

CITY OF BLOOMINGTON
2215 WEST OLD SHAKOPEE ROAD
HENNEPIN COUNTY, MINNESOTA 55431

CITY COUNCIL MEETING

Approved Minutes
Regular Meeting
Meeting #12

7:00 p.m.
May 21, 2001
Council Chamber

- Presentation of Colors Boy Scout Troop #446 of Transfiguration Lutheran Church presented the colors and led the audience in the pledge of allegiance.
- Mayor Gene Winstead called the meeting to order and thanked Scout Master Mark Anderson (Assessing Division) and the following scouts for presenting the colors: Jeff Kurth, Sam Michael, and Peter Anderson.
- Roll Call Present: Mayor Winstead, Councilmembers D. Abrams, M. Fossum, H. Harden, A. Ornat, and S. Peterson.
Absent: V. Wilcox
- Approved the Bloomington Family Services Community Council's Rules of Procedure
Item 6.3 Motion made by Ornat, seconded by Abrams, and all voting aye, to approve the Bloomington Family Services Community Council's Rules of Procedure. The change is to Section 3.3, Limitation of Terms of the Family Council Rules of Procedures to create more consistency in membership and to allow interested individuals to fulfill three complete consecutive terms.
- Adopted an Ordinance Authorizing the Issuance of and Adopted a Resolution Providing for the Issuance and Sale of \$1,075,000 Permanent Improvement Revolving Fund Bonds, Series 36
Item 4.4A
O-2001-18
R-2001-46 Motion made by Harden, seconded by Peterson, and all voting aye, to adopt an ordinance authorizing the issuance of \$1,075,000 Permanent Improvement Revolving Fund Bonds, Series 36 and adopted a resolution providing for the issuance and sale of \$1,075,000 Permanent Improvement Revolving Fund Bonds, Series 36 that will be used to reimburse the City for Pavement Management Program Improvements funded during 2000.
- Terri Heaton, Chief Financial Officer, explained that the Council is being asked to authorize the sale of the following bonds on June 18, 2001: The bonds in 4.4A are to reimburse the Pavement Management Program expenditures and the bonds in 4.4B and C are to be coupled in order to refinance and take advantage of the good market conditions.
- City's financial advisor Bob Thistle from Springsted, Inc. explained that the bonds are part of the annual General Obligation Permanent Improvement Revolving Fund Bonds and that two bonds are to be refinanced. He stated that the refinancing is structured so that if it is determined that the savings would not be significant enough, the refundings could be done at a later date.
- Adopted a Resolution Providing for the Issuance and Sale of \$785,000 General Obligation Park Refunding Bonds, Series 2001A
Item 4.4B
R-2001-47 Motion made by Harden, seconded by Ornat, and all voting aye, to adopt a resolution providing for the issuance and sale of \$785,000 General Obligation Park Refunding Bonds, Series 2001A to refund the City's \$2,155,000 General Obligation Park Bonds, Series 1992A. Estimated present value savings resulting from the Park Bond refinancing are \$34,300.

<p>Adopted a Resolution Providing for the Issuance and Sale of \$400,000 General Obligation Storm Water Revenue Refunding Bonds, Series 2001B Item 4.4C R-2001-48</p>	<p>Motion made by Harden, seconded by Ornat, and all voting aye, to adopt a resolution providing for the issuance and sale of \$400,000 General Obligation Storm Water Revenue Refunding Bonds, Series 2001B to refund the City's \$1,000,000 General Obligation Storm Water Revenue Bonds, Series 1992C. Estimated present value savings resulting from the Storm Water Revenue refinancing are \$18,050.</p>
<p>Proclamation Declaring Week of May 20-26, 2001, as Public Works Week</p>	<p>Mayor read and presented a proclamation declaring the week of May 20-26, 2001, as National Public Works Week in Bloomington to Public Works Director Charles Honchell.</p> <p>Honchell thanked the Council and the citizenry for their continued support of the Public Works Department. He mentioned in particular the new water treatment plant currently under construction and the proposed Public Works expansion project. He presented a copy of the proclamation signed by Governor Ventura proclaiming Public Works Week.</p>
<p>Postponed Health Promotion Award to June 4, 2001</p>	<p>Mayor announced that the presentation of the Health Promotion Award would be postponed to the June 4, 2001, Regular Council meeting.</p>
<p>Minnesota Literacy Award Presented to Mayor</p>	<p>Lorinda Pearson, Human Services Manager, introduced Amy Libman, staff member of the City's Volunteer Connection, who presented the Mayor and City of Bloomington with the Minnesota Literacy Council Gold Award Honorable Mention as a result of the City being nominated by the Bloomington School District for providing support and partnership in the Senior to Senior English as a Second Language Program and the Family Read to Me Program.</p> <p>Libman commented that the Schools and the City have a great partnership that has enabled 25 foreign-born Bloomington senior citizens every year since 1991 to receive a number of helpful services. She added that the Read to Me Program has served 45 families annually since 1996 and it promotes parents reading to their kids and helping connect families to the community.</p>
<p>Ornat Recognized for Six Years of Service on the Bloomington Family Services Community Council</p>	<p>Ornat was recognized for her six years of service on the Bloomington Family Services Community Council, a collaboration of the City and the School District, with a plaque presented by Chair Shirley George who is one of the Bloomington School District's appointees to the Council.</p> <p>Ornat remarked that her time on the Council has been enjoyable and that FamiLink is a vital organization in Bloomington. She added that the support from the four communities of Bloomington, Edina, Eden Prairie and Richfield have made it possible for FamiLink to fill in some of the gaps in services that need to be provided to families.</p>
<p>Police Explorers Presented Mayor with Award</p>	<p>Police Chief Willow introduced Officer Damon Bitney who has been advising the Bloomington Police Explorers along with Officers Mike Roepke and Kerri Nolden. Officer Bitney introduced the Explorers Jeff Zieske, Alicia Lloyd, Niroshan Sgnanayake, Jack Thatcher, and Rajani Mueller who in turn presented the Mayor with the 5th place award they earned in the Bomb Scene Search at the Law Enforcement Explorer Conference held in Breezy Point, Minnesota.</p>
<p>Opened Public Comment Period</p>	<p>The Mayor declared the public comment period open for those wishing to address the Council on matters other than items included on the agenda. No one came forward to speak so the Council returned to its regular agenda.</p>
<p>Presentation of External Auditor's Report Item 7.3</p>	<p>Joe Huss, Finance Manager, explained that the City's external auditors have completed their review of the City's year-end financial position and results of fiscal operations for calendar year 2000. He introduced Cliff Hoffman, a representative of Deloitte and Touche, who reported on the findings of the audit for 2000.</p>

Hoffman proceeded to present the External Auditor's Report for calendar year 2000 and highlighted some of their findings. He explained that as auditors, Deloitte & Touche work for the City Council and that they would be in direct contact with the Council if they had any concerns about the City's financial position. He stated that the City continues to follow conservative accounting as today's taxpayers are charged for today's services. He acknowledged Matt Anderson, a senior member on the account and continued by highlighting the following:

