

Regular Meeting #30
Monday, October 30, 2006, 7:00 p.m.
Bloomington Civic Plaza
1800 West Old Shakopee Road
Bloomington, Minnesota 55431-3027

**Call to Order and
Pledge to Flag**

Mayor Gene Winstead called the meeting to order at 7:07 p.m. and Boy Scout Troop 473 presented the colors. At the Mayor's request, the scouts introduced themselves indicating they were sixth and seventh graders from Olson Middle School, Oak Grove Middle School, Valley View Middle School, Minnesota Virtual Academy, Ramalynn Montessori Academy, Minnehaha Academy, and Bethany Academy.

Peterson mentioned that he is an alumnus of Troop 473.

Roll Call

Present: Mayor Winstead, Councilmembers R. Axtell, S. Elkins, A. Grady, K. Nordstrom, S. Peterson, and V. Wilcox.

**PROCLAMATION –
Make A Difference
Day in Bloomington**

Mayor Winstead read and presented a proclamation declaring Monday, October 30 as Make A Difference Day in Bloomington to Kerry Stone, Human Services Volunteer Coordinator. She introduced Denise Royer and Shelly Durand from Creekside Community Center who worked with Qwest Pioneers to develop a Bloomington Cell Phone Program whereby seniors were provided with refurbished cell phones to use in case of emergencies by dialing 911. The following individuals were presented certificates for their efforts:

Qwest Pioneers: Jean Messner & Gary Greb

Police Explorers: Matt Highdale, Alex Anderson, & Rachel Denny

Two Citizen Volunteers: Pamela Crusing & Doreen Vogland

Retirees & Creekside Volunteers: Mary Crow, Liz Tschida & Jerry Anderson

**NLC Award of
Recognition**

Mayor Winstead displayed the plaque the City of Bloomington received from the National League of Cities recognizing Bloomington's 45-year membership in the organization.

**Presentation of
Commuter
Challenge Awards**

Mayor Winstead introduced Melissa Madison, Executive Director of the I-494 Corridor Commission and 494 Commuter Services who presented the City of Bloomington with a certificate recognizing Bloomington's nomination for a 16th Annual Commuter Choice Award and the certificate signed by Gov. Pawlenty awarding the City a 2006 Commuter Choice Award. She then introduced brothers Jim Sorenson and Pat Sorenson, President of Penn Cycle Stores with the Two Wheels to Town Initiative who presented Mayor Winstead with a plaque in the shape of a bicycle recognizing the City's first place finish in the Bicycle Commuting Achievement of the 2006 Commuter Challenge. She thanked Larry Lee, Diann Kirby, and Councilmember Elkins for their efforts in promoting bicycle commuting. She announced that the I-494 Corridor Commission purchased six bicycles that were displayed in the spring at each of the member city halls (Bloomington, Richfield, Edina, Eden Prairie, Plymouth, and Minnetonka) during the commuter challenge competition and that one was given to a winner in each city. She showed a photo of the Normandale Community College student who won the bicycle from Bloomington.

Jim Sorenson thanked Mayor Winstead, Elkins and the rest of the City Council for their support of the Two Wheels to Town Initiative.

**Presentation of
National Salt
Institute Award**

Charlie Honchell, Public Works Director presented Mayor Winstead with the Excellence in Storage award the City received from the National Salt Institute for its new salt/sand storage facility. He explained that only 31 communities around the country have ever received this award and only one other in the state of Minnesota. He thanked the Council and the citizens for their continuing support of Public Works.

**Adopted Resolution
Awarding Sale of G.O.
Permanent Improve-
ment Revolving Fund
Bonds
ITEM 5.5A
R-2006-129**

Lori Economy-Scholler, Chief Financial Officer explained that the \$5,855,000 in General Obligation Permanent Improvement Revolving Fund Bonds were sold at a true interest rate of 3.7058% to pay for the Pavement Management Program (PMP) project and special assessments from 2006 and 2005. She reported the sale was made today and that Bob Thistle with Springsted, the City's financial advisors and John Utley from Kennedy & Graven, the City's bond counsel were present during the sale. She commented that all of the bonds are rated AAA.

