

APPROVED MINUTES

EDEN PRAIRIE CITY COUNCIL MEETING

TUESDAY, DECEMBER 18, 2007

**7:00 P.M., CITY CENTER
Council Chamber
8080 Mitchell Road**

CITY COUNCIL: Mayor Phil Young, Council Members Brad Aho, Sherry Butcher, Jon Duckstad and Kathy Nelson

CITY STAFF: City Manager Scott Neal, Public Works Director Eugene Dietz, City Planner Michael Franzen, Community Development Director Janet Jeremiah, City Attorney Mark Johnson and Council Recorder Carol Pelzel

I. ROLL CALL / CALL THE MEETING TO ORDER

Mayor Young called the meeting to order at 7:23 p.m.

II. PLEDGE OF ALLEGIANCE

III. COUNCIL FORUM INVITATION

IV. PROCLAMATIONS/PRESENTATIONS

A. PRESENTATION OF CONSERVATION COMMISSION COMMENDATIONS

Young explained the Conservation Commission initiated a Commendation for a Conservation Program to recognize residents, students, organizations and businesses involved in activities that benefit the environment in Eden Prairie. This year, the Commission recommended two nominations for an award.

Young presented the first award to Jim Nehl. Mr. Nehl organized the Mitchell Lake Association to address declining water quality and shoreline issues. Young presented the second award to David Jellison of Liberty Property Trust. Liberty Trust built a 56,000 square foot office building in Eden Prairie with the goal of achieving Leadership in Energy and Environmental Design certification.

V. APPROVAL OF AGENDA AND OTHER ITEMS OF BUSINESS

City Manager Neal asked that a couple items be added to the agenda. The first is a revision to Item **VIII C. Adopt Capital Asset Policy**. A material change was made to the policy. The definitions were changed. In previous years they have not amortized software investments and that is something they will now do. Neal also asked to add items **VIII G. Award Contracts for 2008 Water Treatment Chemicals** and **VIII H. Award Contract for Lime Residuals Hauling and Disposal**. Neal explained that both of these contracts went through the competitive public process and they are standard contracts that have been used in prior years.

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MOTION: Duckstad moved, seconded by Aho, to approve the agenda as published and amended. **The motion carried 5-0.**

VI. MINUTES

A. TOWN HALL MEETING HELD TUESDAY, NOVEMBER 27, 2007

MOTION: Nelson moved, seconded by Butcher, to approve the minutes of the Town Hall meeting held Tuesday, November 27, 2007, as published. **The motion carried 5-0.**

B. COUNCIL WORKSHOP HELD MONDAY, DECEMBER 3, 2007

MOTION: Aho moved, seconded by Nelson, to approve the minutes of the Council workshop held Monday, December 3, 2007, as published. **The motion carried 5-0.**

C. TRUTH-IN-TAXATION PUBLIC HEARING HELD MONDAY, DECEMBER 3, 2007

MOTION: Duckstad moved, seconded by Butcher, to approve the minutes of the Truth-In-Taxation public hearing held Monday, December 3, 2007, as published. **The motion carried 5-0.**

D. CITY COUNCIL MEETING HELD MONDAY, DECEMBER 3, 2007

MOTION: Butcher moved, seconded by Duckstad, to approve the minutes of the City Council meeting held Monday, December 3, 2007, as published. **The motion carried 5-0.**

VII. REPORTS OF ADVISORY BOARDS & COMMISSIONS

VIII. CONSENT CALENDAR

A. CLERK'S LICENSE LIST

B. APPROVE SECOND READING OF ORDINANCE NO. 27-2007 AMENDING THE FEE SCHEDULE FOR ADMINISTRATION OF OFFICIAL CONTROLS AND ADOPT RESOLUTION NO. 2007-131 APPROVING SUMMARY FOR PUBLICATION

C. ADOPT CAPITAL ASSET POLICY

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- D. **ADOPT RESOLUTION NO. 2007-132 APPROVING MAINTENANCE AGREEMENT WITH MNDOT FOR TH 62 TRAIL BETWEEN BAKER ROAD AND BEACH ROAD, I.C. 02-5553**
- E. **APPROVE PURCHASE OF MICROWAVE RADIO ANTENNAE SYSTEM FROM HARRIS STRATEK**
- F. **ADOPT RESOLUTION NO. 2007-133 DECLARING CITY'S INTENT TO REIMBURSE ITSELF FOR PRIOR EXPENDITURES OUT OF PROCEEDS OF SUBSEQUENTLY ISSUED SERIES OF BONDS**
- G. **AWARD CONTRACTS FOR 2008 WATER TREATMENT CHEMICALS**
- H. **AWARD CONTRACT FOR LIME RESIDUALS HAULING AND DISPOSAL**