1. Fund Balances: City has adequate but not excessive fund balances.
2. Productivity measures: Substantial economic activity in the city and yet number of employees hasn't changed over the last few years.
3. Enterprise Funds: Water Fund did not have as good a year as in 1999 because an additional cost of over \$700,000 was incurred to purchase water from the City of Minneapolis due to the plant being down for construction of the new plant. Recreational facilities incurred approximately \$300,000 in architectural fees related to the redesign and renovation of the Valley View Pool. Subtracting out those costs, Hoffman stated that performance was actually very good compared to 1999.
4. Capacity and Growth: Bloomington's net debt per capita of \$139 is below the national average, which gives the City a lot of capacity for growth.
5. Utility Enterprise Fund Comparisons: Bloomington is not wearing out and is not leaving the next generation of taxpayers with no money down for the next wave of growth.
6. General Fund Revenues: There is a threat by cities who do not need HACA to take that revenue away. Bloomington is 87% in control of its own destiny. Bloomington's revenues from fines, forfeits, licenses and permits are up modestly over 1999.
7. General Fund Expenditures: Public Safety expenditures with a volunteer fire department are approximately 36%, which is a lower percentage of expenses compared to other cities, especially those with paid fire departments whose expenses are more in the range of 55-60% of their budget. Therefore, having a volunteer fire department saves the City approximately \$5.8 million per year.
8. General Fund Revenue/Expenditures Per Household: The average taxpayer pays an average of \$360-\$400 per household. He stated there is a positive economic value to the commercial/industrial tax base in Bloomington.
9. National Bond Ratings: Bloomington has a Triple A rating from both Moody's and Standard & Poors, one of only 50 cities in the United States to have both.
10. General Fund Balance: It takes almost 30% for a fund balance to last far enough into the year to prevent the need for short-term borrowing before the property tax revenue comes in. Bloomington gets very little State Aid and property taxes are the major source of revenue in Bloomington. 32.5% is not an excessive amount to have as a fund balance.
11. Growth in Market Value of All Taxable Property: Outstanding growth in market value that has been double the rate of inflation over the last five years.
12. Relative Values of Best Practices in Ratings: Bloomington has a written financial constitution and Bloomington is doing everything in the area of Best Practices as defined by the Government Finance Officers Association (GFOA) and the Association for School Budgeting Officers (ASBO). Concern by rating agencies that governmental units are issuing debt and that the assets are wearing out faster than the debt is getting paid off. Therefore, they are looking at the rate that debt is paid off and their expectations are getting higher.
13. Worst Practices Having Significant Rating Concern: No issues that Bloomington needs to be concerned about.
14. Competitive Advantages: Believes more and more companies will want to relocate in Minnesota because of the deregulation in the utility industry and lack of fresh water in other states. Bloomington is doubling its capacity to provide water and he believes that will contribute to Bloomington's economic advantage in attracting new businesses to Bloomington.
15. Challenges: Issue of employee retention and succession planning are important in the public as well as the private sector.
16. Good: Bloomington is already following the principles of GASB 34 that other cities will be forced to adopt. There will be a shift from operations to capital – long run. Need to concentrate on things that will create value 5-10 years down the road.
17. Bad: More management time will be needed to implement GASB 34 and this should have been announced ten years ago.

Item 7.3 continued

18. Ugly: Financial statements will look more like those in the private sector and significant deficits may show up and accusations, etc. but Bloomington will rise above that.
19. Conclusions: Stakeholders will be better able to compare good versus bad management.
20. Predictions: Smaller units of government will have a hard time staying competitive due to the complexities of GASB 34 and that work in the public sector will become more valued.

He stated that auditing the City's financials is similar to auditing 15 private companies under one cover. He suggested Council review the Transmittal Letter (pages 6-25), which is an excellent summary prepared by Management on what's good about the City and what the challenges are facing Bloomington and that it is very well written. He stated that page 26 contains the City's Certificate of Achievement and that less than 3% of the governmental units have that nationally. He summarized by stating that in their draft management letter, it is important to note that Bloomington has no material weaknesses in internal control and that the City has corrected every recommendation the auditors made last year.

Winstead brought up the fact that the City's employees per household for services is pretty good considering Bloomington has a large number of businesses in it that require a number of services also.

Hoffman stated that Bloomington cannot be compared to Richfield, for example, as they are a bedroom community and don't have 85,000-100,000 people coming into their city to work every day.

Winstead stated that the positive review by the auditors is a testament to the staff, Chief Financial Officer, and Senior Staff that all is in order. The one concern he has is what will result from this year's Legislative session.

Closed Public
Comment Period

The Mayor asked if anyone else wished to address the Council during the public comment period or it would be closed. No one came forward to speak and the public comment period was closed.

Continued to June 4,
2001, Council
Appointment to the
Bloomington Family
Services Community
Council (FamiLink)
Item 3.1

Motion made by Peterson, seconded by Ornat, and all voting aye, to continue to the June 4, 2001, Regular Council meeting, the Council appointment to the Bloomington Family Services Community Council (FamiLink) as no Council Member came forward to volunteer.

Approved Renewal of
On-Sale and Sunday On-
Sale Intoxicating Liquor
Licenses
Item 4.1A

Motion made by Peterson, seconded by Ornat, to approve the renewal of the following On-Sale and Sunday On-Sale Intoxicating Liquor Licenses conditioned upon the receipt of all general items by June 30, 2001, and that license renewals for Bloomington Park Tavern, Earl C. Hill American Legion, and Tony Roma's/Stonewings be postponed to the June 18 Regular Council meeting, and that Gators report back on November 1, 2001, with their food/liquor ratios. Motion passed 5-0-1 (Winstead abstaining).

(Alamo Grill, AMF Southtown Lanes, America Live, Applebee's (two locations), Bennigan's, Billabong's, Café Odyssey, California Café, Chevy's Fresh-Mex, Chili's Grill and Bar, Ciao Bella, Clarion Hotel, Courtyard by Marriott, David Fong's*, Days Inn, Denny's Restaurant, Doubletree Grand Hotel, Embassy Suites (two locations), Famous Dave's, Fuddruckers, Gators, Grandma's Saloon & Deli, Hilton Minneapolis Airport, Holiday Inn Airport No. 2, Holiday Inn I-35 South, Hooters, Hotel Sofitel, Jillian's, Joe Senses Sports Grill, Kincaids, Knuckleheads, Minneapolis Airport Marriott, Mr. Steak, Napa Valley Grille, Olive Garden, Outback Steakhouse, Pippins/Holiday Inn International, Planet Hollywood, Radisson Hotel South, Rainforest Café, Ramada Inn Airport, Red Lobster Restaurant, Ruby Tuesday, Shantytown Grill*, Steak & Ale Restaurant, Stuart Anderson's Cattle Company, TFI Friday's (two locations), Thunderbird Hotel, Timber Lodge Steakhouse, Tony Roma's, Tucci Benucch, Twin City Grill, and Wyndham Garden Hotel.) *Do not hold on-sale Sunday license.

