

**CITY OF BURNSVILLE
WORKSESSION MINUTES
JULY 12, 2011**

The City Council of the City of Burnsville met for a Worksession at the Burnsville City Hall, 100 Civic Center Parkway, Burnsville, Minnesota on the 12th day of July, 2011.

The meeting was called to order at 6:30 p.m. by Mayor Kautz.

Council Present: *E. Kautz, D. Kealey, M. Sherry*
Council Absent: *D. Gustafson*
Staff Present: *C. Ebeling, T. Omdal, M. Brooks, T. Hansen, S. Albrecht, T. Shultz, S. Nienhaus, J. Faulkner, J. Jamnik, T. Busse*
Commissioners: *G. Aaroe, C. Rebers, R. Singh, M Pevan, S. Mondelli, B. Wolff, M. Rauf*
Others Present: *D. Alberts, B. Coughlin, J. Gessner, L. Workman, D. VonHeldon, D. Edmunds L, Shutz, S. Delke, J. Trebesch, T. Taylor*

ITEM 1. SKETCH PLAN REVIEW FOR 134TH STREET

Jenni Faulkner, Community Development Director, presented a sketch plan proposal for the vacant lot on 134th Street, west of Super America. The site is zoned B-2, PUD (Neighborhood Commercial, Planned Unit Development). The original PUD for this property was for two commercial office buildings and combined with the gas station and child care building to the east. The trees and topography served as a buffer to the neighboring residential area. In 2003 Arima, LLC received approval of a PUD Amendment for a mixed use proposal for townhome and town office suites, but was never constructed. In 2006, a Johnson-Reiland submitted a proposal for a residential project of approximately 30 townhome units. The Council was not supportive of the Development Stage application submitted due to the density and the applicant subsequently withdrew.

This concept provides for 14 single family homes. The units will be detached however a home owner association will be created to maintain the common area and private street within the development. The proposal would require rezoning and a comprehensive plan amendment. The main issue with this proposal is the topography of the parcel and existing gas line easement that limits screening and any physical separation between the two land uses.

Council discussed potential issues with the gas line, the compatibility of residential homes next to the existing gas station, and the increased tax base. Council consensus was supportive of the proposal.

ITEM 2. BURNSVILLE PERFORMING ARTS CENTER ADVISORY COMMISSION UPDATE

Sal Mondelli, Chair BPAC Commission, provided an update to the Council.

Commission Composition

- Added three new members
- Elected new Chair, Sal Mondelli & Vice Chair, Mark Pevan

Committee Update

- Operations Committee
 - Reviewing budget best practices
 - Volunteer program to replace some part-time employees

WORKSESSION MINUTES

2

July 12, 2011

ITEM 2. BPAC COMMISSION UPDATE (continued)

- Marketing Committee
 - Naming rights opportunities, should start working on this by the end of the month.
 - Signage
- Fund Raising Committee
 - Angel fund – shared risk partnerships. VenuWorks and others are participating.
 - FOBPAC (Friends of the Burnsville Performing Arts Center) – two BPACC commissioners have joined the board.

Budget

- Discussions at August & September meetings
- Finalize recommendation at September 7, meeting
- Meet with Tammy Koolbeck (VenueWorks VP), Jon Elbaum, Tom Hansen to discuss ways to improve revenue and cut operating expenses

Recommendations

- Add an additional commissioner with operations background to fill open slot
- Put up directional signage
 - Councilmember Kealey noted that additional signage could help patrons find parking
 - 48% of last years' patrons were from outside the southern metro area but they have some trouble finding the building and where to park
- Investigate larger monument sign on Nicollet Avenue
- Economic impact study
 - Consider using MBA students to evaluate some of the spillover effects

Council thanked Mr. Mondelli, Paul Jacques, and all the BPACC Commissioners for all the work they've accomplished in their first year.

ITEM 3. UPDATE ON XCEL BLACK DOG EXPANSION

Jenni Faulkner, Community Development Director, Terry Schultz, Parks and Natural Resources Director, and Steve Albrecht, Public Works Director presented an update on the future projects regarding X-cel Energy' Black Dog Plant.

