

Study Meeting #26
Monday, August 22, 2005, 5:30 p.m.
Bloomington Civic Plaza
1800 West Old Shakopee Road
Bloomington, Minnesota 55431-3027

Call to Order

Mayor Gene Winstead called the meeting to order at 5:40 p.m.

Roll Call

Present: Mayor Gene Winstead, and Councilmembers S. Elkins, A. Grady, H. Harden, S. Peterson, and V. Wilcox.

Absent: Councilmember D. Abrams.

**Approved Plans and
Set Bid Schedule –
2005-303 BCS Phase 1
Bid Package 2
ITEM 3.1**

Motion was made by Peterson, seconded by Grady, and all present voting aye, to approve the plans, specifications and bidding schedule for the 2005-303 Bloomington Central Station Phase 1 Bid Package 2 Public Infrastructure Improvements Project. The motion carried, 6-0.

**Approved the RFP
Process for
Professional Audit
Services for 2005-209
ITEM 3.2**

Motion was made by Grady, seconded by Elkins, to approve the process for professional audit services for 2005-2009.

Peterson said that when they did this process the last time they talked about going to a system that would rotate auditors. He pointed out that they stayed with Deloitte last year because of the GASB conversion process. Peterson recommended that they not put Deloitte through the RFP process if their intention is to change auditing firms. Winstead suggested that they make it very clear that the City is looking to change auditors and ask that others prepare an RFP to see how they compare.

Elkins said he agrees that they should look at changing firms since the City has had Deloitte for 30 plus years. Based on past practice, Elkins said he does not want other firms to assume that the Council will reappoint Deloitte and not complete an RFP for that reason.

City Manager Mark Bernhardson explained that Deloitte does rotate the partner on the audit every few years. He suggested that the Council consider keeping in the mix a big four firm and a regional firm. If the Council wants to rotate away from Deloitte, Bernhardson said they need to indicate that to them up front. He recommended that the Council not make a decision this evening but come back in a week or two to let Staff contact Deloitte to let them know what is happening.

Peterson said he wanted to make it clear that his interest in this has absolutely nothing to do with the quality of Deloitte's work. He understands there are additional costs in obtaining a new accounting firm, however, they can identify other things of value in looking at a change. Peterson explained that they need to make it clear that they do not intend to select the incumbent firm as the City's auditors to let other firms know that the City is serious about changing.

Winstead said it is also important to make it clear that the outside auditing firm works for this Council and not City staff. The decision to hire a firm is the Council's decision and the firms should know that the Council intends to rotate firms more frequently.

In response to a question from Grady, Bernhardson explained that this is a professional service and they are not bound by the traditional bidding rules. A firm should not be retained based on price alone. Bernhardson recommended that this item be tabled until August 29 or September 12.

Winstead said there seems to be a consensus on the Council that they rotate auditors. This Council has been happy and satisfied with the Deloitte firm and this decision does not reflect upon their abilities or work product. Elkins said he knows City Staff values Deloitte's advise and expertise on issues other than audit. There is no reason not to retain them for other types of consulting services and he has no problem with that.

**ITEM 3.2
(continued)**

Peterson pointed out that they did have proposals from at least three or four other firms who were considered quality firms that would have met the City's needs and would have performed an audit that would have been reputable. They stayed with Deloitte because of GASB 34. There was strong support for changing at that time; however, they felt it was not the right time to change. Bernhardson said he does not disagree but he would like to see which big four firms are doing municipal work and indicated that he was not sure any of them would present a proposal. He has also asked Financial staff to look at the other 20 triple Triple A rated cities to see if they are using regional, national or international firms to give us the comfort level in doing so.

Motion was made by Peterson, seconded by Elkins, to amend the original motion to inform Deloitte know that the Council does not intend to consider them as the City's audit firm at this time and that they anticipate changing to another firm.

Vote was called on the amendment with all members voting aye except Grady and Wilcox. The motion carried, 4-2.

Vote was called on the motion to approve the process for professional audit services as amended. The motion carried, 6-0.