MOTION: Aho moved, seconded by Butcher, to approve Items A-H on the Consent Calendar. **The motion carried 5-0.**

IX. PUBLIC HEARINGS / MEETINGS

- A. **ENTERPRISE RENT-A-CAR** Request for: Guide Plan Change from Office to Community Commercial on 1.6 acres, Planned Unit Development Concept Review on 1.6 acres, Planned Unit Development District Review with waivers on 1.6 acres, Zoning District Change from Rural to Community Commercial on 1.6 acres, Site Plan Review on 1.6 acres and Preliminary Plat on 1.6 acres into one lot. Location: NW Corner of Hwy 5 and Venture Lane (**Resolution No. 2007-134 for Guide Plan Change; Resolution No. 2007-135 for PUD Concept Review; Ordinance for PUD District Review with waivers and Zoning District Change; Resolution No. 2007-136 for Preliminary Plat**)

City Manager Neal reported official notice of this public hearing was published in the December 5, 2007, Eden Prairie Sun Current and sent to 14 property owners. The site plan shows a 3,450 square foot building. The 120-day review period expires on February 14, 2008. The Planning Commission voted 5-0 to recommend approval of the project at their November 14 meeting with the recommendation to revise the rear lot line on the plans. The plans have been revised to meet this recommendation.

Community Development Director Jeremiah reminded the Council that a full presentation from the consultant had been given to the City Council a couple of months ago. The Planning Commission did make a few final tweaks to the proposal. At the Council presentation they looked at both the design guideline and the Town Center District ordinance guidelines.

There were no comments from the audience.

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MOTION: Butcher moved, seconded by Aho, to close the public hearing; adopt Resolution No. 2007-134 for Guide Plan Change from Office to Community Commercial on 1.6 acres; and adopt Resolution No. 2007-135 for Planned Unit Development Concept Review on 1.6 acres; and approve first reading of the Ordinance for Planned Unit Development District review with waivers and Zoning District change from Rural to Community Commercial on 1.6 acres; and adopt Resolution No. 2007-136 for Preliminary Plat on 1.6 acres into one lot; and direct staff to prepare a Development Agreement incorporating staff and Commission recommendations and Council conditions. **The motion carried 5-0.**

- B. KINDERBERRY HILL** Request for: Planned Unit Development Concept Review on 5.13 acres, Planned Unit Development District Review with waivers and Zoning District Amendment within the Office Zoning District on 5.13 acres, Site Plan Review on 5.13 acres and Preliminary Plat on 5.13 acres into two lots and one outlot. Location: Hennepin Town Road & Pioneer Trail. **(Resolution No. 2007-137 for PUD Concept Review; Ordinance for PUD District Review with waivers and Zoning District Amendment; Resolution No. 2007-138 for Preliminary Plat)**

Neal reported official notice of this public hearing was published in the December 5, 2007, Eden Prairie Sun Current and sent to 85 property owners. The site plan shows a 14,537 square foot daycare building and outside activity area. The Planning Commission also reviewed a concept plan for a 4,500 square foot office building on Lot 2, north of the daycare. The Planning Commission was not comfortable with the plan since it did not conform to City requirements related to setbacks. The applicant withdrew the office request. The 120-day review period expires on February 27, 2008. The Planning Commission voted 5-0 to recommend approval of the project at their November 14, 2007 meeting subject to the following conditions:

- Meet exterior material requirements. (Shown on the revised plans.)
- Meet sign size requirements (Shown on the revised plans.)
- Show a five-foot wide concrete sidewalk along the entire length of both sides of Hennepin Town road from Pioneer Trail. (To be included as a condition in the Development Agreement.)
- Drainage and utility easements must be shown over the public storm sewer from the MNDOT right-of-way; wetland, wetland buffer and wetland mitigation areas. (To be included on the final plat.)
- Provide a Wetland Buffer Evaluation Report. (To be included as a condition in the Development Agreement.)

There were no comments from the audience.