HISTORY

- Built in 1950s as coal-powered facility
- Units 1-2 repowered to natural gas in 2002
- Electricity output: 536 megawatts (Summer)

PROPOSED PROJECTS

- Propose to repower remaining coal generation (Units 3-4)
- Addressing Existing Issues (access/plat)
- Major Transmission Line Relocation

REPOWERING PROJECT

- Repower remaining coal generation (Units 3-4) to natural gas by 2016
 - Regulated by PUC
 - New turbines are up to 50% more efficient than original coal fired
 - Improved air quality with lower emissions
 - Cost estimated \$600M
 - Planning stages 2011/2012

July 12, 2011

ITEM 3. UPDATE ON XCEL BLACK DOG EXPANSION (continued)

- Pre-construction site activities 2012
- Building construction proposed for 2013
- Repowering on-line end of 2015
- Demo of coal facilities 2016-2019

PROPOSED FACILITY

- Cooling building instead of ponds
- No coal pile
- Tall stack removed

PROPOSED FACILITY ISSUES

- Floodplain Issues
- Wetland Impacts
- Zoning ordinance compliance
- Noise/plume concerns
- Construction- access, public safety, meeting building/fire code
- Address existing issues
 - Access
 - Platting

PROPOSED FACILITY CITY ROLE

- Project governed by public utilities commission (PUC)
- City will work through PUC to ensure city requirements are addressed
- Unsure of timing of the project due to shutdown
- City will work with Xcel to ensure existing issues are also addressed

EXISTING FACILITY ISSUES

- Access
 - Black Dog Road western bridge has been closed since spring of 2010 due to structural issues resulting in increased truck traffic on Nichols Road (Eagan).
 - Black Dog Road has closed 5 times in the last 18 months for a period of 12 weeks resulting in increased traffic on Burnsville neighborhood streets and limited public safety access.
 - Draft studies of access alternatives to be presented to City Council in the near future.
 - Replacement of the Black Dog Road western bridge and a portion of Black Dog Road at a cost of \$826k
 - Extension of 12th Avenue to provide year round plant access at a cost of \$5.5M.
- Platting
 - Requirement of last CUP
 - Address r-o-w, park dedication, access
- Public Safety/Building Permit Oversight
 - Need an agreement for ensuring proper permits are obtained
 - Need understanding to ensure public safety strategies are in place not only during construction periods but as part of normal operations
- Future Trail/Park Status
 - Need to ensure the regional trail plan is implemented
 - Need to ensure long term public access to the river and riverfront amenities maintained/enhanced

July 12, 2011

ITEM 3. UPDATE ON XCEL BLACK DOG EXPANSION (continued)**TRANSMISSION LINE RELOCATION**

- Regulated by Public Utilities Commission (PUC)
- W side 35W
 - Room for future 118th street and powerlines by quarry?
- E side of 35W
 - Eagles nest / Impacts to bird flight paths
 - Visual impacts to future trail users (tree clearing)
 - Floodway & Wetland impacts
 - Shoreland Ord. issues- vegetative alterations, height
 - Other viable line location alternatives?
- Other agencies have similar questions on this project
 - DNR, USFWS, Dakota County, US Army Corp of Eng

PROCESS- PUBLIC INPUT

- Public Utilities Commission Review
 - Re-powering project
 - Transmission line re-build
- City Council Review/Approval
 - Re-powering - wetland impacts only (TEP Panel)
 - Plat (PC review)
 - Black Dog Road (PC review for CUP)
 - 12th Avenue Extension
 - PNR review for park impacts/mitigation
 - Potential PC review for CUP

Mr. Ebeling reported that the goal is to work with Xcel so that we may send testimony to PUC that the City's issues have been addressed.

Council discussed noise and plume concerns, referencing the issues that were encountered and resolved during the repowering project in St. Paul. Staff noted that both Xcel and the City will be hosting public meetings so that this process will be very open to the public. Council also discussed the proposed power line relocation project, that the new access road will be a public road but improvements will be assessed to Xcel, and the benefits that the project will reduce our carbon footprint.