Item 4.1A continued

Shelly Durand, Licensing, explained that the following three licenses in Item 4.1A need to be postponed to June 18, 2001: Bloomington Park Tavern, Earl C. Hill American Legion, and Tony Roma's/Stonewings and that one licensee did not meet the required food/liquor ratio. She stated that representatives from Gators were present and that staff recommends that they continue to work on increasing their food sales and report back to Council by November 1, 2001, with the new numbers to see if they are in compliance at that time.

Speaker #1: Amy Grady, Representing Jillian's (Owner of Gators at the Mall of America) She stated that Jillian's also owns America Live, Knuckleheads, and the new Jillian's Eat, Drink and Play.

She explained that Gators has had trouble in the past trying to meet the 30% food ratio and that they are usually in the 29% range. She stated that although management started new programs designed to get the food ratios up in 1999, a new manager started at Gator's and cut those programs because he did not believe they were cost effective and didn't know they were in place for a specific reason. She stated that the programs are now back in place and that this should not be a continuing problem and that they will be happy to report back in November. She requested that the Council think about changing the ordinance as it applies to the Mall of America nightclubs and bars so that the aggregate food/liquor ratios of all the businesses owned by one company could be combined when looking at the ratios. She suggested an amendment to the ordinance that if one owner would hold multiple licenses within an enclosed facility, the ratios could be aggregated.

Bernhardson stated that staff visited the issue of aggregating the licenses for food/liquor ratio but that past councils have not been inclined to do that. He did state, however, that if a majority of current Council Members were interested, staff could restudy it.

Ornstein stated that a problem with looking at the aggregate ratios is that an establishment such as Gators could get by without selling any food whatsoever, making it strictly a drinking establishment that could result in more police problems.

Chief Willow concurred that generally speaking, as the ratio of alcohol goes up, the potential for police calls and for police activity also increases and that a balance between food and alcohol makes for less police activity.

Fossum agreed with Ornstein and Willow and stated that certain establishments get the reputation of being drinking establishments and they have the potential to cause more problems.

Approved Renewal of
On-Sale and Sunday On-
Sale Entertainment
Facility Intoxicating
Liquor License
Item 4.1B

Motion made by Peterson, seconded by Ornat, to approve the renewal of the On-Sale and Sunday On-Sale Entertainment Facility Intoxicating Liquor Licenses for Camp Snoopy, 5000 Center Court, Mall of America, conditioned upon the receipt of all general items by June 30, 2001, for the period of July 1, 2001 through June 30, 2002. Motion passed 5-0-1 (Winstead abstaining).

Approved Renewal of
Wine Licenses
Item 4.1C

Motion made by Peterson, seconded by Ornat, to approve the approve the renewal of the following Wine Licenses for the period of July 1, 2001 through June 30, 2002, conditioned upon the receipt of all general items by June 30, 2001: Da Afghan Restaurant, Denny's Restaurant #1619, Hospitality Inn & Suites, Italian Café (The), Mandarin Kitchen, Perkins Café & Bakery, Sawatdee Take Out, and Tandoor Restaurant. Motion passed 5-0-1 (Winstead abstaining)

Approved Renewal of
On-Sale and Sunday On-
Sale Club Intoxicating
Liquor Licenses
Item 4.1D

Motion made by Peterson, seconded by Ornat, to approve the approve the renewal of the following On-Sale and Sunday On-Sale Club Intoxicating Liquor Licenses for the period of July 1, 2001 through June 30, 2002, conditioned upon the receipt of all general items by June 30, 2001: Decathlon Athletic Club, Everett McClay VFW #1296, Knights of Columbus #3827, Minnesota Valley Country Club, and Richfield-Bloomington Eagles. Motion passed 5-0-1 (Winstead abstaining).

Approved Off-Sale
Intoxicating Liquor
Licenses
Item 4.1E

Motion made by Peterson, seconded by Ornat, to approve the following Off-Sale Intoxicating Liquor License Renewals for the period of July 1, 2001 through June 30, 2002: 7 Eights Liquors, Big Bottle, Bucks Bi-Lo Liquors, Budget Liquor, Cedar Liquor, Cellars Wines & Spirits, Cheers Wine & Spirits, Fine Wine Shop, Geerlings & Wade, Haskell's, Liquor Barrel (The), Liquor Locker, MGM Liquor Warehouse (two locations), MN Wines & Spirits, Otto's Liquors, Sid's Discount Liquors, United Penn Lake Liquor, Village Square Liquors, and Wakefield's Liquor. Motion passed 5-0-1 (Winstead abstaining).

Approved Class A
Lawful Gambling
License Premise Permit
for Bloomington Crime
Prevention
Item 4.1F
R-2001-45

Motion made by Peterson, seconded by Abrams, to approve the application for a Class A Lawful Gambling Premise Permit for Bingo, Raffles, Tipboards, Paddlewheels and Pull-Tabs for Bloomington Crime Prevention at the Bloomington Crime Prevention Place, 8049 Morgan Circle. Motion passed 4-1-1 (Ornat opposing and Winstead abstaining).

Bernhardson stated that at the May 7, 2001, Council meeting, the conditional use permit was granted for this location and this is the actual application for the Bloomington Crime Prevention Association to be able to operate lawful gambling at the Bloomington Crime Prevention Place at 8049 Morgan Circle.

Approved Revised Final
Site Plans and Building
Plans for General
Dynamics Information
Systems at 2601 West
88th Street
Case 7088A-01
Item 4.2

Motion made by Ornat, seconded by Fossum, to approve the revised final site plans and building plans for parking lot additions and related improvements, including landscaping and wall change, for the property at 2601 West 88th Street, Case 7088A-01, for General Dynamics Information Systems, subject to the following 9 conditions of approval and 8 Code requirements being satisfied prior to grading, footing, and foundation permits as set forth by the Planning Division staff and the Planning Commission. Motion passed 5-1-0 (Peterson opposing).

1. Grading, drainage, utility and erosion control plans be approved by the City Engineer;
2. Access, circulation and parking plans be approved by the City Engineer, to include traffic control and directional signage plan;
3. Erosion control measures be in place prior to issuance of grading permits;
4. Nine Mile Creek Watershed District approval and permit be provided to the manager of Building and Inspection;
5. Developer shall be responsible for traffic improvements needed to support any additional traffic generation;
6. A SAC questionnaire be completed and submitted to the Department of Public Works;

and subject to the following additional conditions:

7. Alterations to utilities be at the developer's expense;
8. All pickup and drop-off occur on site and off of public streets; and
9. All loading and unloading occur on site and off of public streets.

and subject to the following Code requirements:

1. Three-foot high solid screening be provided along West 88th Street as approved by the Planning Manager (Sec. 19.52);
2. Five-foot high solid screening be provided along the west property line south of the public soccer fields as approved by the Planning Manager (Sec 19.52);
3. Landscape plan be approved by the Planning Manager (Sec 19.52);
4. Poured-in-place concrete curbs be provided on the perimeter of parking lots and traffic islands (Sec 19.64);
5. Fire lanes be posted as approved by the Fire Marshal (Uniform Fire Code Sec. 901.4);
6. Parking lot and site security lighting shall satisfy the requirements of Section 19.54 of the City Code;
7. Signage be in conformance with the requirements of Chapter 19, Article X of the City Code; and
8. Unused water services to be abandoned as per City Code.