MOTION: Duckstad moved, seconded by Nelson, to close the public hearing, adopt Resolution No. 2007-157 for Planned Unit Development Concept Review

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on 5.13 acres; approve first reading of the Ordinance for Planned Unit Development District Review with waivers, and Zoning District amendment within the Office Zoning District on 5.13 acres; adopt Resolution No. 2007-138 for Preliminary Plat on 5.13 acres into two lots and one outlot; and direct staff to prepare a Development Agreement incorporating staff and Commission recommendations and Council conditions. **The motion carried 5-0.**

C. FIRST READING OF AN ORDINANCE ADDING CITY CODE SECTION 111.27 TO CREATE A TOWN CENTER ZONING DISTRICT

Neal reported official notice of this public hearing was published in the December 5, 2007, Eden Prairie Sun Current. This is the first reading of the ordinance to create a Town Center District. The District establishes uses, height and density consistent with the MCA Plan. The District is also based on conforming to the Town Center Design Guidelines. Second reading of the ordinance is included in tonight's agenda under the Ordinances and Resolutions section. The Planning Commission voted 7-0 to recommend approval of the ordinance to create a Town Center district. The Planning Commission voted 6-0-1 to recommend approval of Town Center Design Guidelines.

Jeremiah explained that a full presentation from the City's consultant was made to the City Council a couple of months ago prior to the Planning Commission making some final tweaks. The Ordinance utilizes three sub-districts to reflect different land use intensity and character.

Nelson asked if this item would come back before the Council for a third time. Neal responded that the second reading would be held later this evening. Nelson indicated that the document previously talked about foliage and now talks about flowers. She said she realizes it may be too late to change the document but did want to mention the change.

MOTION: Butcher moved, seconded by Aho, to approve the first reading of the Ordinance amending Chapter 11 adding Subdivision 11.27 – Town Center Zoning District; and to adopt the Town Center Design Guidelines. **The motion carried 5-0.**

X. PAYMENT OF CLAIMS

MOTION: Butcher moved, seconded by Duckstad, to approve the payment of claims as submitted. **The motion was approved on a roll call vote, with Aho, Butcher, Duckstad, Nelson and Young voting "aye".**

XI. ORDINANCES AND RESOLUTIONS

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A. **SECOND READING OF ORDINANCE NO. 28-2007 ADDING CITY CODE SECTION 11.27 TO CREATE A TOWN CENTER ZONING DISTRICT (Resolution No. 2007-139 Approving Summary Ordinance)**

Neal explained that this is the second reading of the Ordinance to create a Town Center Zoning District. The first reading of the Ordinance was under the Public Hearings portion of the agenda for this meeting.

MOTION: Butcher moved, seconded by Duckstad, to approve Second Reading of the Ordinance amending Chapter 11 adding Subdivision 11.27 – Town Center Zoning District and to adopt a Resolution approving summary Ordinance for publication. **The motion carried 5-0.**

XII. **PETITIONS, REQUESTS AND COMMUNICATIONS**

XIII. **APPOINTMENTS**

XIV. **REPORTS**

A. **REPORTS OF COUNCIL MEMBERS**

B. **REPORT OF CITY MANAGER**

1. **2008 Council Meeting Schedule**

Neal explained a copy of the Council's proposed meeting schedule was distributed to the Council. He stated he is not requesting approval at this time but asked the Council provide him with any feedback they have regarding the proposed schedule. Staff will present the schedule to the Council at their January organization meeting for official adoption.

2. **2008 Property Tax Levy, Budget and HRA Tax Levy (Resolution No. 2007-140)**

Neal reported on September 4, 2007 the City Council adopted a Resolution certifying the proposed 2008 City budget and property tax levy. Calculations for the City showed the budget to be \$42,054,786 and the certified levy to be \$33,618,626 on September 4, 2007. Since September, the budget and tax levy were reduced and the final budget totals \$40,982,327 and the final tax levy totals \$32,274,686. Neal further reported that according to State Statute, the final levy amount must be certified to the County Auditor by December 28, 2007. City Council adoption of the final levy and budget will complete the process.

Young explained at the last Council meeting they established a protocol where Council Members were to submit in writing their proposed amendments to Budget Version 1.8. Neal indicated he had received six

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amendments to Version 1.8. The proposed amendments were included in the Council's agenda material. The material also shows the potential impact of each amendment on the budget. Nelson said she had also submitted an additional amendment that that was not included in the agenda material.

Young explained the first three amendments submitted refer to the CIP levy. Amendment No. 1 was to restore the CIP levy back to \$1 million and was made by Butcher. The second was to reduce the CIP levy to zero dollars and was submitted by Duckstad. The third was to reduce the CIP levy to \$500,000 and was submitted by Aho.