ITEM 4. MINNESOTA RIVER QUADRANT DISCUSSION

Craig Ebeling, City Manager, Tammy Omdal, Deputy City Manager/CFO, Steve Albrecht, Public Works Director, and Jenni Faulkner, Community Development Director proposed new projects for the Council to consider in the Minnesota River Quadrant (MRQ). The MRQ is the Council's #1 economic development goal. Significant gains have been made in planning and obtaining Tax Increment Finance (TIF) authority, but there has not been much physical improvement. The construction of the Hwy 13/CR 5 Interchange may provide some opportunities to leverage other projects in this area.

Policy Decision/Action to Be Considered

- Update the Council on current status of Minnesota River Quadrant (MRQ)
- Present options for financing public improvements in the MRQ
- Direction from the Council on how to proceed, next steps
 - EDC and PC have development of an MRQ Redevelopment Plan on their adopted work plans

July 12, 2011

ITEM 4. MINNESOTA RIVER QUADRANT DISCUSSION (continued)Facts

- 1700 acre MRQ is an identified major redevelopment area for the City
- Minimal public infrastructure in place
- Desire to convert from heavy industrial to a new mixed-use purpose in order to grow tax base and jobs
- Estimated market value growth in the \$600 to \$700 million range based on the adopted MRQ Concept Development Plan
- City obtained special TIF legislation in 2008 to assist with redevelopment of the MRQ
- No TIF Districts have been created in the MRQ since the special law was passed – no projects to advance
- Momentum for change with construction of new interchange at 5/13
- Opportunity exists to advance other public improvement projects

MRQ Public Improvement Projects

- A. County Road 5 and Highway 13 Interchange
- B. Soil Improvement in the Lady Bird Lane / Dupont Avenue Project Area
- C. Interstate 35W and Cliff Road Interchange Improvements
- D. 126th Street / Dupont Avenue Improvements
- E. Extension of County Road 5 and Highway 13 to Cliff Road

A. County Road 5 and Highway 13 Interchange Project

- \$45 million Project, estimated for year 2012 or 2013 – State shutdown may change these dates
- County, State, and Fed Govts participating
- City contribution of \$6.4 million
- City will issue debt
- Annual general tax levy between \$340,000 and \$585,000 depending on selected bonding strategy
- City has options to use revenue from TIF Pooled Fund to change bonding strategy and to reduce the amount of principal to be issued and interest expense
- Council would need to commit tax increment from TIF Pooled Fund
- Use of TIF would result in a reduction in the amount of general tax levy needed

Pooled TIF Fund

- Cash in the Pooled TIF Fund is projected to increase from \$0.7 to \$3.3 million between years 2010 to 2014
- Outstanding debt and developer notes will be paid off in full leaving uncommitted future tax increment
- Funds can be appropriated for purposes included in the City's adopted TIF plan
- Future revenue could be allocated as follows:
 - \$2.0 million for debt pmts on bonds for 5/13 Project
 - \$1.1 million for cash contribution to 5/13 Project
 - \$0.2 million for acquiring grading easements in Lady Bird Lane/Dupont Area

B. Soil Improvement in the Lady Bird Lane / Dupont Avenue Project Area

- \$250,000 to acquire grading easements PLUS cost of grading work and additional soil that may need to be imported, estimated to begin in 2012 or 2013
- City has an option to use cash from TIF Pooled Fund to pay for grading easements
- Cost of grading work and any additional soil would be paid by benefiting properties through an assessment agreement
- 5/13 Project would benefit from cost effective disposal of the excess soils

July 12, 2011

ITEM 4. MINNESOTA RIVER QUADRANT DISCUSSION (continued)

C. Interstate 35W and Cliff Road Interchange Improvements

- \$5.1 to \$5.3 million (includes \$0.2 million in city utility work) estimated to begin in 2014
- City will issue debt
- Annual general tax levy impact of \$340,000
- Tax levy could be offset by a potential \$245,000 reduction in the planned levy for the 5/13 Project
- Tax levy would be reduced to the extent tax increment is generated from future development
- Possible limited MnDOT Participation
- Utility work would be paid from city utility funds