**STUDY ITEM #1
Discuss Development
Proposal for 3900
West American Blvd.**

Jill Hutmacher, Port Authority Development Manager, explained that City staff has been working with MnDOT on the sale and development of the southwest corner of 494 and France Avenue. A request for proposal was issued per City Council direction to five potential developers. Three proposals were submitted and they were all for a full-service hotel. Staff is recommending that the City proceed with a purchase agreement with Mortenson Development for a proposed full-service hotel with approximately 240 rooms, 7,300 square feet of banquet/meeting space and a full-service restaurant. Hutmacher further explained that Mortenson's proposal maximizes the use of this site. She reviewed with the Council the criteria and selection process used for selecting a developer.

Tom Lander, representative of Mortenson Development, reviewed with the Council projects they have recently completed. Dave Shepherd, architect for the project, presented the project layout.

Hutmacher explained that staff would be presenting a formal request to the Council at their August 29 meeting for authorization to begin negotiation of a purchase agreement with MnDOT for the property located at 3900 West American Boulevard. Staff anticipates that such an agreement would be presented to the Council some time this fall.

Winstead asked if the purchase price would be net of any environmental work that may need to be done on this site. Hutmacher responded that the environmental condition of the site would affect the offer to MnDOT. The MnDOT appraisal was based on a clean site. Winstead asked if MnDOT is agreeable to paying for anything that needs to be mitigated. Hutmacher said she was not sure but the appraisal assumes that this is a clean site. Bob Hawbaker, City Planner, explained that this area has very poor soil and they won't know its condition until they go in there and look at it.

In response to a question from Peterson regarding the skyline ordinance, City Manager Mark Bernhardson explained that the Council is able to waive that ordinance because this is a planned development. If the skyline ordinance were not waived, the structure would be limited to 40 feet, which is inconsistent with the other 494 frontage properties.

Elkins said he assumed the money received for this parcel would be given to MnDOT. Bernhardson said that is correct. The reason the City is in the middle of this is to ensure the development of this parcel is such that additional property taxes will be provided to the City.

No formal action was taken on this item. Staff will bring back to the August 29 meeting a request for formal action.

**STUDY ITEM #2
Review of 2006
General Fund Budget
and Preliminary Levy**

City Manager Mark Bernhardson reported that they are now in the second year of the two-year budget cycle. In December 2005, the Council approved the 2005 levy and General Fund budget and conceptually approved the levy and General Fund budget for 2006.

Lori Economy-Scholler, Chief Financial Officer, explained that the conceptual budget approved in 2005 included a 7.34 percent property tax levy increase with a 3.76 percent increase for the General Fund. The current proposed preliminary budget includes an increase for PERA and added \$193,000

**STUDY ITEM #2
(continued)**

to the General Fund. Health insurance and compensated absences also resulted in changes to the conceptually approved budget. The General Fund budget was decreased by \$318,000 due to a cap on insurance premiums at 7.5 percent for 2006. Economy-Scholler further explained that it would take approximately six years to get the internal service fund budgets back into funding. There was also a reduction in the Conceptual Budget for the required fire pension contribution by approximately \$1.4 million due to better year-end 2004 investment returns. Economy-Scholler pointed out that Community Development is requesting authority to hire one full-time temporary inspector each year from March 1 through September 1 and the Public Works Department is requesting two new positions; a civil engineer and an engineering technician. Public Works is also requesting an additional \$95,000 for diseased tree efforts. For 2006, \$850,000 is scheduled to be levied through Strategic Priorities for the Pavement Management Program.

Elkins said he feels the City's traffic engineer needs help and that additional planners are needed. They are about to launch into the Comprehensive Plan once again and the workload in these areas is not decreasing. Elkins said he would be in support of hiring more engineers and planners. Bernhardson explained that at this point, what they are proposing is all they can do with a preliminary levy just under 6 percent. Staff will present to the Council on September 12 a preliminary levy and General Fund budget. Staff will need to look at the amount of development taking place and how much funding is available. Elkins pointed out that in addition to the development, they also need to consider the Comprehensive Plan and zoning rewrite and the Old Shakopee Road corridor study in addition to development applications. Bernhardson stated that more things have been occurring in the City in the last few years than they have for a long time. Once the American Boulevard bridge is opened, additional development will occur in that area.