Butcher said she believes it is essential they maintain the full levy of \$1 million for the CIP. She stated this is one of the pieces of Version 1.8 that she finds unacceptable. It has been the City's policy for more than a decade to levy \$1 million for the CIP. Butcher said they need to be aware of the capital needs the City has. These are things that are inevitable in any city. The CIP levy keeps a consistent investment in the City's equipment, facilities and infrastructure. This is a more sustainable and affordable method for Eden Prairie residents. Past Councils have been fiscally responsible and conservative. Butcher said to cut the CIP levy would be a radical change and departure from how they have done business and from the strong financial commitments they have made to the community. The CIP policy is clear and states that they will adequately provide for the City's assets. By not levying \$1 million they are risking the City's future. It is very important and in keeping with sound business practices to continue this policy. Butcher pointed out that this is a policy they have had for a long time and the Council has never discussed changing the policy itself and by not levying the \$1 million they are changing the policy without having talked about the change. Butcher also pointed out that with the School's taxes going down this might be the year to increase the levy, not to decrease it.

Duckstad said he feels the CIP levy is an important issue and he is seeking to suspend the levy that is included in the 2008 and 2009 budgets at \$1 million. He pointed out the recommendation to reduce the levy was made by the Budget Advisory Commission (BAC). Their recommendation also included considering adding the Economic Development Fund in the sum of \$2.6 million to the existing CIP Fund for a total Fund balance of \$10.6 million. Duckstad said because of the large balance in the CIP Fund he is recommending they temporarily suspend the \$1 million levy that goes into this Fund. Levy history shows that in 1999 and for the last eight years the total levy of taxes taken from the residents total about \$7.4 million. Duckstad said the revenue sources for the CIP Fund include \$1 million in liquor store proceeds. Additional revenue can be received from the Homestead Credit Fund, which is approximately \$800,000, and the Fund

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will also realize \$3 million from the Presbyterian Home sale. Duckstad said he feels the Fund is huge and he is suggesting that they temporarily suspend that levy. Based on the lack of need, they should suspend that levy for two years. Duckstad said it has also been suggested that they consider putting some of the park projects on hold and this would also be another reason to suspend the levy.

Aho said he is recommending they reduce the levy to \$500,000 for 2008 and that he is looking to split the difference between the two proposals. He is suggesting that for 2008 they levy \$500,000 and increase that levy to \$750,000 in 2009. Aho said he agrees with Duckstad that they have sufficient money in the Fund and if they lower the amount of the levy for the next couple of years it would not put the City at risk. They will receive additional revenues and those revenues should maintain that Fund. Aho said it is prudent to reduce the levy some in the next two years but still maintain the Fund Balance.

Nelson indicated she is willing to go along with Budget Version 1.8 which lowers the CIP levy to \$750,000 for 2008 to help fund the opening of the Community Center. Under the current CIP, they know they will need over \$14 million in the next five years. The addition of the funds received from Presbyterian Homes will help maintain this Fund. The money in the Fund assumes there will be no changes in liquor store revenues and they never know for sure if they will receive the Homestead Credit. To reduce the levy by more than \$250,000 does take the balance down quite a bit. Also, to increase the levy every year would keep the taxes even and she feels businesses like to have their taxes predictable. Nelson said she prefers keeping the levy at \$750,000 instead of \$1 million for this year. She said she hesitates reducing it to \$500,000.

Neal explained that Council Member Aho had asked how much of the CIP is for maintaining assets the City already has versus adding new assets. Staff did determine that the breakdown is 80 percent for maintenance and 20 percent for new construction. The reduction to the CIP Fund may cause the City to change their current 5-year priority. Neal said Staff is anticipating approximately \$600,000 from the Market Value Homestead Credit this year but they anticipate that this number will decrease each year. They also know the City is facing a downturn and there will be some issues as to how they will cover that. Also, the sale of property to Presbyterian Homes is not a done deal and they need to look at where these funds best fit. Neal pointed out Staff might also have to answer some questions from the City's bond rating agency regarding these recommendations. Staff will have to transfer in reserve dollars into the 2008 and 2009 budget proposals to reduce or eliminate the CIP levy. Neal said he is hesitant to talk about the impact of the cut because he doesn't know what it would be.

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Duckstad pointed out that from 1999 to 2007 the CIP Fund has grown to \$9.5 million. He said Neal indicated the trend has been to put \$2 million into the Fund and to spend \$3 million each year. Records do not show that \$3 million was spent each year. Neal responded he was talking about the projected expenditures going forward from 2008 to 2012. Duckstad said in considering revenues of \$3 million from Presbyterian Homes and revenue from liquor sales, the CIP Fund would be higher than it has ever been. Neal said they expect the Fund to be at about \$6.5 million by the end of December.

