pledge of Allegiance was preceded by a moment of silence.

Present: Crichton, Gustafson, Kautz, Kealey, and Workman
Absent: None

1. Additions to the Final Agenda.

There were no additions to the final agenda.

2. Land Assembly – Professional Testimony.

Skip Nienhaus, Economic Development Coordinator, reviewed the Governance Process on Land Acquisition and Assembly for Economic Development and introduced the speakers for professional testimony: Paul Steinman, Vice President, Consultant, Springsted Inc.; Jamie Verbrugge, City Administrator, City of Rosemount; and Dan Rogness, Director of Community Revitalization, Dakota County CDA.

Paul Steinman, Vice President, Springsted Inc., gave a presentation on Land Acquisition and Assembly – Strategy and Policy Issues.

- Strategic Purpose
 - Driven by identification of geographic areas?
 - Contaminated sites
 - Substandard buildings
 - Sites that are absent highest and best use
 - Property generally in need of redevelopment
 - Driven by City initiatives?
 - Heart of the City
 - Medical Technology Campus
 - Other industry clusters
 - Revitalize housing stock
- Implementation Strategies
 - Purchase all parcels at once?
 - Helps to avoid “hold-outs”
 - Necessitates larger funding source
 - Purchase parcels one at a time?
 - Anticipate hold-outs
 - Always have alternate plan for development
 - Possible abandonment of development plan - resell parcels
 - Council to avoid project “buy-in” until site control established
 - Hire private party to negotiate acquisitions
 - Fix maximum price thresholds
 - Appraisal based
 - 120% of Taxable Value

2. **Land Assembly – Professional Testimony (continued).**

- Facilitate multiple property owner discussions
 - Owners apply pressure to each other to negotiate the purchase
- Never show your cards
- FLEXIBILITY IS KEY - Always have alternate plan for development
- Always retain your ability to use ED tools to write down land cost
 - Developers inclined to ask for reduction in purchase price because City owns property
 - Developers want you to provide land as equity into their project, requiring that you be reimbursed from another source
- Strategy is vitally important lacking Eminent Domain authority
 - Avoid needing that “one last parcel” of property to make a deal work
- Funding Strategies
 - Your funding source may be temporary
 - How temporary?
 - What is the timing and risk associated with repayment
 - Re-sale of acquired property provides ongoing capital
 - Determine how many dollars are necessary as a one time injection of capital
 - Being properly capitalized increases chance of success

Jamie Verbrugge, City Administrator, gave a presentation on his experience with land acquisition at the City of Rosemount.

- Recent land acquisition strategies
 - Redevelopment
 - Relocation
 - Public amenities
- Downtown redevelopment
 - Face of Downtown has evolved decade by decade over past 50 years
 - Port Authority already owned property in the first-phase area
 - Downtown Framework adopted 2004
 - Land acquisition “opportunities” are advantageous
- Opportunities may arise
 - A “willing seller” purchase often reduces the long-term land expense and the public cost for redevelopment.
 - The assembly of land enhances the potential for redevelopment. Land costs are certain and the delays to assemble a site are reduced.
 - Control of land minimizes the need for condemnation.
 - The challenge of land acquisition/land banking is funding
- Acquisitions – City of Rosemount, Port Authority, and Partnering Developer.
- Relocation
 - Genz-Ryan
 - Hwy 3/Canada Circle
- From the Framework:
 - “The displacement of businesses is not an objective of the Development Framework. In reality, some businesses may not be able to remain Downtown. Still, removal of a business’s existing building does not inevitably mean that the business must leave Downtown. Careful implementation of the Framework will provide new locations for those businesses that are willing to move and capable of relocating to a new site.”

2. **Land Assembly – Professional Testimony (continued).**

- Public Amenities
 - Dakota County Branch Library
 - Reuse of St. Joseph's Church
 - Acquisition of adjacent property for gateway and potentially to facilitate larger project
- Funding
 - Reserves
 - Internal borrowing/TIF
 - Partnerships and creative negotiating
- The future of pre-emptive acquisition for redevelopment in Rosemount
 - Targeted, not scattered
 - Will require complete buy-in of adjacent property

Dan Rogness, Director of Community Revitalization, gave a presentation on the Acquisition Policy and Procedures of Dakota County CDA.