Harden said she would like to see the preliminary levy increase set at last year's level or less. Peterson asked if there was any information available showing where they think the dividing line between commercial/industrial contributions for tax capacity and residential would be. He said there was a time when non-residential property valuations were flat. City Assessor Jack Pasternacki responded that January 2, 2005, was the first they saw the downturn changing. There appears to be a 5 percent increase in the commercial/industrial development cycle. The next short-term outlook looks very good for commercial/industrial shifting off residential. The two markets are moving in a different direction and residential is a little over 8 percent. It appears that the residential market is cooling down and the commercial market is taking off. Bernhardson pointed out that commercial/industrial property used to be 50 percent of the tax base and single family was 40 percent. That has now gone to 40 percent for commercial/industrial, 50 percent for residential and 10 percent for multiple residential. It appears that for the 2007 tax year it will go back the other way.

Elkins questioned the percentage of increase for compensation benefits. Cindy Rollins, Budget Manager, answered that the average increase is 4.5 percent. Bernhardson pointed out that there was an increase in PERA benefits and in health benefits. The wage increase is proposed to be 3 percent.

Wilcox questioned how low they should go with internal service fund balances. Bernhardson responded that they are in better shape now than they were two years ago. Wilcox said he would like to see a history on the internal fund balances. Harden asked how aggressive this budget proposal is in rebuilding the City's transitional reserves and other reserves they have dipped into during hard times. She said there is a good turn around in the economy and modest growth continues. Harden said that at some point there will be a big jump in the economy and they want to be very conservative in rebuilding those reserves to where they have been before until the economy has caught up with it. Bernhardson explained that in 2003 they began implementing downturn strategies. It has taken longer to get the internal service funds back and they will probably be in the next downturn before they are back to where they were. They are trying to rebuild those reserves within the threshold of the property tax levy.

Harden said she was surprised by the proposed 5.99 percent increase in the levy. Her major concern is the increase over what they had done for the last two years. Bloomington residents will be faced with higher fuel bills and the City should not be over funding their reserves if they can abate property taxes for another year. Bernhardson explained that staff did start with an increase just under 7.5 percent and they have since brought that down to just under 6 percent. Last year the increase was 5.75 percent and it should not be a problem to bring the levy increase down to that

**STUDY ITEM #2
(continued)**

level. This evening staff is trying to determine the Council's comfort level. Harden said she is not in favor of the proposed 5.99 percent increase. She was hoping that this year's increase would be less than the past two years. Grady said she would like to see the increase the same as last year, at 5.75 percent.

Winstead said they have some challenges before them and they need to do some prioritization. As Councilmember Harden has pointed out, there is some concern for the cost of fuel for homeowners while the City will also have higher fuel bills. This is something they will have to take into consideration. Elkins said he agrees with Harden in terms of rebuilding reserves. They need to rebuild these reserves a little slower until the burden is less on homeowners. Winstead said they need to take a good look at the reserves and fund balances to see how those types of things can be brought back to their original levels. Bernhardson said the Council could look at a franchise fee. Winstead said a franchise fee is still a burden to the residents of the City whether it is a levy fee or utility fee.

Bernhardson explained that at the September 12 City Council meeting, staff will present a preliminary levy for Council consideration taking into account the suggestions made at this meeting.

**STUDY ITEM #3
American
Boulevard/Dupont
Avenue Drainage
Study**

City Manager Mark Bernhardson explained that the purpose of this feasibility study was to determine performance of the existing storm sewer system and to identify potential improvements to address existing drainage concerns. He pointed out that the issues are related to hard-fast rains on some of the properties. These issues must be addressed prior to their dealing with traffic concerns in the area. Bernhardson also mentioned that the Lyle Berg Bridge opening is scheduled for September 12 and that will have some undetermined impact on the traffic patterns in the area. In October Staff will start looking at a variety of traffic solutions and they will begin working through those.

Scott Anderson of the Engineering Division presented an overview of the American Boulevard/Dupont Avenue drainage study. He indicated that staff would like to postpone this item to allow staff to explore additional alternatives.

Elkins pointed out that the consultant recommended Alternative 6, which involved purchasing the property behind GN Resound. He asked if there is a way for the City to permanently acquire an easement for a new front entrance to GN Resound to take the traffic off of Fremont Avenue. Bernhardson responded that staff is looking at an option to purchase an easement independent of that solution.