Butcher stated Eden Prairie has been a model City for excellence in government until now. She said she is worried about the direction this Council seems to be going in. She asked why they would risk any impact to their Triple A bond rating. Butcher indicated she is very concerned about the financial stability of the City. She does not feel this Council will have the political will to put back this funding into the levy in two years. They won't do it now when they are in great financial shape. Butcher asked that everyone think about what could possibly happen here tonight. She also wanted to mention this Council appreciates the work of the BAC, however, she questioned some of their recommendations when measuring them against Staff recommendations. Staff has made it very clear that they are opposed to reducing the CIP levy. Butcher asked the Council why they would go against the recommendations of expert Staff.

Aho said that should the bond rating agency ask why they altered the CIP levy they simply tell them that they feel they have sufficient money in the Fund. The Council has to look at the total budget of the City. The CIP Fund is only one component where they have some ability to make changes without affecting services. Aho said he feels they are leaving enough in that Fund to maintain properties and for other needs. He does not feel they are jeopardizing the fiscal responsibility of the City or the ability of the City to maintain its properties if they reduce the levy to \$500,000 in 2008 and to \$750,000 in 2009. At that point they can decide if they need to go back up to \$1 million or \$1.2 million.

Young said they have not discussed changing the policy because it should be what it is. If the rating agency questions the levy reduction, they can explain the long-term policy remains and the City Council is not changing the policy but making a temporary adjustment to it. With regard to the issue of the Triple A bond rating, Young said he is sensitive to that. Other governmental agencies have made larger reductions than this and their bond rating was not affected. Young asked that Staff provide the Council with some factual basis for the downgrading of a bond rating. He said he does not believe they have any reason to think that a temporary adjustment to their policy would cause the downgrading of the City's bond rating.

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Aho said he is proposing reducing the levy to \$500,000 for 2008 and adding back \$250,000 in 2009 for a \$750,000 levy. He does not feel this would risk the City's ability to fund capital projects. However, it does raise another question. The BAC also recommended that they combine the CIP with the Economic Development Fund. This Fund was started several years ago and was not to be used for capital projects but to attract businesses into the community. That policy was changed when the Council approved the Major Center Area (MCA). At that time, the Economic Development Fund became similar to the CIP Fund. Aho said if that is how they intend to use the Economic Development Fund, they need to look at how that fits in conjunction with what they are proposing. Aho said he is prepared to support the \$500,000 change to the CIP Fund.

Duckstad explained in 2003 the budget was cut and that is when the City was awarded the Triple A bond rating. The City also received three national awards for their budget. Cutting back spending was a positive thing then. He further explained they routinely have referendums for funding of trails, community centers, etc. and there is nothing stating that they can't have a referendum for other projects. Duckstad said if additional funding is needed for capital projects there are other methods for obtaining that funding.

Neal clarified that in 2003 the budget was cut after it was adopted by the City Council as a result of not receiving Local Government Aid or the Market Value Homestead Credit.

Aho again stated he is recommending that they temporarily reduce the CIP levy in 2008 to \$500,000 and to increase it \$250,000 from that level in 2009 to \$750,000 total. Young said he could support Aho's recommendation. Duckstad said he does not feel the levy is being cut enough and he would not support this recommendation.

Duckstad said he would like to amend Budget Version 1.8 by eliminating the Community Services Technician position. In so doing, he would like to say they have a great City and a wonderful immigrant community. In addressing that issue, they all recognize the City Council has a limited number of dollars and they also realize that Hennepin County does have a significant welfare services supplement. Duckstad explained Hennepin County has budgeted over \$1.6 million with half of that budget devoted to Human Services and part of that budget is devoted specifically to multi-cultural operations. The County's 2008 budget includes 32 employees to help multi-cultural people in need. On the basis of the amount of money Eden Prairie pays to the County, they have a right to ask for more help. Duckstad said he does not think taxpayers in Eden Prairie should be taxed

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twice for Human Services. Duckstad said for the reasons stated, he is asking that they eliminate the position of Community Services Technician.

Neal explained Staff has talked to their County Commissioners and they came to the conclusion that they do not have any additional resources based on data from the Human Services Department. They are currently extending more services to Eden Prairie based on the City's population than to any other community. The County also indicated that their services to Eden Prairie should cost \$2.8 million while their actual cost is a little over \$8 million.