Clark Arneson, Senior Planner, explained that this is a requested public hearing to allow the neighbors to address the City Council on their specific concerns relating to this application. He explained that the application is for two parking lot additions to the General Dynamics site at 2601 West 88th Street. He stated that this application is to add 131 parking spaces over what was a Proof of Parking requirement for Control Data in 1984. He stated that the neighborhood concern is regarding the proposed 113 new parking spaces to be added to the north side of the property along West 88th Street and the 236 spaces to be added on the southerly portion of the site. He explained that the building footprint is not expanding, only internal remodeling and that the addition of parking is to meet the required City Code for that size of building. Arneson stated that since the time the application was recommended for approval by the Planning Commission, the architect has submitted a revised plan as a result of citizens' concerns that adds 20 conifers and a retaining wall with a 42-inch berm. He stated that the newly revised plan exceeds City Code.

Speaker #1: Larry Tritchler, 2612 West 88th Street

He stated that the neighbors were in shock when they learned about the proposed parking lot expansions. He stated that the landscaping currently on the north side of the property along West 88th Street is very nice with a green lawn and trees and that it's a shame to tear it up. He suggested the following other possibilities: locate the additional parking on the east side or purchase a portion of the large City-owned soccer field to the west of General Dynamics that is seldom used. He stated that a real estate agent told the homeowners they could expect to take a \$10,000 - \$14,000 loss on the sale of their properties. He suggested that the berm be built higher to five feet so that the cars in the parking lot addition would not be visible. He stated that the 40 trees proposed by the developer is not enough and requested that the developer consider putting in an additional 20 trees. He requested the Council delay its vote for two weeks to allow the neighbors to conduct further meetings with General Dynamics to try and reach the best solution for both the applicant and the neighbors.

Abrams inquired if the north parking could be approved as Proof of Parking or are the spaces actually needed now.

Gaylen Doyle, Planner, indicated that the applicant does plan on needing the parking and stated that the School District has an easement over the parking on the south side of the building. He stated that in 1984 when the property was rezoned, the square footage of the building required parking of 950 spaces and at that time, 747 spaces were supplied so there is only a net increase of approximately 130 spaces occurring on the site above what the Proof of Parking was 16 years ago. In addition, Doyle stated that it's the location of the parking that is anticipated on the north end of the site to accommodate the proximity of the building tenants.

Speaker #2: Bill Polta, 8943 Vincent Place

He stated that he has approximately 250 feet that border on the southwesterly portion of the applicant's property and that he has had an excellent relationship with the building owner for the past 13 years. He stated that he believes the applicant would adhere to all of the rules and regulations and would probably exceed them where possible if the plan is approved.

Speaker #3: Jennifer Vigliaturo, 8809 Penn Avenue South

She stated her main concern is the additional traffic on Penn Avenue that will be generated as a result of the additional parking spaces making it more difficult to cross Penn Avenue from her home. She stated that the traffic on Penn Avenue has increased dramatically since the site was rezoned in 1984. She stated that there is no traffic light at the intersection of 88th Street & Penn Avenue and that there are accidents all summer and winter long. She stated that because Penn Avenue is a County road, the traffic light has not been pursued. She too requested that the Council delay their decision on this for two weeks to allow for the results of the traffic signal warrant criteria to see if the traffic count is getting close to warranting the lights.

Shelly Pederson, City Engineer, stated that the applicant's consultant did perform a traffic analysis and that the intersection of 88th Street and Penn Avenue did not meet the warrants for a traffic signal. The volume of traffic in the area and the accident history are both used in determining the warrants for traffic signals. She stated that staff will continue to monitor the intersection and would inquire of the County how close the intersection is to meeting those warrants. She stated that Penn Avenue is a County road and a State Aid facility.

Bernhardson requested that the summary of the traffic warrants be provided to Council with the Friday Manager's Information. He added that a letter would also be sent to Ms. Vigliaturo explaining the warrant conditions and how close the current conditions are to meeting the criteria for a signal in that location.

Abrams requested from staff information regarding whether or not there are extenuating conditions for circumstances like this area where there is the existence of a public library, and if there aren't, could they be considered similar to the areas near an elementary school where a pedestrian-activated crossing light could be installed.

Speaker #4: Dave Remington, 2622 West 88th Street

He stated that a berm was previously proposed to make the parking area along the north look better but that it is a joke and now they're going through it again. He stated that the tenant that needs the additional parking along the north side should sign a 20-year lease. He also mentioned the traffic problem on Penn Avenue and how hard it is to make a left turn from either West 88th Street or a left turn off of Queen Avenue onto West 90th Street.

Fossum inquired of the property owner's representative if flexible work hours are in place for the employees so that they are all not arriving and leaving at the same time.

John Dietrich, RLK -Kuusisto, site planners, civil engineers, and architects for the project, stated that based on the current employee distribution, 7.5 percent of the employees arrive at 5:00 a.m., 27 percent arrive between 5-6:00 a.m., 4 percent from 6-7:30 a.m., and 30 percent between 7:30-8:30 a.m. He stated that the distribution numbers are comparable in the evening as the employees leave work.

Abrams inquired if the new tenants in the building would have staggered work hours similar to the employees of the main building, and if they are, how will that be enforced.

Dietrich stated that a Traffic Management Plan would be an appropriate element to put in with the lease for the new tenants on the north end of the building.

Abrams requested clarification from staff regarding condition of approval No. 5 regarding, "Developer shall be responsible for traffic improvements needed to support any additional traffic generation." He inquired what would be required of the developer.

Doyle responded that it is more of a general condition and that according to the Assistant City Traffic Engineer Paul Zager, no type of improvements were determined necessary at this time to the public streets or entryways other than the relocated driveway to West 88th Street that the applicant is proposing based on the data received. However, the possibility was left open for the future should an improvement become necessary that could reduce the impact or improve movement.

Peterson stated that the information regarding the signal warrants at the intersection of West 88th Street and Penn Avenue would be helpful to him in his decision making as he has experienced the traffic problems in the area. He compared this application to the one that was approved for the former Diversified Pharmaceuticals on 78th Street in which traffic signal improvements were required as part of the approval process.

Dietrich stated that Condition No. 5 that Abrams referred to was actually written prior to the report going to the City Planning Commission and that subsequent to the Planning Commission action on the site, as a result of the traffic analysis that the applicant submitted to the Assistant City Traffic Engineer, determined that no other off-site improvements would be needed in order to support the site plan as proposed. He stated he believed Condition No. 5 was more for the internal and egress movements and curb cuts necessary for the site plan to occur and not for off-site improvements based on Mr. Zager's determination. He requested that the Council approve the plan tonight as they have put forward extra screening on the north side of the site to appease the neighbors.