D. 126th Street / Dupont Avenue Improvements

- \$4.9 million (includes \$0.9 million in city utility work) estimated to begin in 2014
- City will issue debt, type of debt instrument to be determined
- Annual general tax levy estimated at \$265,000 assuming no other revenue sources are available
- Tax levy would be reduced to the extent tax increment is generated from future development
- Special assessments could be an option
- Street may qualify for MSAS funding which would be used to offset tax levy
- Utility work would be paid from city utility funds

E. Extension of County Road 5 from Trunk Highway 13 to Cliff Road

- \$27 million (preliminary estimate from several years ago) no estimated timeline for construction
- Significant right-of-way acquisition costs associated with this project
- No funding options identified at this time
- Should the Council direct staff to proceed, there are options to finance this project but all would require a significant commitment of property tax levy not presently included in any city plans

Extension of County Road 5 from Trunk Highway 13 to Cliff Road

Estimated Tax Levy Impact of Projects A, B, and C

Tax Levy Would Be to Pay for Debt Service on Bonds

	<u>Based on Current Plans</u>	<u>Based on Alt Funding Options</u>	<u>Difference</u>
<u>Projects:</u>			
A. 5/13 Interchange Project	\$585,000	\$340,000	(\$245,000)
B. Soil Impr Lady Bird Lane/Dupont	N/A	N/A	N/A
C. I35W and Cliff Rd Interchange	N/A	\$340,000	\$340,000
TOTAL	\$585,000	\$680,000	\$95,000

Estimated Future Offsetting Sources of New Tax Revenue, From New Taxpayers:

Increase in Tax from New Construction <u>Not</u> Within a TIF Dist	N/A	\$50,000	\$50,000
Increase in Tax from New Construction <u>Within</u> a MRQ TIF Dist	N/A	Unknown	Unknown
TOTAL	\$585,000	\$630,000	\$45,000

WORKSESSION MINUTES

July 12, 2011

ITEM 4. MINNESOTA RIVER QUADRANT DISCUSSION (continued)

Estimated Tax Levy Impact of Project A, B, C, and D

Tax Levy Would Be to Pay for Debt Service on Bonds

	<u>Based on Current Plans</u>	<u>Based on Alt Funding Options</u>	<u>Difference</u>
<i>Projects:</i>			
A. 5/13 Interchange Project	\$585,000	\$340,000	(\$245,000)
B. Soil Impr Lady Bird Lane/Dupont	N/A	N/A	N/A
C. I35W and Cliff Rd Interchange	N/A	\$340,000	\$340,000
D. 126th Street/Dupont Ave	N/A	\$265,000	\$265,000
TOTAL	\$585,000	\$945,000	\$360,000

Estimated Future Offsetting Sources of New Tax Revenue, From New Taxpayers:

Increase in Tax from New Construction <u>Not</u> Within a TIF Dist	N/A	\$50,000	\$50,000
Increase in Tax from New Construction <u>Within</u> a MRQ TIF Dist	N/A	Unknown	Unknown
TOTAL	\$585,000	\$895,000	\$310,000

Funding for County Road 5 and Highway 13 Interchange Project

- Does the Council support leveraging Pooled Funds TIF for the 5/13 Interchange Project?
- If so - next step will be for staff to designate tax increments for this use and to modify financial plans for consideration by the Council as part of the 2012 budget process
- If not - staff will prepare plans to finance the City contribution with EDA limited obligation bonds
 - *Council consensus was to direct staff to proceed with the use of Pooled Fund TIF for the 5/13 project.*

Initiate Project for Soil Work in Area of Lady Bird Lane/Dupont Avenue Area

- Does the Council find the proposed concept to improve soil conditions in this area to be generally acceptable?
- Does the Council support the concept proposed to pay for easements ?
- Council action would be required at a later date should the want to proceed
 - *Council consensus was to move forward with the concept proposed.*