Aho stated Eden Prairie is blessed to have an immigrant population that is very mixed. They do add to the community. Aho said he does, however, have some issues with focusing solely on one group of immigrants. He feels they are risking some level of being exclusionary to other groups when they support a liaison to one specific group. He stated the City should work to be a catalyst to obtain funding to provide these services.

Nelson said she believes they need to keep the Community Services Technician position for 2008. They need to recognize the fact that the Somali community is six percent of the City's population and are probably the highest users of this service. Nelson said she believes it is important to have a place in the City for people with different cultures. Given the size of the Somali community it is important to have one person on staff that speaks Somali to answer their questions. Nelson also stated she believes they can have a lean budget and continue this position in 2008 and possibly support a portion of the position in 2009 with funding coming from other sources. She feels it is very important the City welcomes the Somali community. Nelson said she would be voting to continue the Community Services Technician position in 2008.

Butcher said she would also be voting to continue the Community Services Technician position. This is a representative government and she has received an overwhelming number of contacts regarding this issue. Butcher indicated she would be supporting this position because she does not believe it is a duplication of services. This position provides a valuable service that they don't have in other places. This position helps to create a smooth and healthy cultural transition that is essential for new immigrants and long-term residents. Butcher said she has never had so many people contact her about a specific issue in her 11 years on the City Council.

Young said he does not believe it is correct to say that this is a duplication of services. In creating this position, it was grant funded and discussions should have been held as to what happens to the position when the grant runs out. They need to be sensitive as to how they can discontinue this service. Young said he believes in transition and if they eliminate the

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position it will be eliminated on January 1, which presents another set of problems. If they reduce the services, they need to have a plan or process in place. Young said he does think over the long-term the City should take steps to either have the services provided through the County or see if they can work with the Somali community or other non-profits to see if they can get the program in place to provide services with alternate funding. Young indicated he could not support cutting the position on January 1. He would support reducing the position to half time for 2008.

Aho said he also believes in a smooth transition and he would support Young's recommendation in terms of transitioning the position to a half-time position in 2008 and reducing it completely in 2009. This would give the community an opportunity to work together to find an alternate solution.

Nelson said she believes going to a half-time position in 2008 is too fixed. She stated she would be much more comfortable looking at fully funding the position in 2008 and half funding it in 2009. This would give Staff the opportunity to find other private organizations to fund the program or to find grant money.

Butcher said she agrees with Nelson. This will give them the necessary time to find alternate funding such as grant money. Butcher said she would support Nelson's recommendation to keep the position in 2008 and to transition the position to a half-time position in 2009.

Young said he is recommending the Heritage Preservation Position be reduced to a half-time position in 2008 and to a quarter position in 2009 and forward. He indicated he was surprised they have a full-time position in charge of heritage preservation. It was proposed that the position be reduced to a half-time position in 2010 but Young said he would like to expedite this. He said he feels this is an area that does not deserve as much focus or attention that heritage preservation has received.

Butcher said it was her understanding that the position had been changed to a Planner and other responsibilities in the Planning Department were taken on by this position and did not include just heritage preservation. Jeremiah explained the Planner with the heritage preservation specialty has been training to do other things in the Department and has been working on the Comprehensive Plan. They are in the process of transitioning this position to other things in supporting the Planning Division. At this point, the majority of this position's time has been on heritage preservation because of the number of active projects going on.

Butcher asked Jeremiah if she sees in the future this position doing planning work in addition to heritage preservation work to justify a full-

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time position. Jeremiah said she could. With redevelopment projects occurring they could use this person rather than consultants.

Young pointed out it is not the Council's responsibility to talk about specific employees. They need to look at the services provided and his recommendation is limited solely to services directed to heritage preservation. Young said he feels service levels for heritage preservation should be at half time for 2008 and one-quarter time thereafter. Butcher asked if Young is suggesting that they reduce heritage preservation work to 50 percent and not to necessarily eliminate 50 percent of a position. She also questioned if 50 percent of the position's time is adequate because they are active in acquiring grants. Aho asked how many properties does the City have or manage that fall into the category of heritage preservation. Jeremiah replied that there are 12 City owned properties and 62 sites not City owned. This position still needs to monitor the 62 sites with regard to development. Aho also asked how many other cities in the metro area have a full-time staff person for heritage preservation. Jeremiah said she did not know but indicated that many cities contract for the work. Aho said he believes a full-time position for the amount of work in heritage preservation is excessive and he would be in favor of going with a service level of 50 percent in 2008 and 25 percent in 2009.