Speaker #5: Peter Packard, 2510 West 88th Street

He stated that the applicant has been a good neighbor to him and stated that the applicant has always listened to the neighbors' concerns in the past and that they have always gone beyond what was required of them. He stated that it is well within the rights of the applicant to request the additional parking and believes they will honor their plan for landscaping and screening. He added that although the traffic light at West 88th Street and Penn Avenue is probably very much needed, it shouldn't be tied to the approval of this plan and this applicant.

Mr. Tritchler reapproached to state that all the neighbors are asking for is some better screening from the cars and that they would like more trees than what was included in the applicant's latest plan. He again requested a two-week delay on the Council's decision.

Peterson inquired of staff what the policy is regarding fencing around stormwater ponds and if they are necessary.

Shelly Pederson replied that staff does not recommend fences around stormwater ponds unless it is surrounded by a retaining wall and it's a safety issue. She explained that a stormwater pond designed to look like other natural water bodies in the city with side slopes would be desired and that the State Water Resources Conference also recommends that they be unfenced.

Ornat believes the plan will be good for the neighborhood if the applicant completes the plan with the revised plantings.

Peterson stated that he could not support the plan until he has the traffic light warrant information.

Abrams added that the additional traffic information is needed in order for the Council to access whether additional requirements or conditions on tenant leases, staggered work times, or a pedestrian-activated cross-walk at 88th & Penn Avenue should be added.

A substitute motion was made by Abrams, seconded by Peterson, to continue the item until the June 4, 2001, Regular Council meeting. Motion failed 2-4-0 (Winstead, Fossum, Harden and Ornat opposing).

Winstead stated that he would not support continuing the item as the traffic study was conducted and that the Traffic Division determined that the data in the traffic analysis did not meet the warrant criteria and that if they do meet the conditions in the future, the matter will be brought forward to the County.

Ornat agreed with Winstead and encouraged staff to do an in-depth study of that neighborhood to see what can be done to assist them with the traffic problems but believes that is a separate issue from the one being considered tonight.

Peterson inquired if the issue of a fence around the stormwater pond could be an added condition subject to the approval of the City Engineer.

Dietrich stated that General Counsel was consulted to see if the site plan could go forth without a fence around the stormwater pond and he was instructed that from a liability standpoint, the pond needs to have a fence around it.

Ornstein stated that because the stormwater pond will be on private property and the owner's attorney is advising a fence, it would not be in the City's best interest for the City Council to prevent such a fence.

Abrams suggested that as a friendly amendment, a condition be added that would require potential tenants to submit a Traffic Management Plan compatible with the Traffic Management Plan of General Dynamics, as he understood Mr. Dietrich had stated earlier would be agreeable.

Dietrich withdrew the motion for future tenants to submit a Traffic Management Plan comparable to that of General Dynamics adding that he may have overstated his position.

Item 4.2 continued	<p>Speaker #6: Jim Pierson, General Dynamics Real Estate Facilities Manager</p> <p>He stated that a flexible work schedule is in place at General Dynamics but that there is no formal traffic management plan. He does not believe such a plan could be forced upon future subtenants.</p>
Adopted Ordinance Directing that East 105 th Street be Renamed East 105 th Street Circle Item 4.3 O-2001-17	<p>Motion made by Fossum, seconded by Peterson, and all voting aye, to adopt an ordinance directing that East 105th Street be renamed East 105th Street Circle, modifying the City Code sections to conform with this change, and deleting No Parking restrictions on a portion of said street, thereby amending Sections 8.24(a) and 8.86(a) of the City Code.</p> <p>No staff report was provided.</p>
Approved Two-Year Renewals for Temporary Conditional Use Permits for Billboards for Eller Media Company Item 5.1A-D	<p>Motion made by Peterson, seconded by Harden, and all voting aye, to approve the renewal of the following two-year temporary conditional use permits for billboards for Eller Media Company around the city subject to the following conditions in each case.</p> <p>Larry Lee, Community Development Director, stated that Eller Media Company is proposing renewal of temporary conditional use permits for billboards at four sites and that they are all recommended for approval with similar conditions of approval as stated.</p>
9600 Aldrich Avenue Case 652A-01 Item 5.1A	<p>5.1A Case 652A-01 (9600 Aldrich Avenue)</p> <ol style="list-style-type: none"> 1. The approved advertised copy area for each face shall consist of only the basic 14' x 48' panel with no extensions to the top, sides or bottom of either panel; 2. All advertising copy shall be within the approved copy area; 3. The height of the billboard shall not be increased above the survey height of 40'5"; and 4. A summary sheet containing a description of the billboard advertiser and display dimensions, including extensions and a picture of the copy face of each billboard face, if requested by the Planning Manager, in a format approved by the Planning Manager, be submitted to the Planning Division within 15 days of the change of face.
405 East 78 th Street Case 4234A-01 Item 5.1B	<p>5.1B Case 4234A-01 (405 East 78th Street)</p> <ol style="list-style-type: none"> 1. The approved advertising copy area for each face shall consist of only the basic 14' x 48' panel with no extensions to the top, sides or bottom of either panel; 2. All advertising copy shall be within the approved copy area; 3. The height of the billboard shall not be increased above the surveyed height of 39 feet; and 4. A summary sheet containing a description of the billboard advertiser and display dimensions, including extensions and a picture of the copy face of each billboard face, if requested by the Planning Manager, in a format approved by the Planning Manager, be submitted to the Planning Division within 15 days of the change of face.
4300 West 78 th Street Case 5029A-01 Item 5.1C	<p>5.1C Case 5029A-01 (4300 West 78th Street)</p> <ol style="list-style-type: none"> 1. The approved advertising copy area for each face shall consist of only the basic 14' x 48' panel with no extensions to the top, sides or bottom of either panel; 2. All advertising copy shall be within the approved copy area; 3. The height of the billboard shall not be increased above the surveyed height of 38.7 feet; and 4. A summary sheet containing a description of the billboard advertiser and display dimensions, including extensions and a picture of the copy face of each billboard face, if requested by the Planning Manager, in a format approved by the Planning Manager, be submitted to the Planning Division within 15 days of the change of face.

5000 West 78th Street
Case 5726A-01
Item 5.1D

5.1D Case 5726A-01 (5000 West 78th Street)

1. The approved advertised copy area for each face shall consist of only the basic 14' x 48' panel with no extensions to the top, sides or bottom of either panel;
2. All advertising copy shall be within the approved copy area;
3. The height of the billboard shall not be increased above the survey height of 40'5"; and
4. A summary sheet containing a description of the billboard advertiser and display dimensions, including extensions and a picture of the copy face of each billboard face, if requested by the Planning Manager, in a format approved by the Planning Manager, be submitted to the Planning Division within 15 days of the change of face.

