

**Study Meeting #15**  
**Monday, May 14, 2007, 7:00 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 7:02 p.m.

**Roll Call**

*Present:* Mayor Winstead, Councilmembers R. Axtell, S. Elkins, A. Grady, K. Nordstrom, S. Peterson (arrived @ 7:06 pm), and V. Wilcox.

*Guests:* Steve Mahowald, Mark Thorson & Steve Rudolph (HRA).

**Approved Grant Agreement with The Board of Water & Soil Resources**  
**ITEM 3.1**

Motion was made by Grady, seconded by Elkins, to approve a grant agreement in the amount of \$250,000 with The Board of Water and Soil Resources for construction of the Airport South Water Quality Improvement Project and authorized the Mayor and City Manager to sign the agreement. Motion passed 6-0-1 (Peterson was temporarily absent.)

The grant money to be applied to construction costs for improvements to Pond C regional storm water quality pond located east of Cedar Avenue (T.H. 77). Funding is available from the Airport South Tax Increment District. It was stated the Mall of America Companies has agreed to an assessment for the project.

**STUDY ITEM #1 – External Auditor’s Draft Report on 2006 Review**

Dave Moll, HLB Tautges Redpath, Ltd. presented the draft results of the City’s year-end financial position and results of fiscal operations for calendar year 2006, which included the following items adding there is more work to be done and that the final documents and reports have yet to be issued:

- Draft Comprehensive Annual Financial Report
- Draft Audit Committee Letter
- Draft Report on Internal Controls
- Draft State Legal Compliance Report
- Draft Federal Compliance Report (Single Audit)
- Overview of Financial Conditions

His presentation highlighted the following:

- Reports to be Issued
- Annual Financial Report (*“Clean Opinion” anticipated.*)
- GFOA Award
- Financial Results (*Positive increase in net assets*)
- Budget Performance (*Favorable variances in both revenues and expenditures*)
- Financial Indicators (*General Fund Balance, Property Tax Collection Rate, Pledged Revenue Coverage, and Tax Capacity Rates for 2006*)
- State Compliance Report (*No findings of noncompliance for 2006*)
- Report on Internal Control (*SAS 112 was redefined - Two significant deficiencies noted: Financial statement misstatements and prior period adjustments. 2006 was actually an improvement over 2005. Noted items decreased from six to two.*)
- Single Audit Report (*Two findings related to internal control over federal programs relating to WIC Program documentation and certain documentation missing from Section 8 documentation.*)
- Audit Committee Letter (*Required Communications were reviewed*)
- Recent Standards (*Audit Standards: SAS 104-111 will drastically change the audit process for 2007 and Accounting Standards: GASB 44 and GASB 45 are new requirements.*)
- Summary (*Positive Auditing Results and only two minor internal control issues.*)

No Council action was requested.

**STUDY ITEM #2 –  
Redevelopment  
Direction –  
Penn & American  
Boulevard**

Regina Harris, Housing & Redevelopment Authority (HRA) Administrator, presented the staff report stating the purpose of this item is to obtain Council direction on three potential redevelopment projects: Penn & American Boulevard, Lyndale & American Boulevard, and 5100 West 82<sup>nd</sup> Street. (HRA members present during the discussion were Mark Thorson, Steve Mahowald, and Steve Rudolph.) She explained that as a result of a court decision, the use of eminent domain to acquire parcels has been eliminated making it much more expensive for cities to redevelop certain areas. She presented a concept for redeveloping a portion of the area at Penn Avenue & American Boulevard and described a concept for “Master Planning” the area. She provided background explaining what has occurred to date on these properties and inquired if the Council was interested in having the developer and the HRA continue work to refine a redevelopment proposal to return to the HRA and Council with a concept plan in 30-45 days, understanding that:

1. At the end of the 30-45 day period, there will be only a very general physical and financial plan and that if the Council determines the project is desirable on August 1, the HRA will purchase the Dodge site for \$5 million with \$2.5 million coming from HRA resources and the other from a loan made by United Properties.
2. The redevelopment may incorporate both the Dodge and Mitsubishi sites or only the Dodge site;
3. The HRA’s share of the redevelopment cost appears to be in the \$2.5 to \$8 million range depending on which parcels are included in the development.