Nelson said she has concerns with keeping the money in the budget and redirecting the time. If they expect to have any chance of getting \$6 million from the State Legislature through a bonding bill for Camp Edenwood, she believes they have to have a heritage preservation person on staff. Also, if they plan on redoing the Cummins Grill House, this will take time. Nelson pointed out the City of Edina has a full-time heritage preservation person on staff. She said she would support leaving the budget amount in assuming this person will do more things that have previously been contracted out. Nelson said she believes there will be things going on in 2008 that they will want to support.

Butcher said she feels they should let the Department Head determine how this position is used and she feels they should not cut the funding for this year until they determine what will happen with the possible bonding dollars. Butcher said she thinks they will save money in the end because they won't have to use the consultants as much.

Young pointed out his recommendation still permits 50 percent of this position's time devoted to heritage preservation issues in 2008 and 25 percent after that. Staff will be required to prioritize this position's work. This could be budget neutral but he is focusing on the service base. Aho said he would support this as well.

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Nelson reported in the original budget they talked about core areas and a request from the Fire Department for a half-time position for a Training Assistant Fire Chief in 2008 and a full-time position in 2009. Nelson said she believes they should have their Fire Department at full strength for what they need. She said she does believe they need this position within the Fire Department and she would like to have the half-time position in 2008 and a full-time position in 2009. Nelson said the Council needs to support their fire Department.

Neal explained this was a proposal included in the first budget draft Version 1 and was a proposal from the Fire Chief. Neal said he did not include this in his first recommendation and he took into consideration what is happening in all of the City Departments to try to make sure there is some equity among the departments. Neal further explained that he thinks this Assistant Fire Chief position will eventually need to be added to the Department, however, he did not recommend that it be added this year.

Butcher said there does not appear to be urgency in adding this position. She said to make a cut in Human Services and to add to other Departments is out of balance. Butcher suggested that they look at this again in 2009.

Nelson said she would be in agreement if it were added into the 2009 budget this evening. Young, Aho and Duckstad said they would support the status quo in 2008 and 2009. Neal said that when he talked to the Fire Chief about this position he agreed that there are other ways to handle this issue at this time. Nelson said she likes to support the Fire Department and she would like this item revisited in 2009. Training and safety of the volunteer department is very important and mandated by the State and Federal government. Nelson said she did want to make it clear that adding the Assistant Fire Chief position was her idea and this was not a request she received from anyone else.

Aho recommended the Council levy \$500,000 in 2008 for the CIP and \$750,000 in 2009. Duckstad said he recognizes they have to levy and put away money for the future. However, he did not see in the projections for the next five years the kind of expenditures where they would not have adequate funding without the levy. Young said they have not committed to spending this money. Until they commit to a project, it will not be included in the CIP. Butcher said they can't forget they spend \$1.5 million a year out of that Fund for roads. They have also received estimates for a transportation plan for building new roads and repairing old roads. This is a plan they have been following for many years. Young said he feels Aho's proposal is reasonable and he will support it.

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Nelson suggested they look at how much money is spent on Staff and Council's attendance to national conferences. She suggested that people go to these conferences every other year. Nelson recommended that they take out \$31,000 from the conferences and travel budget in 2008 and let administration decide where it comes out of. This would allow the Community Services Technician Position to be funded fully in 2008 and half-time in 2009. Young said that in looking at that position there is approximately \$70,000 budgeted for it. There are countless ways they could get the \$70,000 of funding but the issue is the scope of service. The proposal is to reduce the position to half time in 2008 and to direct Staff to try to look for other ways to provide those services other than through the City of Eden Prairie. Young said he did not like cutting services totally on January 1 without knowing that some other entity will pick it up. Aho said he would support Young's recommendation to fund the Community Services Technician position 50 percent in 2008 and for the City to be used as a catalyst to try to come up with alternate means for providing this service.

MOTION: Young moved, Aho seconded, to amend Budget Version 1.8 to reflect a reduction in the CIP in 2008 of \$500,000 and in 2009 a reduction of \$250,000. **The motion failed 2-3 with Butcher, Duckstad and Nelson voting nay.**

MOTION: Young moved, Aho seconded, to amend Budget Version 1.8 so that the Community Services Technician Position be reduced by 50 percent in 2008. **The motion carried, 3-2 with Butcher and Nelson voting nay.**

MOTION: Young moved approval of Budget Version 1.8 as amended. **The motion failed for lack of a second.**

Duckstad said without knowing more information about what projects in the CIP are going to occur, it is difficult to know how much money they will need for future projects. They have a CIP budget that has more money in it than is needed for projected projects. If next year they learn they need more they can gauge accordingly. Nelson said she is concerned that if they go with no levy and want to go back up to \$1 million in 2010 that is a big jump. She said she needs some commitment the Council will be willing to support a larger levy in 2010. Nelson said she would be in favor of levying \$750,000 in 2008 and \$750,000 in 2009.