Thistle reported that bids were taken on this bond issue this morning and that there were 11 bids from local and national firms representing 22 different financial institutions. He stated the low bidder was J.P. Morgan Securities, Inc. and recommended the City award the sale to them. He stated the City will get paid an additional \$134,000 over and above the principal that the City borrowed that the City can use to pay down some of the initial interest for anything the Finance Division deems appropriate within the context of the bond issue. He read some of the comments provided by the bond rating agencies that resulted in a positive sale for the City. He summarized the comments as follows: "Bloomington has a strong economic base, above average income levels, a strong, conservative financial operation, sound management and a manageable debt burden." He remarked that the rating agencies not only look at the City's finances but at the practices within the organization.

Economy-Scholler announced that there are only 20 cities out of 80,000 in the entire country that have achieved a AAA bond rating so Bloomington is among a very elite group.

Winstead remarked that the bonds are let for permanent improvements and that Bloomington issues debt at a very low rate which helps the taxpayer.

Motion was made by Peterson, seconded by Wilcox, all voting aye, to adopt a resolution awarding the sale of General Obligation Permanent Improvement Revolving Fund Bonds of 2006, Series 40, in the principal amount of \$5,855,000; fixing their form and specifications; directing their execution and delivery; and providing for their payment.

Mark Bernhardson, City Manager thanked the Council, staff and Springsted for achieving a successful sale.

**Approved Agreements
8326 Humboldt Ave.
ITEM 3.2A,B,C**

Motion was made by Nordstrom, seconded by Peterson, and all voting aye, to approve the following agreements and relocation payments relating to 8326 Humboldt Avenue (Jackson) in conjunction with the early acquisitions in the 35W corridor, under the Met Council's RALF (Right-of-Way Acquisition Loan Fund):

- A. RALF Loan Agreement: A loan was authorized up to \$260,000 to the City for the purchase of the Jackson property and other associated costs.
- B. Purchase Agreement: Purchase agreement between the City and Ms. Jackson for the purchase of 8326 Humboldt Avenue for a price of \$210,000 (the City's certified appraisal of value).
- C. Relocation: In the amount of \$5,000.

**Adopted Resolution
Approving Variance at
1306 East 94th Street
Case 10742A-06
ITEM 3.3
R-2006-126**

Motion was made by Nordstrom, seconded by Peterson, and all voting aye, to adopt a resolution approving a variance to reduce the side yard setback for a new driveway from five (5) feet to two (2) feet for Mark Wiecher at 1306 East 94th Street, Case 10742A-06, subject to the following 5 conditions of approval as set forth by the Hearing Examiner:

1. All necessary permits be obtained prior to construction;
2. The existing drainage pattern shall not be altered to cast additional drainage onto abutting properties;
3. Driveway plan and site grading shall be approved by the Engineering Department;
4. The shed along the western property line must be moved to provide a five (5) foot setback from the property line; and
5. The applicant is required to obtain written consent from the neighbor at 1300 East 94th Street prior to October 18, 2006, otherwise, the request will be approved for the staff's recommendation of a one (1) foot variance.