Anderson explained that staff continues to look at alternatives and the long-term impact on the surrounding structures is not known because this is a new process and includes high additional costs. Acquiring property for an easement could impact future uses of that property. Bernhardson said an easement could also limit the flexibility of that site for redevelopment. Elkins indicated that the consultant is recommending a combination of Alternatives 1 and 5, which provides the most significant water quality improvement. Anderson explained that recommendation provides the most significant water quality improvement but is not necessarily the most effective water quantity solution. This recommendation is also strictly a hydraulic recommendation.

Grady asked for additional information regarding Alternative 3. Anderson explained that none of the options under Alternative 3 are stand-alone and staff questions if it provides enough water quality and water quantity improvement. Bernhardson indicated that they are not precluding any alternative but are moving forward for an entrance independent of that pond.

Peterson said he would like to continue to look at the various options and issues and have them brought back to the Council in September or October with more details and other recommendations.

Elkins said he is looking ahead to the eventual reconstruction of the interchange. He would like to see enough ponding capability and increased impervious coverage for the interchange itself. Anderson explained that MnDOT is exploring some alternatives as well to better utilize existing treatment facilities. Bernhardson indicated that staff is cognizant of an on-going need in this area but it is not something they can address at this time because MnDOT does not know what options they have. Penn Lake might also be impacted. Winstead pointed out that there are a couple

**STUDY ITEM #3
(continued)**

alternatives that can work for what needs to be done in the Penn Lake region. There is a great deal of interest in the traffic solution portion of this. The City also needs some time to look at the ramification of this project and how it will affect Fremont Avenue. Ponding and drainage are what they are currently considering but they also need to look at traffic as soon as possible.

Grady said the key problem appears to be getting GN Resound employees to use the frontage road rather than Fremont. Winsted said they would need to look at how traffic relates to the ponding.

**STUDY ITEM #4
Zoning Ordinance
Update – Discuss
Neighborhood
Commercial Zoning
Approach**

Glen Markegard, Senior Planner, explained that developing neighborhood commercial zoning standards is a critical part of the City's Zoning Ordinance update. To date, there have been three Planning Commission Study meetings to review this update and this is the third City Council Study meeting on this topic. After this evening, Staff will be drafting the revised code and they also plan to convene a focus group to provide the City with additional private sector input. On August 11, the Planning Commission discussed a "new urbanist" vision for the City's neighborhood commercial areas and identified two important barriers to achieving that vision. The Planning Commission requested that the City Council review these two barriers at the same time it develops new neighborhood commercial zoning standards. The first barrier relates to the current practice of providing on-site storm water quality and quantity treatment rather than regional treatment. The second barrier relates to the current practice of each use providing its own on-site parking rather than the City providing common parking.

Harden asked if the water quantity and quality retention is the same if they go with regional versus on-site. Markegard responded that either approach could accomplish the same objectives. The costs involved in regional ponding and the cost for on-site systems would need to be identified.

Wilcox questioned if the cost for City-owned shared parking would be assessed back to the business owners. Markegard answered that it could be. There are various models available for financing shared parking and the savings to the developer if a communal approach is used should be considered. The developer may be willing to pay a parking fee in lieu of building on-site parking. The approach of charging motorists to park in a ramp may not work in Bloomington's environment.

Larry Lee, Director of Community Development, explained that Staff is looking for direction from the Council as to whether or not they want to consider regional ponding and shared parking as the Ordinance moves forward.

Elkins asked if there would be an option for an overlay. Bernhardson explained that it could not be an option. From the ponding standpoint, if the Watershed District has a plan they would have to work with that plan. The Watershed District may require specific on-site ponding. Wilcox said the question is not whether they want this but how do they get there. Winstead asked if this is the way they want to go. Bernhardson said he agrees that the question is if they want to do this then how do they accomplish it. It is his understanding that the Council is in favor of regional ponding and shared parking. He explained that Staff would come back to the Council with a work plan on how best to see if it is realistic and how it could move forward. Wilcox said a certain sized development might be required to make this work. Bernhardson explained that they have been talking generalities. Staff will look at specific sites to see if regional ponding and shared parking would be feasible and bring those back for Council review.

Markegard reviewed with the City Council a rough prototype approach for the neighborhood commercial districts explaining that the input received to date suggests a need to retain both the B-1 and B-3 districts, with modifications. The current B-2 and CB district are very similar districts that apply to different geographic areas. Staff proposes replacing the B-2 and CB districts with two new districts that, for now, will be labeled NC-1 and NC-2. NC-2 would be a more restrictive district that would exclude auto oriented uses. Under NC-2, buildings would be closer to the street while parking would be to the side or rear. NC-1 would be less restrictive, allowing auto oriented uses and parking between a building and street. The NC-1 and NC-2 districts would be applied to land in a fashion that balances the City's new urbanist vision with a desire to minimize non-conformities and provide locations within the community for auto oriented uses.