Neal explained the CIP can take a \$1 million hit and they can reprogram anything they do. Increasing the levy in later years will be difficult to explain to the residents. The CIP is for roads, bridges, sidewalks and trails and for maintaining infrastructure. The biggest share of these funds is used for streets. Neal also pointed out the CIP is not just for a five-year period.

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It goes beyond that and the biggest concern for cutting the CIP by 50 percent is going back the other way and increasing it by 100 percent. Two years from now it might be increased by 100 percent and the average citizen may think that is exorbitant not knowing the history of the Fund.

Public Works Director Dietz explained the Fund can take a \$1 million hit but the question is how are they going to get that Fund back up. Duckstad said he welcomes Staff's comments and would appreciate a workshop providing them with more information on the CIP so that they can better understand the financial needs of this program. Neil suggested the Council authorize a levy of \$400,000 for 2008 and \$750,000 for 2009 and in the meantime Staff will schedule a workshop with the Council to review the proposed spending from this Fund. The \$750,000 levy in 2009 is advisory and if the Council has a different opinion after the workshop they can increase or decrease that number. Duckstad said he could support a \$400,000 levy for 2008 and a \$600,000 levy for 2009 and then once they have the workshop the Council will be better informed. He asked what the average amount of money is that was spent on roads and streets over the years. Dietz responded that they have spent \$1.5 million on pavement management, which is 100 percent maintenance.

Following lengthy discussion regarding the CIP levy Duckstad, Aho and Young agreed the CIP levy should be \$450,000 in 2008 and \$650,000 in 2009. Duckstad said that once they have the workshop they will be able to make a more intelligent decision regarding this levy. Nelson said she feels residents will be upset when they go from a \$650,000 levy in 2009 to a \$1 million levy in 2010. Aho said they may have some reductions in other areas that will somewhat offset that increase.

MOTION: Aho moved, seconded by Duckstad, to adopt Resolution No. 2007-140 certifying the 2008 Property Tax levy to be \$31,943,686, approve the 2008 Budget of \$40,651,327 as reviewed by the Council and to consent and approve the HRA tax levy and budget of \$200,000. **The motion carried 3-2 with Butcher and Nelson voting nay.**

C. REPORT OF THE COMMUNITY DEVELOPMENT DIRECTOR

D. REPORT OF PARKS AND RECREATION DIRECTOR

1. ACI Cash Value Program at the Senior Center

Neil explained this item is being presented as an information item only. Staff from the Senior Center was recently approached by a representative of the ACI Cash Value Program with the offer to be a site for distributing cards for the program. The ACI Cash Value Program allows card holders to receive a cash back reward when using participating businesses. A cash

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back reward is also contributed back to the non-profit that promotes the program. The Senior Center would only be a promoter of the card and recipient of the proceeds to be used to off-set operating expenses.

2. Changes to the Passport to Fun Fee Assistance Program

Neil explained Staff is requesting changes to the Passport to Fun Fee Assistance Program to include use of the Community Center open gym, daily use fee and membership. Staff recommends including Community Center open gym to the list of free access programs, allowing qualified participants free access to open swim, open skate and open gym throughout the year. In addition, staff is recommending allowing qualified participants to use their \$150 in fee assistance per year towards the cost of a membership to the Community Center, to be used similar to registration of recreation programs where participants pay for half of the cost. The Parks, Recreation and Natural Resources Commission reviewed the information at their December 3 meeting and approved the changes.

Motion: Nelson moved, seconded by Butcher, to approve the changes to the Passport to Fun fee assistance program. **The motion carried 5-0.**

E. REPORT OF PUBLIC WORKS DIRECTOR

F. REPORT OF POLICE CHIEF

G. REPORT OF FIRE CHIEF

H. REPORT OF CITY ATTORNEY

XV. OTHER BUSINESS

XVI. ADJOURNMENT

MOTION: Butcher moved, seconded by Aho, to adjourn the meeting. **The motion carried 5-0.** Mayor Young adjourned the meeting at 11:05 p.m.