Postponed to June 4,
2001, an Administrative
Variance to Reduce Side
Yard Setback for Mark
Johnson Construction at
220 East 105th Street
Case 10544A-01
Item 6.10

Motion made by Ornat, seconded by Peterson, and all voting aye, to postpone to the June 4, 2001, Regular Council meeting, an administrative variance to reduce side yard adjoining a street from 30 feet to 5 feet for a new home for Mark Johnson Construction at 220 East 105th Street, Case 10544A-01.

City Engineer, Shelly Pederson, recommended postponement to allow staff to further review the adjacent utilities.

Postponed to June 4,
2001, Final Plat
Approval for Lea Woods
at 8001 and 8003 Lea
Road
Case 10516A-00
Item 6.11

Motion made by Ornat, seconded by Peterson, and all voting aye, to postpone to the June 4, 2001, Regular Council meeting the final plat approval for Lea Woods at 8001 and 8003 Lea Road for George N. Arneson and Estelle Williams-Arneson and Zev Oman and Kristi Koethe-Oman.

Adopted a Resolution
Approving an
Administrative Variance
to Reduce Rear Yard
Setback at 8100
Tierney's Woods Road
for Shari Steffen
Case 8412A-01
Item 6.1
R-2001-50

Motion made by Ornat, seconded by Peterson, and all voting aye, to adopt a resolution approving an administrative variance to reduce the rear yard setback from 30 feet to 22 feet for a three-season porch addition at 8100 Tierney's Woods Road, Case 8412A-01, for Shari Steffen, subject to the following conditions as set forth by the Hearing Examiner:

1. The variance shall be used only for the three-season porch addition as shown in the approved plans in Case 8412A-01; and
2. All permits shall be obtained in the proper manner.

Adopted a Resolution
Approving an
Administrative Variance
to Reduce Side Yard
Setback at 9801 Aquila
Road for John T. Lee
Case 10546A-01
Item 6.2
R-2001-51

Motion made by Ornat, seconded by Peterson, and all voting aye, to adopt a resolution approving an administrative variance to reduce the side yard setback from 10 feet to 5 feet for a deck at 9801 Aquila Road, Case 10546A-01, for John T. Lee, subject to the following condition as set forth by the Hearing Examiner:

1. The variance shall only apply to the deck as shown in Case 10546A-01.

Approved Plans,
Specifications, and
Schedule for 2001-103
Pavement Management
Program Street
Improvement Project
Item 6.4

Motion made by Ornat, seconded by Peterson, and all voting aye, to approve the plans, specifications, and schedule for the 2001-103 Pavement Management Program Street Improvement Project for the following streets:

Reconstruction:

1. West 98th Street North Service Road (from Little Road to West 98th Street – approximately Johnson Avenue)
2. Queen Avenue (from North terminus – approximately 105½ Street to 132 North of existing terminus)

Overlay:

1. Sandro Road (from Mt. Normandale Drive to Normandale Lake Drive)
2. East 80th Street (from Chicago Avenue South to 12th Avenue South)
3. West 98th Street Circle (from West 98th Street @ Kell Avenue to Terminus North)
4. Kell Circle (from Kell Road @ West 114th Street to Terminus Southwest)
5. West 113th Street (from Morris Lane to Johnson Avenue South)
6. West 114th Street (from Overlook Drive to Terracewood Drive)
7. Morris Circle (from Morris Lane @ West 113th Street to Terminus Southwest)
8. Terracewood Drive (from Overlook Drive to Rich Road)
9. Rich Circle (from Rich Road @ West 113th Street to Terminus East)
10. Rich Road (from Overlook Drive to West 112th Street)
11. Morris Lane (from Terracewood Drive to West 112th Street)
12. Kell Road (from Terracewood Drive to West 113th Street)
13. West 84th Street (from West Bush Lake Road to Xylon Avenue South)
14. Xylon Circle (from West 84th Street to Terminus South)
15. Rich Road (from West 95½ Street to West 95th Street)
16. West 95th Street (from Normandale Boulevard to Rich Road)
17. Toledo Avenue South (from West 95th Street – WB to Poplar Bridge Road)
18. Stanley Avenue South (from West 95th Street to Toledo Avenue South)

Adopted a Resolution
Approving a Hennepin
County Agreement
PW 11-19-01 for Penn
Avenue/I-494
Improvement
Item 6.5
R-2001-52

Motion made by Ornat, seconded by Peterson, and all voting aye, to adopt a resolution approving an agreement with Hennepin County, the City of Richfield, and the City of Bloomington for the Penn Avenue/I-494 Improvement and to authorize the Mayor and City Manager to sign the document once the original has been received from the City of Richfield. The City of Richfield and the City of Bloomington have already signed an agreement stating the work at the Penn Avenue/I-494 interchange is at the cost of the City of Richfield. This includes all right-of-way costs including staff time for the securing of the right-of-way for the project. There is no cost involvement on behalf of the City of Bloomington or Hennepin County for the Penn Avenue/I-494 improvement with the exception of staff time that is reimbursable by Richfield.

Adopted a Resolution
Approving the Plans,
Specifications, and
Hennepin County
Agreement PW 23-07-01
for Normandale
Boulevard and West Old
Shakopee Road
Item 6.6
R-2001-53

Motion made by Ornat, seconded by Peterson, and all voting aye, to adopt a resolution approving the plans, specifications, and Hennepin County Agreement PW 23-07-01, along with the use of Bloomington's State Aid Fund, Water Utility Fund, and Stormwater Utility Fund for Bloomington's portion of the Hennepin County improvement at Normandale Boulevard (CSAH 34) and West Old Shakopee Road (CSAH 1). The improvement includes double left turns for West Old Shakopee Road on both the east and west legs of the intersection; the single left turn lanes will be constructed on Normandale Boulevard on both the north and south legs of the intersection. Two through lanes will be constructed on both West Old Shakopee Road and Normandale Boulevard, as well as free right turns being incorporated into all four quadrants of the intersection.

The Engineer's estimate for the total project is approaching \$1.5 million. The estimated cost of Bloomington's participation in the project is \$197,929.56. Bloomington's cost participation amount is available in the State Aid Account Fund 810 for the roadway and signal portion of this improvement, Fund 510 Water Utility for the water system modifications and Fund 530 Stormwater Utility for the Bloomington portion of the storm sewer modifications.

The agreement defines the cost participation items and future maintenance requirements, along with construction responsibility and indemnification requirements.

Approved Contract
Delegating State's
Building Code
Administration for
Public Building
Item 6.8

Motion made by Ornat, seconded by Peterson, and all voting aye, to approve an agreement which delegates the State's Building Code Review to the City for the following public building project:
Bloomington Educational Center/Remodel – Project #20010234.

Approved Annual
Contract Between City
and Port Authority for
Staff Services in 2001
Item 6.9

Motion made by Ornat, seconded by Peterson, and all voting aye, to approve the annual contract between the City of Bloomington and the Bloomington Port Authority for staff services in 2001. The Port Authority approved the contract at their May 8 meeting.