**STUDY ITEM #4
(continued)**

Winstead said he understands where they are going and that he is in support of it. They are dealing with the way Bloomington has grown over time. It is more than likely that residents will get in their vehicles to get where they are going. As the City is renewed, it does make sense to talk about adding housing components to neighborhoods. Elkins explained that the reason for their talking about parking is because most people drive to a destination and walk when they get there. Surrounding neighborhoods can evolve into places where people walk through. For the most part, people drive to these places and walk once they are there. Winstead explained that as the City renews itself, the Council has to be committed to do this.

Elkins said he believes drive-throughs need to be in the back of the buildings and not in the front by the street. Wilcox responded that security people would disagree with Elkins. Markegard said they could bring alternatives on issues such as bank drive-ups.

Peterson asked if the Ordinance currently includes a minimum restaurant size. Markegard said it does not but they do have maximum size limitations throughout the Comprehensive Plan. The intent of this was to eliminate a super sized restaurant in a neighborhood commercial area.

Elkins asked what the distinction was between a neighborhood scale retail and big box regional retail and if there is a size cap or a footprint cap. Bob Hawbaker, Planning Manager, explained that the maximum size of a grocery store in the neighborhood commercial area is addressed in the Comprehensive Plan. Elkins questioned if a store similar to a Cub grocery store could be built in neighborhood commercial area. Hawbaker responded that a smaller store could be built but not a store the size of a Cub. This is a consideration with the Valley West and Lyndale Green developments. Elkins said this is something that should be considered further.

Winstead said the challenge will be to define certain areas and to continue to develop them within the guidelines. Bernhardson said the next reiteration will be to designate areas on a map explaining what is existing there under today's guidelines and then discuss more specifically how that area will evolve. Staff will bring back a map explaining where the revised ordinance will apply and explain the reasoning for the changes.

Markegard said it is his impression that the Council would like Staff to continue forward along the presented path and asked if the Council has any major reservations or comments they would like Staff to take into consideration. Harden explained that she has been doing a study on the use of public art in communities. She has found in some of the studies an interesting trend developing in terms of art in neighborhoods. Harden said it might even be possible in the neighborhood commercial districts to request a developer to have a piece of art somewhere on their own land including smaller pieces in neighborhood areas.

This has become popular in neighborhoods and adds elements of charm. Elkins explained that Bethesda, Maryland has an equivalent of a park dedication fee mostly satisfied by placement of art on the property being developed.

Winstead asked Staff to continue forward and present to the Council examples that may identify certain things in these new districts.

**STUDY ITEM #5
Parks, Recreation and
Open Space Funding**

Elizabeth Shevy, Planner, presented an overview of the Parks, Recreation and Open Space funding. She explained the overall issues indicating that the total identified needs for park, recreation and open space improvements over the next five years cost \$29.5 million. The current available funding for five years is \$2.5 million. Also, the funding gap between needs and available resources is \$27 million; a \$16 million gap for high-priority land acquisition and improvements and an \$11 million gap for lower priority needs. Shevy stated that staff is looking for policy direction. Staff would like to know if they should revisit the park dedication-funding tool. This would include an updated assessment of park usage and needs and would involve revisiting the benefit ratio. This assessment could be completed by 2006. Another option would be to incorporate the park dedication fee consideration in the Comprehensive Park Study process with a dedication ordinance revision possibly being completed in 2007.

Elkins asked if this needed to be done as part of the Comprehensive Plan revision. City Manager Mark Bernhardson responded that it would, however, they are trying to fit it into an overall

**STUDY ITEM #5
(continued)**

strategic plan element that flows into the Comprehensive Plan. Grady questioned what was involved in a master park plan. Randy Quale, Parks and Recreation Manager, answered that it includes an inventory of what the City has and directs the way they want to move forward. A master park plan is a major undertaking. Hardens said that as a result of a new plan, they could find that park uses are changing considering the aging population.