- Types of Acquisition - The CDA acquires real property sites for:
 - CDA Senior Housing and Family Partnership developments or related programs.
 - Non-CDA housing (Habitat for Humanity, non-profit developers, etc.), but associated with a CDA development or CDA financing.
 - Sites for redevelopment projects, with or without CDA ownership, including infill sites and tax-forfeited property.
- Types of Disposition - The CDA disposes of real property sites in the following general categories:
 - Property conveyed from the CDA to a Limited Partnership (with CDA as General Partner).
 - Property obtained through tax forfeiture and subsequently conveyed for a (re)development purpose.
 - Property assembled and used for redevelopment purposes.
 - Property conveyed to non-profit and for-profit developers for an affordable housing purpose.
- Uniform Act
 - The Uniform Relocation Act (URA) was enacted to define minimum standards of performance for all federally funded projects with regard to the acquisition of real property and the relocation of persons displaced by the acquisition of such property.
- Minnesota Law
 - MN Statutes require that in all acquisitions by an acquiring authority without federal participation, the authority must provide relocation assistance as a cost of acquisition.
 - The MN Supreme Court held that an authority may be responsible for relocation costs when property is acquired by a private developer if the activities of the authority and the developer are so intertwined to produce a joint acquisition of the project.
- Acquisition Policy & Procedures
 1. Preliminary Assessment
 - An analysis is done to determine the overall feasibility of the proposed acquisition.
 - If the property is determined to be necessary and appropriate to acquire, the CDA obtains an estimation of fair market value (FMV).
 2. Offer Determination
 - When federal policies do not apply, the CDA can determine just compensation based on all relevant information obtained for such value determination.
 - As a general rule, the CDA shall not determine its initial or final offer at more than 10% above an independent appraisal or county tax value, whichever is greater.
 - When federal policies apply, URA requires an appraisal and review appraisal.

2. **Land Assembly – Professional Testimony (continued).**

3. Offer and Negotiation
 - o If the CDA chooses to proceed with the acquisition, a written offer is made to the owner to acquire the property for the determined FMV.
 - o The owner is given reasonable time to either accept the offer or present material which the owner believes is relevant to determining FMV.
 4. Final Offer
 - o The CDA may decide to change its initial offer based on one or more of the following factors:
 - o A material change in the character or condition of the property;
 - o A significant delay since the time of the appraisal;
 - o Relevant information from the property owner that supports a different value; and/or
 - o An analysis of other costs that may be incurred to proceed beyond negotiation.
 5. Eminent Domain
 - o When a final offer is not accepted by the property owner, the CDA may evaluate the use of eminent domain to complete the acquisition process per Minnesota Statutes Chapter 117 and relevant case law.
 6. Relocation
 - o An analysis of whether the authority shall be responsible for relocation benefits shall be undertaken for all acquisitions either undertaken by the authority or jointly undertaken by the authority and a private developer.
- Project Budget - It is extremely important to spend adequate time and attention in the beginning to develop a budget:
 1. Acquisition of each parcel (start with 1.5 x county's EMV)
 2. Relocation of owners and/or renters (use URA requirements)
 3. Demolition of buildings (including environmental remediation)
 4. Associated soft costs (appraisals, hazmat surveys, etc.)
 5. Holding costs (mowing property, assessments, etc.)
 6. Add a contingency for unknowns (a given factor)
 - Acquisition Example - The Dakotah, West St. Paul
 - o 1.25 acre-site zoned commercial
 - o 7 parcels (2 homes, 4 businesses, 1 vacant bldg, 1 vacant lot)
 - o Acquisition began in 1994 and ended in 2001
 - o Last acquisition resulted in condemnation (vacant bldg)
 - o Total acquisition-related costs = \$25/sq.ft.
 - o New project – 59 senior housing units & 6,300 sq.ft. commercial
 - Demolition Example - Cedar Grove, Eagan
 - o Office built in 1972, 5,500 sq.ft.
 - o Retail built in 1968, 4,000 sq.ft. (bike & ski)
 - o Retail built in 1970, 6,500 sq.ft. (auto repair)
 - o Retail built in 1965, 5,000 sq.ft. (hardware)
 - o Demolition = \$85,000
 - o Environmental remediation = \$85,000
 - o Environmental testing = \$25,000
 - o Total cost = \$195,000, or \$9/sq.ft.
 - Conclusions
 - o Prepare a policy that deals with acquisition and disposition.
 - o Make decisions related to need vs. opportunity.
 - o Prepare a good project budget at the beginning.
 - o Understand and follow federal/state requirements.
 - o Make good determinations of fair market value.
 - o Be aware of environmental-related costs with demo.

2. Land Assembly – Professional Testimony (continued).

Public Comment is scheduled for the June Governance meeting and Council dialogue and policy decision is scheduled for the July Governance meeting. Council requested staff to contact Mr. Darwin Voltin to attend for the public comment.