Accepted Donation and
Transfer of Funds for
Purchase of Automatic
Defibrillator
Item 6.12

Motion made by Ornat, seconded by Peterson, and all voting aye, to accept a donation in the amount of \$1,200.00 from an anonymous donor which will be used to help purchase an automatic defibrillator and to authorize the following budget transactions:

Increase budget line items by \$1,200.00 for Account 101-4305-365-53.01 (Revenue-Donations/Contributions) and Account 101-4305-421-70.46 (Capital Outlay) and

Transfer \$1,300.00 from Account 101-4305-421-63.24 (Contractual Services – Other) to Account 101-4305-421-70.46 (Capital Outlay).

The cost of the automatic defibrillator is \$2,500.00.

Accepted Grant from
Minnesota Department
of Public Safety and
Approved Transfer of
Funds for Purchase of
Additional Mobile Data
Computers
Item 6.13

Motion made by Ornat, seconded by Peterson, and all voting aye, to accept a \$13,100.00 grant from the Minnesota Department of Public Safety for Mobile Data Computers and approved the transfer of funds for the purchase of additional mobile data computers. The following budget adjustments are approved:

Account 619-0621-334-46.33 (State Grant-Other) \$13,100.00

Account 619-0621-499-70.44 (Capital Outlay, Computers) \$13,100.00

Approved is the additional transfer of \$20,000.00 from the Public Safety Radio MDT Fund, Account 619-0621-499-62.03 (Purchased Services, Engineering) to 70.44 (Capital Outlay, Computer Hardware and Software). Approved is the purchase of the following equipment to place two additional Mobile Data Terminals into service and to acquire two additional computer units as replacement units when repairs are needed.

Items to be acquired: (4) Field Works Computers - \$24,972.12, (2) Sierra Wireless MP 200 Modems - \$1,701.87, (30) Copeland Power Timers - \$2,085.75, (2) Cerulean Software Licenses - \$4,257.87 for a total of \$33,017.61.

Approved Plans and
Specifications for the
West 78th Street
Improvement Project
(from Gleason Road to
Cahill Road) and
Approved Use of
Municipal State Aid
Account to Fund Project
Item 6.14

Motion made by Ornat, seconded by Peterson, and all voting aye, to approve the plans and specifications for the West 78th Street Improvement Project (from Gleason Road to Cahill Road) and to approve use of Bloomington's Municipal State Aid Account, Water Utility and Storm Utility for the funding of the project. The project includes widening West 78th Street, concrete islands, and turn lanes.

The estimated total project cost of \$1,188,140 with Bloomington's share estimated at \$400,000. Funding is available in the City's Municipal State Aid Account.

The agreement also deals with a number of other projects in the 78th Street Corridor including the intersection improvement of West Bush Lake Road and 78th Street that is anticipated to be done in conjunction with the 2002 I-494 improvement.

<p>Approved Amendment to the Wetland Conservation Act Project Decision for the A.D.C. Addition at 4700, 4900 and 4950 West 78th Street Item 6.15</p>	<p>Motion made by Ornat, seconded by Peterson, and all voting aye, to approve an Amendment to the Wetland Conservation Act Project Decision of March 5, 2001, for the A.D.C. Addition to revise the mitigation site from Greenfield to the wetland bank in Winthrop.</p>
<p>Awarded Contract to Crysteel Truck Equipment for Purchase and Installation of Aluminum Dump Bodies and Hydraulics on Two Cab Chassis Units for \$80,016.00 Item 6.16</p>	<p>Motion made by Ornat, seconded by Peterson, and all voting aye, to award a contract to furnish and install aluminum dump bodies and hydraulics on two 2001 tandem-axle cab chassis units to Crysteel Truck Equipment in the amount of \$80,016.00. The completed units will be used by the Street Maintenance Division for a variety of work activities and will replace City Unit #93, a 1990 International and City Unit #98, a 1989 Ford.</p> <p>Funding for the purchase is available in the 2001 Equipment Replacement Fund, Activity 617-0618-499-70.42.</p>
<p>Awarded Contract to Braun Intertec Corporation for Special Inspection and Quality Control Testing Services at Bloomington Maintenance Facility for \$24,790.00 Item 6.17</p>	<p>Motion made by Ornat, seconded by Peterson, and all voting aye, to award a contract to Braun Intertec Corporation in the amount of \$24,790.00 for special inspection and quality control testing services during the construction and remodeling of the Bloomington Maintenance Facility. The services of an independent testing firm for this project is required by Building & Inspection regulations.</p> <p>Funding is available in the Facilities Replacement and Maintenance Fund, Activity 6904.</p>
<p>Authorized Application for Minnesota Department of Natural Resources Cooperative Opportunities for Resource Enhancement Project Grant for Fishing Pier at Smith Park Pond Item 6.7</p>	<p>Motion made by Ornat, seconded by Peterson, and all voting aye, to authorize the application for a Minnesota Department of Natural Resources Cooperative Opportunities for Resource Enhancement Project grant for the provision and installation of a fishing pier for the Smith Park pond in 2002. The accessible "T" fishing pier would be located in the southeast lobe of Smith Park pond. The City of Bloomington would be responsible for installing a bituminous accessible path from the existing park pathway to the fishing pier and providing a staff person to assist with the installation.</p> <p>As part of the DNR's new urban fishing program, the DNR will be stocking the Smith Park pond with 400 Black Crappies and 800 Bluegills in May 2001. The Parks and Recreation Division will then publicize the fishing pier, fish stocking, and development programs to encourage youth and family fishing at the Smith Park pond.</p> <p>Regarding the "T" shaped fishing pier to be installed, Ornat inquired if the one in the westerly pond location was going to be removed.</p> <p>Jim Truax, Community Services Director, concurred stating that there will only be one fishing pier in a "T" shape and that it would be accessible to the handicapped and would be located in the southeast lobe of Smith Park Pond.</p>
<p>Adopted Resolution Accepting Operation Nightcap Traffic Grant in the Amount of \$4,000.00 Item 4.5 R-2001-49</p>	<p>Motion made by Peterson, seconded by Ornat, and all voting aye, to adopt a resolution accepting a \$4,000.00 grant from the Minnesota Department of Public Safety, Minnesota State Patrol for reimbursement of three alcohol saturation programs which took place on November 22, 2000, December 31, 2000, and January 28, 2001, as part of a grant called Operation Nightcap. Saturation patrol techniques were used in this program. The money was expended for officer overtime costs.</p> <p>An increase by \$4,000.00 to the following budget line items was approved in conjunction with the acceptance of this grant: Account 101-4234-334-46.33 (State Grant – Other Revenue) and Account 101-4234-421-60.02 (Salaries – Overtime) and the Mayor and City Manager were authorized to execute the agreement.</p>