Quale presented a brief background of the park system and explained that there are costs involved in replacing infrastructure. There is not a lot of new development but redevelopment taking place. They need to decide the direction they want to go in the future. Approximately \$17.7 million is listed in the CIP for 2005-2009 for park improvement (development and redevelopment) projects. Fourteen properties have been identified for acquisition around Bush Lake. Harden questioned why the City would want to purchase bluff properties. Quale explained that the Pond Dakota site is bound by park property. Bernhardson pointed out that the last task force did not deal with balancing how much money should be put into park reinvestment and the importance of acquiring properties as they become available for in-holdings and bluff properties.

Quale identified how some of the projects would be funded. He explained that \$11.45 million of park improvement projects in 2000 to 2005 were funded through Strategic Priority Funds, Park Capital Funds/Park Dedication fees, Metro Council/State grants, Federal grants, park maintenance capital funds, Aquatic funds and other sources.

Shevy reviewed with the Council potential sources of funding for park needs including \$15 million of voter approved bonds; \$1 million in park dedication fees, \$2 million of Strategic Priorities for parks; up to \$1.2 million for lease or sale of land and up to \$1.5 million in grants. The \$15 million voter approved bonds on a median priced home of \$231,000 would cost a homeowner \$26.50 per year for a 20-year period.

Referring to park acquisitions, Harden questioned how many acres would be added to the City's park system. Quale responded that there are 17 acres in holding in the park reserve with the Wallo site consisting of one acre, Bush Lake ten acres and the Johnson site three-fourths of an acre. Wilcox said some citizens might question how the City can justify spending money for additional space when they are unable to maintain what they have.

Bernhardson said staff is recommending that Council approve Option B, which would be to formulate a task force and timeline to develop a master plan with priorities for the park system. Dedication fees would also be dealt with as part of the master plan process. Peterson said he agrees that they should move forward with Option B. Grady said they should look at the park dedication fee since they have development occurring in the City. Grady questioned a bond issue and how that would work. Winstead said it would be necessary to identify what they would include in a bond issue. Bernhardson explained that a \$15 million bond issue would result in an increase of four to five percent in taxes over 20 years. Harden asked if \$15 million was the exact number since it appears that \$15 million would still leave them short. Bernhardson responded that the \$15 million was just an estimate and that a bond issue has to be long term. This is a process they would go through and a bond issue is something they will need to look at further.

Elkins suggested that they consider encouraging developers to satisfy part of their dedication fee by incorporating parks and art in their project that reduces that stream of revenue. Bernhardson said this is something they would have to look at to see what the City would gain by doing this. Wilcox said that to him, a bond issue is the only option that provides them with a good share of funding. Bernhardson said they would need to look at what the City wants to acquire in holdings and then come back and say this is what is needed for a bond referendum. This an exercise they need to go through with Bloomington residents and determine what can be funded and decide what needs to be included on a bond referendum or funded through an increased levy.

Harden recommended that they involve the Parks and Recreation Commission in this process, similar to the way the Planning Commission is used with specific projects going to the Commission before coming to the City Council. Bernhardson said Staff would provide the Council with the composition of a task force similar to what was done in the mid 1990's. This group would include the Parks Commission and other interested parties. Wilcox said the key is to come back with a bond recommendation that is practical. He said he feels the problem is determining what should be on-going maintenance and what should be improvements. They need to do a better job of separating those two things.

**STUDY ITEM #5
(continued)**

Quale said staff would bring back to the Council a work plan. Wilcox said they would need to define an ad hoc committee's roll. Elkins said they must also be sure that any park property they acquire now they have the funding to maintain it. Grady recommended that not only the Park Commission be represented on the ad hoc committee but that other key stakeholders such as the BAA and hockey people be included on this committee.

Peterson said with respect to maintaining the parks, they need to be intentional about what they want to maintain. They might not want to maintain services that there is no longer a demand for. They will need to make some difficult choices as to what they want to continue or if they want to do something else. Harden suggested that for individual parks, they receive input from the neighborhood that actually uses the park. This may result in the elimination of certain services and/or equipment. Grady suggested that one way to cut costs to the City would be to ask neighborhoods to take care of their park. They need to look at other ways to maintain the City's parks. Winstead said he feels this is a very fragile program and the neighbors would have to understand that this is done on a volunteer basis. It might work for a year, five years or forever or it may not work at all. Harden said she thinks this is a good idea and might be something they should consider.