Create Soil Deficiency TIF District in area of Lady Bird Lane/Dupont Avenue

- Does the Council want to direct staff to begin to take the necessary steps for the creation of a Soil Deficiency TIF District in the MRQ for the Lady Bird Lane/Dupont Avenue Project area?
- Given certain assumptions - staff estimates that a Plan could be before the Council for adoption sometime in 3rd Quarter 2012
 - *Staff reported that the TIF District created would be for 15 years.*
 - *Council consensus was to move forward with steps necessary to prepare for creating a TIF district.*

July 12, 2011

ITEM 4. MINNESOTA RIVER QUADRANT DISCUSSION (continued)

Advance Planning for I35W and Cliff Road Interchange Improvements

- Does the Council want to advance planning for Improvements at I35W and Cliff Road Interchange at this time?
- And if so, does the Council find the proposed concept of for financing this project generally acceptable?
- It will require general tax levy support
- If so - next step will be for staff to evaluate the ability to issue TIF Bonds and to create plans for consideration by the Council as part of the 2012 budget process
 - ***Council consensus was to move forward with the concept proposed.***
 - ***Council consensus to support proposed concept for financing the project.***

Advance Planning for 126th Street/Dupont Avenue Improvements

- Does the Council want to advance engineering and funding source investigation for 126th Street/Dupont Avenue Improvements?
- Is the Council open to adding this segment to the City's MSAS system?
- Does the Council support the consideration of special assessments as part of this Project, similar to how street improvements are handled in other locations in the City?
- If so - next step will be for staff to modify plans for consideration by the Council as part of the 2012 budget process
 - *Council discussed possible assessments to be included in the funding of this project. Mr. Ebeling reported that if the Council wished to move forward with this project, potential assessments and MSAS funding would be included in greater detail.*
 - ***Council consensus was to move forward with the concept proposed.***
 - ***Council consensus to pursue other funding as suggested.***

Postpone Planning for Extension of County Rd 5 from Trunk Hwy 13 to Cliff Rd

- Does the Council want to continue to postpone planning for the extension of County Road 5 from Trunk Highway 13 to Cliff Road?
- If so – staff will continue to list this as a pending project in the CIP without an identified funding source
 - ***Council consensus was to continue to postpone planning for this project***

Staff reported that this direction will be incorporated into the budget documents, including the five-year plan and the Capital Improvement Plan (CIP).

ITEM 5. USAGE OF E-85 FUEL

Tom Hansen, Deputy City Manager/COO, and Tom Busse, Fleet Manager reported on the City's usage of E-85 fuel.

Fuel Production/Water Usage

- Water usage similar between E-85 and Gasoline
 - E-85
 - 3 to 4 gallons of water to produce 1 gallon of ethanol
 - Increased efficiencies continue to reduce water usage
 - Water is recycled at newer ethanol plans
 - Gasoline
 - 2.5 to 8 gallons of water to produce 1 gallon of gasoline

July 12, 2011

ITEM 5. USAGE OF E-85 FUEL (continued)Cost of E-85

- Flex-Fuel Vehicle
 - There is no additional cost to purchase a Flex-Fuel vehicle from the State of Minnesota contract
 - Some manufactures are starting to offer some of their vehicles the same model vehicle with different engine options
- Flex-Fuel Cost
 - Variable in usage, there is 25% less energy from E-85 then from gasoline
 - Mileage considerations, 25% less mileage with E-85

Current Burnsville Practice

- Fleet
 - 54 Flex-Fuel vehicles
- Fuel Usage (Capacity:15,000 gal)
 - Minimal usage each month (500 gal/month)
- Current Fuel Cost
 - \$2.90/gal

Conclusion

- Decision to use is cost driven
- Having Flex-Fuel gives us flexibility

Staff reported that the cooperative purchase of gasoline is significantly lower than retail pricing. Councilmember Sherry stated that her concern was not the water used during production of E-85, but the water used for irrigation of the corn crops. She cited articles that noted a growing concern for the effects on the water table. Council will consider this as a possible legislative position for 2012.

ITEM 6. ASSISTANCE FOR SINGLE FAMILY HOMES

Jenni Faulkner, Community Development Director, led the follow-up discussion on assistance for single family home improvements.