Two representatives of United Properties presented an overview of a potential redevelopment of the site and surrounding area and asked Council if they should continue to pursue this.

Council discussed the \$5 million needed by the HRA and the \$1.5 million that could be obtained through tax abatement. They stated it seems reasonable to direct staff to proceed in order to determine the risk factors. They liked the vision and commented there are very few locations in Bloomington with this type of redevelopment potential so it should be examined closely including some exit strategies. There was Council consensus to invest the \$5 million and retrofit the master plan with the two parcels while exploring what other parcels the City could pick up.

**STUDY ITEM #2 –  
Redevelopment  
Direction –  
Lyndale & American  
Boulevard**

Jill Hutmacher, Port Authority Development Manager, presented the staff report on the potential redevelopment of the parcels at 700 & 900 American Boulevard. Her presentation included right-of-way acquisition, redevelopment costs, the three Request for Proposals (RFP’s) the City received, and the agreement it entered into with DRF Holdings. She requested Council’s direction on which option to pursue:

1. Negotiate a purchase and development agreement with DRF Holdings for development of medical office and retail uses, or
2. Terminate the existing agreement with DRF Holdings and pursue a retail use (drug store) that would maximize the sale price.

There was Council consensus to direct staff to pursue Option #1.

**STUDY ITEM #2 –  
Redevelopment  
Direction –  
5100 West 82<sup>nd</sup> Street**

Larry Lee, Director of Community Development, presented the staff report regarding the proposed redevelopment at 5100 West 82<sup>nd</sup> Street stating it would be a quality conversion to higher density in a key area. He stated the developer is requesting the park dedication fee (\$580,000) be waived and inquired if the Council was interested in looking at an opportunity to defray some of the other costs to get this project going. He commented this project would create the opportunity to open Stanley Road to American Boulevard and requested Council direct staff to pursue one of the following options:

1. Continue processing SFI Limited Partnership’s application for waiver of the plat requirement to pay a park dedication fee;
2. Direct staff to work with SFI to determine the amount of public participation required and make a recommendation to Council on the amount and sources for such participation.

**STUDY ITEM #2 –  
continued**

Bernhardson stated the \$580,000 of park dedication for the 400-unit development needs to be paid with the filing of the plat but that staff might look to a timing waiver, which could delay that cost until construction. He added the extension of Stanley Road is not a requirement for the development.

Council commented Stanley Road is an important connection so it makes sense to get the right-of-way. They preferred not to waive the park dedication fee. They directed staff to pursue Option B to work with SFI to determine the amount of public participation required and return to the Council with a recommendation of the amount and sources for such participation.

**STUDY ITEM #4 –  
Discuss Draft  
Strategic Initiatives**

Jill Hutmacher, Port Authority Development Manager, introduced Larry Bakken, a former council member and mayor in Golden Valley and Aimee Gourlay who will be assisting City staff in the facilitation of the strategic planning process with the Council. They presented the strategic initiatives developed by a multi-department staff committee relating to City Services, Community & Housing, Education & Employment, Parks, Recreation & Open Space, People & Culture, and Transportation. They stated the strategic initiatives are comprised of goals, strategies and actions and announced a special meeting to discuss strategic initiatives would be held on Wednesday, June 6, at which time Council will finalize the draft initiatives prior to the community open houses tentatively scheduled for late June and early July.

Council provided the following feedback relating to the potential strategies and actions under each of the goals for each of the identified strategic initiatives.

Hutmacher stated an updated document with the highlighted changes would be provided to Council prior to the June 5<sup>th</sup> meeting. It was requested Council provide the City Manager with their comments on this document by May 21.