Winstead asked that staff move forward with Option B to not undertake a separate study now to implement a change in the commercial park dedication but to fold that into the development of a master park program. He also asked that staff bring back to the Council the composition of a task force and what their duties would include.

**STUDY ITEM #6
City Council Salaries**

Mayor Winstead explained that the Council had asked that this item be brought forth for further discussion. It has been a few years since the Council last discussed salaries. City staff has provided the Council with additional information included in the agenda material.

Harden said whether or not they do something with the Council's salary this year, she feels they need to address this issue on a routine basis. A change cannot be implemented until after the next election. She suggested that the Council's salary be reviewed every two years. Harden indicated that she feels the safe thing to do is to keep any increase consistent with City staff's increases and that their increase never be more than what City staff receives. Harden stated that one of her concerns about the low Council and Mayor salaries is that it does not seem to provide an opportunity for persons of lower income to look at this as a second job or second income. Historically, members of the City Council are able to afford to do this job with or without pay. On a long-range basis, Harden said she thinks they need to have a serious philosophical discussion as to whether or not they are making the City Council available to other income groups.

Elkins said he feels they are still one of the highest paid part-time City Councils in the Twin Cities and he cannot see putting themselves further at the top. Their salaries should be somewhat correlated with the City's size. Grady said she agrees that they are at the higher end of the scale, however, it would be nice to have some type of automatic increase such as a cost of living increase. Winstead said they are not able to index an increase because the Council has to take action on any salary change. Wilcox said he feels their salary review should come up on an annual basis.

Peterson stated that he thinks the Council's obligation is to set the salary at an amount that attracts qualified people who want to serve on the Council. There is no evidence that the existing salary is preventing anyone from running for the City Council and spending more than that is not justified. The salary should be set at a level that attracts a variety of people and he feels that this Council is representative of the community.

Winstead said he feels Councilmember Harden has made some good points and agrees that the Council's salary should be reviewed regularly but should also take into consideration the City's Charter and style of government they are. The intent is to have a part-time Council with professional staff and management group. Winstead stated that he also feels there should be something that addresses the cost of living or an inflationary review regularly. Peterson indicated that if they changed to a full-time structure there would be a fairly substantial increase in salary. Winstead said he would not advocate a full-time Council and he feels the current structure serves the City very well. He also pointed out that any change to the Council's salary has to be addressed at a regular open Council meeting.

**STUDY ITEM #6
(continued)**

Bernhardson said staff could provide the Council with information showing what the increase would be over the last couple of years in line with what City staff received, 6.5 percent. Wilcox suggested that the Council consider this further after the primary election. He suggested that it be placed on the Council's agenda at the end of September. City Attorney Dave Ornstein reminded the Council that it would take an ordinance to change the Council's salary and that it would require five out of seven affirmative votes. Also, the ordinance would go into effect after the election.

OTHER BUSINESS

Elkins questioned what work was being done on Highwood Drive. City Manager Bernhardson explained that they would be seal coating Highwood this week. Elkins said he is concerned with the reconstruction of the two interchanges at 169 and 494. He feels there will be traffic overflow onto Highwood similar to that on Poplar Bridge Road. Grady said she feels that at this time, Highwood should not be restriped until after the reconstruction of the 169 and 494 interchanges. Winstead explained that they did not want to hold up the seal coating by discussing the restriping of Highwood at this time. Elkins asked when the restriping would be done if it is not done when they do the seal coating. Bernhardson pointed out that in March the Council decided to seal coat Highwood and to bring back the restriping after the reconstruction of 169. Elkins said he was not aware that they would be seal coating this year. He said the neighbors have concerns with the four lanes and this is an opportunity for the Council to address what is perceived as a neighborhood problem. They will not have that opportunity for another four or five years.

Wilcox pointed out that a decision to seal coat Highwood was made at a public hearing and they need to stick with that decision. Elkins said it does not make sense to reconstruct this road once it is seal coated. Peterson asked if it would cost the same amount of money to seal coat this street next year. Bernhardson explained that seal coating is not the issue. They would have to go through the public process and they would have to bump some other street off the process that is scheduled for next year.

Adjourn Meeting

Mayor Winstead adjourned the meeting at 9:25 p.m.

Carol Pelzel
Acting Council Secretary