- Approved Agreement with MN Dept. of Health
ITEM 3.4** Motion was made by Nordstrom, seconded by Peterson, and all voting aye, to approve the Sage Screening Program Provider Agreement with the Minnesota Department of Health.
- Approved Payment Addendum to HealthPartners Agreement
ITEM 3.5** Motion was made by Nordstrom, seconded by Peterson, and all voting aye, to approve the Payment Addendum to HealthPartners Participating Provider Agreement for influenza vaccinations given at employer sites. No budget adjustment was required.
- Authorized Direct Payment for Acquisition at 4209 American Blvd. West
ITEM 3.6** Motion was made by Nordstrom, seconded by Peterson, and all voting aye, to authorize direct payment for the acquisition of a drainage and utility easement located at 4209 West American Boulevard (Denny's Restaurant), which is necessary to facilitate the construction of a replacement sewer located in the southerly boulevard as part of the 2006-510 American Boulevard Sanitary Sewer Project.
- The payment amount for the easement is a negotiated figure of \$19,000 and funding is available in the Wastewaer Utility Fund, account number 520-8231-433.70-31.
- Approved Cancellation of Special Assessments
ITEM 3.7** Motion was made by Nordstrom, seconded by Peterson, and all voting aye, to approve the cancellation of special assessments levied on certain City property, as listed in the agenda materials, in the amount of \$48,875.14. This cancellation is an annual housekeeping item. The amount being cancelled will be, along with similar cancellations for prior years, recouped through a levy that is included with debt service each year (e.g. paid from reserve dollars from the Debt Service).
- Approved Amendment No. 1 to Hennepin Co. Agreement
ITEM 3.8** Motion was made by Nordstrom, seconded by Peterson, and all voting aye, to approve Amendment No. 1 to the Child and Teen Checkups Program Agreement with Hennepin County, which sets the 2007 payment level at the not-to-exceed amount of \$3,000. These funds are included in Public Health's Preliminary 2007 Budget.
- Authorized Signing of Encroachment Agreement at 9306 10th Avenue South
ITEM 3.9** Motion was made by Nordstrom, seconded by Peterson, and all voting aye, to authorize signatures on an encroachment agreement for the property located at 9306 10th Avenue South where an existing shed encroaches into a drainage and utility easement.
- Approved Renewal of Grant Project Agreement with MN Dept. of Health
ITEM 3.10** Motion was made by Nordstrom, seconded by Peterson, and all voting aye, to approve the renewal of the Sage Plus Grant Project Agreement with the MN Department of Health for continued provision of Sage Plus Program services to eligible women (clients seen at Sage Women's Clinic who are age 40-64, or over 64 who cannot afford Medicare Part B). The Agreement is for the period of October 10, 2006 to September 30, 2007. The City will be reimbursed up to \$104,400 for services provided.
- Funding is available in the Public Health's 2006 Budget and 2007 Preliminary Budgets.
- Awarded a Contract to Arcon Construction
ITEM 3.12** Motion was made by Nordstrom, seconded by Peterson, and all voting aye, to award a contract for the 2006-510 American Boulevard Sanitary Sewer Project for the construction of a replacement sanitary sewer to Arcon Construction in the amount of \$182,482.41 to include a deduction of \$2,000.00 pending the future availability of an additional easement and approve a 10% project contingency in the amount of \$18,248.24.
- Funding for this project is available in the 2006 Wastewater Utility Budget, Activity 520-8231-433.70-31. The Engineer's estimate for this project was \$227,431.00.

Approved an Agreement with Washburn-McReavy ITEM 3.13

Motion was made by Nordstrom, seconded by Peterson, and all voting aye, to approve a Driveway Easement Agreement between Washburn-McReavy and the City of Bloomington, which allows the City to share the driveway access giving the City a permanent, non-exclusive driveway easement over and across the Washburn-McReavy property at 2300 West Old Shakopee Road, which provides access to and from West 102nd Street. The City will construct new driveway improvements and will be responsible for all repair and maintenance of the new driveway easement. The City agrees that Washburn-McReavy may use the City lot for overflow parking.

Approved 2007 Council Meeting Schedule ITEM 3.14

Motion was made by Nordstrom, seconded by Peterson, and all voting aye, to approve the 2007 City Council Meeting Schedule as presented.

Approved Minutes ITEM 3.15

Motion was made by Nordstrom, seconded by Peterson, to approve the August 7, 2006, Regular Council meeting minutes as presented. Motion passed 6-0-1 (Grady abstaining).

Approved Transfer of Funds for Old Town Hall Project ITEM 3.16

Motion was made by Nordstrom, seconded by Peterson, and all voting aye, to approve the transfer of \$200,000 from Strategic Priorities to the Old Town Hall Project Activity 630-6908 to allow the bidding of the refurbishing of Old Town Hall to occur in one phase rather than two as originally approved. The estimated cost for the project is \$640,000. The City is funding \$500,000 with the Historical Society funding \$140,000. Although the Historical Society may not reach their fundraising goal in the near future, City staff would like to prepare bids for construction to begin in late December/January with completion in June/July 2007.

Approved Transfer of Funds for Equipment Purchase ITEM 3.17

Motion was made by Nordstrom, seconded by Peterson, and all voting aye, to approve the transfer of \$4,613 into the Copier Replacement Fund (610-8805-419.70-46) from its Fund Balance. The funds to be used to purchase a copier for the Equipment Division under the Copier Replacement Program.