Single Family Home Improvements

- Follow-up from August 2010 Worksession discussion
- Council gave direction to move forward with an assistance program and consider revision to the ordinance to be more flexible
- Ordinance changes already made
- Focus on financial incentive program

Permit Rebate Program

- In 2010 city collected \$25,685 in permit fees for 32 separate residential projects
- Projects for additions or tear down/rebuilds
- Rebate easier to administer than a tax abatement program
- Rebate also provides an incentive and correlation to value of improvement
- Rebate is larger amount than abatement based on increase in value
- Suggest program keep to projects that increase value and meet the intent- habitable living additions complete re-builds
- Upon issuance of c/o a check mailed directly to home owner with a letter from the City
- Next steps- creation of a policy and amendments to permit fee schedule

July 12, 2011

ITEM 6. ASSISTANCE FOR SINGLE FAMILY HOMES (continued)

Councilmember Sherry wondered whether such a small amount would be an incentive and noted the program doesn't get to the real problem of improving housing stock. She suggested the Council consider adding another property inspector. Council noted the value in marketing and public relations. Council directed staff to move forward with the implementing the program for a two year trial.

ITEM 7. ROUNDTABLE**➤ Discussion on Process for Council Requested Research on "Market Cities"**

Councilmember Kealey requested the Council consider expanding criteria for comparable cities. Council suggested that the Economic Development Commission could provide some feedback. Council noted that staff already expands to other cities when they don't get enough information from market cities. Consensus was to take each issue on a case by case basis.

➤ Outdoor Events at Taverns

Councilmember Kealey reported some complaints regarding outdoor music events. Staff reported that this type of event cannot be regulated by decibel levels, but is regulated by nuisance level, which depends on the number of calls received. Council directed staff to talk to the owner to see if placement of the speakers could lessen the effects on neighboring residents.

➤ Replacement Member for the BPAC Commission

Council considered applicants to replace Commissioner Jacques on the Burnsville Performing Arts Center Commission. Council consensus was to forward the applications of both Robert Morrison and Robert Plantenberg to the BPACC Chair and Vice-chair to get their recommendation.

➤ Set Time for 7-29-11 Special Meeting to Canvass Ballots for Special Election

Council set a **Special Meeting to canvass ballots for July 29, 2011 at 12:00 Noon.**

➤ Councilmember Gustafson's request letter to the Council

Councilmember Gustafson is out of town on business, but he requested the Council consider the creation of an Enterprise Fund dedicated to funding an entertainment series in the Performing Arts Center. It would be a public/private matching fund initiative with a \$50,000 cap from Economic Development Authority funds. Staff reported that this initiative is on the BPAC Commission work plan. Council consensus was to wait for a recommendation from the BPAC Commission.

➤ Reports on Advisory Boards and External Organizations**Councilmember Kealey**

- Minnesota Valley Transit Authority met on June 22
 - Annual Audit Report – one finding regarding segregation of accounting duties
 - Three new shelters in 2011 and three in 2012 on Hwy 13, Bike-n-ride at Blackhawk, Cedar Grove Pedestrian Improvement
 - Discussed support for MVTA service to Dakota County Technical College
 - Discussed state shutdown effects
- I-35W Solutions Alliance meets Thursday, July 14
- Metro Cities Transportation Committee meets July 18

WORKSESSION MINUTES

July 12, 2011

11

ITEM 7. ROUNDTABLE (continued)

Councilmember Sherry – nothing to report

Mayor Kautz

- Regional Council of Mayors met Monday
 - Economist presentation on growing jobs in Minnesota
 - Report from Greater MSP
 - Environmental Committee Update
 - Corridors of Opportunity
- Burnsville Convention & Visitors Bureau
 - Annual Retreat on Wednesday, July 27
 - Rand McNally Fun Finders visited our local restaurants
- International Festival was cancelled due to rain

The meeting was adjourned at 9:44 p.m.

Respectfully submitted,

Macheal Brooks, City Clerk

Approved by the City Council of the City of Burnsville this 19th day of July, 2011.

Elizabeth B. Kautz, Mayor