3. Sustainability – Environmental Scan.

Terry Schultz, Director of the Department of Natural Resources; Sue Bast, Environmental Specialist; and Deborah Garross, Planner, presented the White Paper on Sustainability.

- Background:
 - Topic of discussion for many years
 - 2006 Burnsville for the 21st Century Visioning Project
 - 2007 Council Worksession – review sustainability as part of Governance Process
- Sustainability Definition
 - Reoccurring themes in Sustainability
 - Interdependence among **ecological**, **economic** and **social** factors
 - People must meet **current needs** in ways that enable **future generations** to also meet theirs
- MN Sustainable Development Initiative – 1996
 - *“development that maintains or enhances **economic opportunity** and **community well-being** while protecting and restoring the **natural environment** upon which people and economies depend. Sustainable development meets the **needs of the present** without compromising the ability of **future generations to meet their own needs.**”*
- Views of Community
 - 1 - Traditional quality of life indicators measure the three parts separately.
 - 2 - Links among its three parts: the economic part, the social part, and the environment part
 - Sustainability acknowledges that these three should be linked.
 - 3 - Three concentric circles: The economy exists within society, and both economy and society exist with the environment.
 - Sustainability indicators attempt to measure the extent to which these boundaries are respected.
- Sustainability Frameworks/Examples:
 - The Natural Step System
 - What we extract from the earth & make synthetically must not accumulate in the environment as waste
 - Biodiversity & natural systems must not be irreversibly degraded by human activity
 - Bounty of the earth must be used equitably, fairly & efficiently to meet basic human needs locally & globally
 - City of Duluth, MN - 2006 Resolution for a Sustainability Plan
 - Chequamegon Bay, WI - Sustainable Chequamegon Initiative Strategic Plan 2006-2011
- Principles of Sustainable Development for Minnesota (1996):
 - Global Interdependence
 - Stewardship
 - Conservation
 - Indicators
 - Shared Responsibility
- U.S. Mayors Climate Protection Agreement (2005)
 - Mayor Nickels of Seattle, WA challenged mayors across the country to join Seattle in taking local action to reduce global warming pollution.
 - The Agreement sets out 12 actions that cities can take to make their communities more sustainable

3. Sustainability – Environmental Scan (continued).

- City of Santa Monica, California
 - 1994 Sustainability City Program with Indicators:
 - Resource Conservation
 - Environmental & Public Health
 - Transportation
 - Economic Development
 - Open Space & Land Use
 - Housing
 - Community Education
 - Human Dignity
- Incorporation of Sustainability Principles
 - The Sustainability Matrix
 1. Sustainability Practices
 2. Strategies
 3. A-Z Continuum (level of service for the strategies)
- Build on Burnsville's Current Sustainable Activities
 - Low Impact Development Guidelines
 - Water conservation/quality improvement programs & education
 - Environmentally preferable purchasing
 - LED Street light replacement program
 - In-place recycling of bituminous pavement
 - Household organics collection program
 - Promote community gardens
 - Provide healthy community living programs
- Process for Sustainability Plan Development
 - Council decides whether to proceed with sustainability research, if yes then...
 - Staff develops a "Sustainability Plan"
 - Fold sustainability program into budget process and appropriate planning documents, policies, and ordinances
 - 3-6 month task implemented over 5-10 year period.
- Capital Improvement Plan
 - Extent to which CIP is impacted depends on sustainability practices that are adopted
 - Sustainable practices could affect cost of public improvements
 - Priority of CIP improvements may be affected
- Comp Plan
 - Sustainability – "overarching philosophy"
 - Impacts more activities/programs than typical Comp Plan
 - Can be incorporated as stand alone chapter or
 - Entire plan can be written under umbrella of sustainable practices
 - Sustainability explores complex interrelationships between City services, development policies & local, regional & global implications
 - Dynamic process – multiple stakeholders, evolving technologies
 - Benchmarks may change over time
 - Comp Plan Example - Richmond, Indiana Comp Plan (2006)
- Next Steps
 - June 26th – Sustainability Professional Testimony
 - July 24th – Sustainability Public Comment
 - August 28th – Council Dialogue/Policy Discussion

3. Sustainability – Environmental Scan (continued).

Council directed staff to contact Randy Kelly, former St. Paul Mayor, for professional testimony as he has recently been appointed to the EPA.

4. Adjournment.

Motion by Kealey, seconded by Gustafson to adjourn the meeting at 8:30 p.m. Ayes – Crichton, Gustafson, Kautz, Kealey, and Workman. Nays - None. Motion carried.

Macheal Brooks, Deputy City Clerk

Approved by the City Council of the City of Burnsville this 4th day of June, 2007.

Elizabeth B. Kautz, Mayor