Accepted Donations ITEM 3.1

Motion was made by Nordstrom, seconded by Peterson, and all voting aye, to accept all of the various donations made to the Cops & Kids Hockey Event as listed in the agenda materials.

Continued to Nov. 20 Final Plat of NEXT STEP DEVELOPMENT ITEM 3.11

Motion was made to Nordstrom, seconded by Peterson, and all voting aye, to continue to the November 20, 2006, Regular Council meeting, the Final Plat of NEXT STEP DEVELOPMENT.

OPENED PUBLIC COMMENT PERIOD

The Mayor declared the public comment period open for those wishing to address the Council on matters other than items included on the agenda.

Speaker #1: Leo Fair, Fremont Avenue Neighborhood

He thanked the City and the Council for installing the barrier along W. 80½ Street and reported the traffic up and down Fremont Avenue has greatly subsided and probably so have the calls to city hall from the neighborhood. He inquired about the storm drain at 8105 East Bloomington Freeway and using an aerial photo, explained that residents are concerned about the pond expansion and the removal of trees. He mentioned there used to be a fence that provided a barrier for the homes in the neighborhood to block the headlights. He stated the neighborhood requests the Council not consider expanding the pond any more at this time.

Bernhardson explained that according to staff, a storm sewer pipe is to be installed to help drain the low point at GN ReSound that will eventually tie into a larger system and that the pond has been designed to the appropriate depth to handle that water. He stated City Staff tried to work with the neighborhood at the hearing and suggested Mr. Fair and concerned neighbors meet with City staff to review the pond expansion plans, as this item is on next week's Council agenda.

Wilcox stated he met with the Fremont coalition and that the hook at the end of the road barrier was not built as designed. He was concerned that the hook on the west end of the barrier will act like a ski jump in the winter and suggested it be raised up to a height of 4 inches.

**Adopted Resolution
Approving Conditional
Use Permit for
National American
University
Case 6610A-06
ITEM 5.2A
R-2006-128**

Motion was made by Grady, seconded by Peterson, and all voting aye, to adopt a resolution approving a Conditional Use Permit for a post-secondary school in an office building at 7801 Metro Parkway, Case 6610A-06, for National American University, subject to the following 13 conditions of approval and 5 Code requirements as set forth by the Planning Division Staff and the Planning Commission:

1. The Conditional Use Permit is limited to the 20,025 rentable square feet of leased space and 4,000 rentable square feet of future expansion space as shown in the plans approved in Case 6610A-06;
2. Daytime students will be limited to a maximum of 50;
3. Access, circulation and parking plans being approved by the City Engineer;
4. Site modifications, including the provision of sidewalks, shall be submitted for approval by the City Engineer and proper permits must be obtained;
5. Connection charges, as necessary, be satisfied;
6. All pickup and drop-off shall occur on site and off of public streets;
7. All loading and unloading occur on site and off of public streets;

and subject to the following conditions being satisfied prior to Building Permits:

8. SAC charges must be satisfied;
9. A minimum of 10 bicycle parking spaces be provided, as approved by the City Engineer;
10. A sidewalk from American Boulevard to the entrance at 7801 Metro Parkway shall be constructed or a petition and waiver for public sidewalk shall be provided;
11. The corresponding 10 foot sidewalk/bikeway easements necessary to construct the sidewalk shall be provided by document as approved by the City Engineer and proof of filing be provided to the Manager of Building and Inspection;
12. Alterations to utilities be at the developer's expense;
13. A cross parking easement must be recorded to run with the land;

and subject to the following Code requirements:

1. Trash and recyclable materials collection and storage area provided within the building as approved by the Fire Marshal and the Planning Manager;
2. All rooftop equipment be fully screened (Sec. 10.52.01);
3. Signage be in conformance with the requirements of Chapter 19, Article X of the City Code;
4. Parking lot and site security lighting shall satisfy the requirements of Section 19.54 of the City Code; and
5. Food service plans be approved by the Environmental Services Division (City Code Sec. 14.360).

No staff report was provided and no public testimony was received.