Item 4.5 continued	Fossum requested that Council receive a copy of the Officer Activity Report and final results of the Operation Nightcap.
Continue Indefinitely the Resolution Undertaking Eminent Domain for Acquisition of 1901 West 96 th Street Item 4.6	<p>Motion made by Ornat, seconded by Peterson, to continue indefinitely a resolution undertaking eminent domain for the acquisition of 1901 West 96th Street. Motion passed 5-0-1 (Winstead abstaining).</p> <p>Bernhardson stated that staff requested that this item be continued indefinitely as it is believed an amicable solution has been reached with the property owner.</p>
Boards/Commissions Communications Item 7.1	None presented.
Status of Action Items Item 7.2	Status of Action Items provided.
Police/City Hall Financing Presentation Continued from Special Meeting	<p>Motion made by Ornat, seconded by Peterson, to accept the concept of the creation of a development district in the area around and including the new City Hall site and approved the concept of the Port Authority issuing \$8.5 million in bonds using a lease agreement for a portion of the new City Hall project. Motion passed 5-1-0 (Fossum opposing).</p> <p>Heaton continued her presentation regarding the financing of the new Police/City Hall project that began during the 5:30 p.m. special meeting.</p> <p>Bernhardson explained that the primary purpose of this presentation is to get Council's approval to allow staff to go forward with the revenue bonds under the Port Authority and the amount that is preliminarily being recommended.</p> <p>Heaton began by stating that the Port Authority has been asked to help administer the financing and updated the Council on the status of the plan. She stated that the financing team has determined that the best way to fund the additional financing needed for the project is through revenue bonds issued by the Port Authority. She stated that no additional taxes would be needed to fund the \$8.5 million. She stated that the financial team is made up of the City's financial advisors Springsted, bond counsel Kennedy & Graven (John Utley), and the underwriter Dan of Dougherty, Summit, and underwriter's counsel. She stated that being able to negotiate on a specific day gives the City the ability to watch the market. She stated that staff is requesting a window of time (120 days) in which the bonds could be sold and at the negotiated price agreed to by the Chief Financial Officer of the Port Authority, the financial advisor, and the underwriter. This would allow the financial advisor to watch the rates to get the City the best rate possible. She explained the lease process as follows: The Port Authority would acquire a lease on the property so that they have the right to build for a \$1.00. The Port Authority would then issue the lease revenue bonds and finance the construction of a portion of the new City Hall with that money. Then the Port Authority would lease back to the City the portion that they financed in return for annual payments sufficient to cover the principle, interest, and administrative costs. The City would use the facility but a portion of it would be paid to the Port Authority as part of a lease. When the bonds are paid off in 20 years, Heaton explained that the City would then acquire the portion that had been financed by the Port Authority, the real property improvements, and the leasehold interest for \$1.00 so they would become the fee title owner back at the end of the 20 years and the bonds are retired. She stated there will be extra agreements between the City and the Port Authority that will come forth as part of the bond documents to make sure that all of the third party interest, the rights and guarantees are all in place before the bonds are sold.</p>

Heaton explained that the original bond amount was \$3.6 million two years ago as recommended by the Facilities Task Force. Since that time, the following items have been added to the cost: \$3.5 million for the additional parcels of land, \$1.6 million increase in the construction budget, and \$2 million for proposed expansion budget. But of that, \$1.2 million of the strategic priority money approved by Council would be subtracted from that amount as well as some of the money from the Pension Reimbursement Fund of \$4.4 million, nets to \$1.5 million additional. Regarding cash flow for the project, it is recommended that the amount of the bond issue be increased in order to improve the City's short and long-term cash flow position.

Heaton, referring to a spreadsheet, indicated that there would be a balance of \$5 million of cash flow available after the City Hall project is funded. She explained that the bonds would be repaid with user fees, strategic priorities, and a repayment schedule. She stated that it is financially advantageous to issue more bonds because the debt service cost is lower in today's market than what would be earned in interest from investments and that it is better that \$8.5 million be the range allowing for the \$5 million balance in the cash flow column. She stated that debt service for \$1 million worth of bonds is \$90,000.

The Port Authority would have a public hearing on June 4 to establish a development district and they could set the sale of bonds, which would not become effective until it came back to City Council for approval. She showed a picture of the development district that was published and it includes more than just the City Hall site and it would include the other work that the Port Authority would do in the area of redevelopment. The development district would give the Port Authority the right to issue the debt. She stated that if the Port Authority adopted the development district on June 4 and set the sale of bonds, it could come back to the City Council on June 18 at which time the Council would be asked to approve the development district and approve the setting sale of the bonds. All of the contracts related to the lease process would have to be executed between the City and the Port Authority before the bonds sell and therefore, the 120-day period would start on June 18 once the Council approves it. There would then be 120 days for the rate to be negotiated for the Port Authority and the City and the bonds would be sold on that date.

Fossum inquired that by having the Port Authority issue the bonds, could the City successfully defend itself against the accusation that the Council is bypassing voter approval by having the Port Authority issue the bonds instead of the City.

Heaton stated that a third party is needed in order to make the lease payments independent, therefore, the Port Authority is being used as a vehicle but it is the City's obligation. She stated that it is customary and is done throughout the state of Minnesota.

Bernhardson explained that the City has the right to go out to a third party and that it could go out to the private market to do it, but there are advantages from a rate standpoint to do it with either the Port Authority or the Housing and Redevelopment Authority.

John Utley, Kennedy & Graven (City's bond counsel), explained that if the City acted directly as the issuer of the bonds, there would be requirement for a levy and there would be a requirement for a referendum and this would have to appear on the City's financials directly as a debt. However, with a lease option, the City is able to avoid some of those consequences and still allow the debt to be highly rated. He stated that this type of debt would be rated a AA due to the nature of the facility that is being financed.

Fossum stated that the City made the Arts people go out for \$7 million and why is the City different.

Heaton explained that the reason lease revenue bonds are allowed for primary operations such as a city hall/police facility is because they are assured that the facilities will be paid for because they are a necessary part of the operation. Lease revenue bonds cannot be issued for an arts center because they are not a necessary component and, therefore, need to go out for a voter referendum.

Finance Presentation continued Fossum stated that because the cost of the land has more than doubled, the recent discovery of asbestos will add more cost, he preferred the 94th & Penn Avenue site, and because the Port Authority is being used to issue bonds to bypass voter approval, he cannot support this concept because he does not believe it's a good deal for the taxpayers.

Bernhardson restated that the costs presented tonight for the Police/City Hall facility do include the two stories for police allowing for the expansion space between the City Hall and the Police facility rather than just constructing the shell space as a second story add-on, then the Police would have to be designed over City Hall. He stated that the items of add-alternates will be forthcoming in the near future.

Approval of Minutes Motion was made by Abrams, seconded by Peterson, to approve the minutes of the February 5, 2001, Council meeting, as presented. Motion passed 5-0-1 (Ornat abstaining).

Motion was made by Abrams, seconded by Peterson, and all voting aye, to approve the May 7, 2001, Council meeting, as presented.

Adjourn Meeting Mayor Winstead adjourned the meeting at 9:50 p.m.

The Council reconvened in a closed session to discuss legal strategies regarding the Black Dog Amphitheater.

Barbara Clawson
Council Secretary