**STUDY ITEM #3  
Normandale Lake  
Area Study**

Larry Lee introduced this item referencing the information that was provided to Council in response to the questions they had following the discussion at the April 30 study meeting:

1. What are the actual peak hour vehicle volumes used for calculating the percent shares presented at the April 30 study meeting?
2. What are comparable lease and expense rates for Class A office in Bloomington and surrounding cities?
3. Are there ways to modify the funding scenario that will reduce the City's "local source" funding?

Council further questioned the background traffic numbers and whether or not they would have an impact on the design.

Bernhardson stated a change in the background numbers may not change the intersection design but could possibly reduce them. He inquired if Council wanted staff to continue exploring funding.

Lee stated by the time the study is done, there will be an urban design cost for the very basics and perhaps a little extra around the park. He stated it could be sent out for bid to realize the final cost and that the City wants to contact the County. He inquired if Council was comfortable enough with this scenario to work with the County and the developers. He commented Bloomington has nice Class A office development compared to other cities.

Peterson supported staff taking the next steps.

Wilcox stated the City needs to set a standard and stick with it. He will be curious to hear the developer's feedback on the developer assessment.

Lee mentioned a City abatement whereby new office development can be abated for up to 20 years. It's a version of tax increment whereby the City only controls its portion of the increment.

Axtell expressed a willingness to move forward but stated his concern that the City needs to make sure it can put the alternative funding sources together.

**STUDY ITEM #4  
continued**

Bernhardson replied staff needs to firm that up with the County and the developer.

Grady inquired if the amount is lowered to \$3 million, how much money would it cost to service it for 15 years.

Elkins inquired if the taxes on the 8200 Tower could be abated.

Lee replied Council can abate the taxes on an existing building.

Elkins inquired if the 8200 Tower could have conditions similar to those related to Duke's buildings #3 and #4.

There was Council concurrence to have staff pursue the funding options with Hennepin County.

**STUDY ITEM #5  
Select an Artist/  
Design Concept for  
the Bloomington  
Center for the Arts  
Exterior Mural**

Jim Urie, Art Center Manager, provided the staff report indicating 21 proposals were received and the Art Selection Committee reviewed them and eliminated 15 narrowing it down to 6 finalists. He showed examples of the murals from the six finalists and commented Allen & Debby Schneider favored the work of Erik Pearson. He mentioned Aiken will work on making the colors of his mural more compatible with the building and that staff will seek public input on the final images and designs. He stated the mural is anticipated to last 10-15 years and that the real issue is fading.

Nordstrom commented it's a lot of money for a 15-year span of time.

Urie replied this is the least expensive means to do the project and that the total contract for the artist is \$80,000 plus the extra costs for consultants, etc. He stated the total cost of the project is not to exceed \$125,000 and that \$50,000 is anticipated from one donor.

Grady inquired who the non-artist individual was on the selection committee.

Urie replied it was Roger Willette and that he liked Erik Pearson's mural.

Axtell inquired if the mural process will have to start again in 15 years and staff replied it would.

Motion was made by Peterson, seconded by Nordstrom, and all voting aye, to select the artist/design concept of Erik Pearson from the Mural Selection Committee's recommended proposals for the Bloomington Center for the Arts exterior mural.

Wilcox suggested it would be very wise to get the input from any substantial donor to this project.

Urie stated a contract with the artist would be ready for Council approval in June.

**STUDY ITEM #6 –  
Parks & City Facilities  
Naming Policy**

Bernhardson inquired if Council desired to expand the parks naming policy to include all City facilities.

After some general discussion, Council consensus was that a request to rename a building doesn't happen very often so they agreed to expand the parks naming policy to include all City of Bloomington facilities.

**Additional Comments**Meeting on Roundabouts

Council suggested it probably isn't necessary to do another mass mailing to inform the public of a meeting on roundabouts and that an article in the Sun Current and information provided on the Bloomington Today Show would suffice. A public hearing could then be held, which would actually constitute the second public meeting held on this issue.

Nordstrom requested clarification on the number of vehicles allowed at a single-family residence.

**Adjourn Meeting**

Mayor Winstead adjourned the meeting at 10:34 p.m.

Barbara Clawson  
Council Secretary