**Adopted Resolution
Approving Final Plat of
NORMAN DALE
OFFICE PARK 5TH
ADDITION
Case 7792B-06
ITEM 5.2B1
R-2006-127**

Motion was made by Peterson, seconded by Elkins, and all voting aye, to approve the Preliminary Plat and adopt a resolution granting Final Plat approval of NORMAN DALE OFFICE PARK 5TH ADDITION located at 8200 Normandale Boulevard and 8251 & 8301 Norman Center Drive, Case 7792B-06 for 8200 Normandale Investment, LLC for the purpose of combining three lots into one lot and block. The applicant has already received Council approval to construct a single level parking ramp over an existing parking lot to the south of the building. The plat approval is subject to the completion of the following 7 conditions and 2 Code requirements, receipt of the title, necessary documents and deposits and a review of all documents by the City Attorney:

1. Title opinion or title commitment dated within the past six months shall be provided.
2. Construction charges shall be due prior to issuance of utility permits.
3. 40 feet of right-of-way from the centerline of Norman Center Drive shall be provided.
4. Deed of Access Rights (non-access) along Normandale Boulevard shall be provided.

- ITEM 5.2B1 continued**
5. Standard drainage and utility easements 10 feet along street frontages and 5 feet along internal lot lines shall be provided.
 6. Temporary street signs, lighting, and addresses shall be provided during construction.
 7. Street Easement (Doc. No. 1639836) must be dedicated as right-of-way.

Code Requirements:

1. The approved Final Plat shall be filed with Hennepin County (Section 16.05.01). A certified copy shall be provided to the Engineering Division prior to the issuance of building permits (Section 16.10).
2. All development setbacks shall be based on planned widened rights-of-way for the abutting public street(s) (Section 19.42).

No staff report was provided and no public testimony was received.

**Adopted Ordinance
Vacating Easements at
8301 Norman Center
Drive
ITEM 5.2B2
O-2006-46**

Motion was made by Peterson, seconded by Nordstrom, and all voting aye, to adopt an ordinance vacating drainage and utility easements located at 8301 Norman Center Drive for Eva B. Stevens of 8200 Normandale Investment, LLC for the purpose of clearing title for the re-platting of the property.

No staff report was provided and no public testimony was received.

**2007 Collector
Street Striping
Reconfiguration
Program
ITEM 5.3A**

Bernhardson explained that both West 110th Street (from Xerxes Avenue to Thomas Avenue) and West 86th Street (from Penn Avenue to I-35W) qualify for the Collector Street Striping Reconfiguration Program and were approved by Council for inclusion in the 2007 Program on July 31. In addition, both of these streets are also listed on the Pavement Management Program (PMP) list for 2007. He stated these streets were reviewed by the Traffic & Transportation Advisory Commission and they recommended moving forward with the restriping on West 110th Street but recommended West 86th Street be delayed until 2008 subject to completion of the Alternative Transportation Plan currently being developed.

West 86th Street

Peterson concurred stating West 86th Street has the potential to be a good east/west rough and that waiting a year would be a good idea.

Elkins inquired about restriping the rest of West 86th Street.

Bernhardson replied that he would recommend doing all of West 86th Street at the same time.

Winstead stated he is comfortable with moving forward on West 86th Street now, as he doesn't want to see any of the streets deferred if they're due for reconstruction.

Wilcox suggested waiting on West 86th Street until a complete Alternative Transportation Plan has been completed.

Elkins stated he could support waiting a year if the entire length of 86th Street would be considered at that time and whatever the Plan calls for will actually be done.

Axtell concurred with Wilcox and Peterson in delaying it but cautioned that it needs to be a reasonable investment to ensure that it's worth doing the entire street at one time.

No public testimony was received on West 86th Street.

Motion was made by Peterson, seconded by Axtell, to defer West 86th Street from Penn Avenue to I-35W to the 2008 Striping Reconfiguration Program and Pavement Management Program. Motion passed 5-2 (Winstead & Elkins opposing).

ITEM 5.3A continuedWest 110th Street

No public testimony was received on this street but Council discussed the striping.

Elkins stated that the proposal is to stripe West 110th Street with two lanes rather than three, as it has low traffic volumes.

Shelly Pederson, City Engineer explained that it is currently striped two lanes and that a 10-foot shoulder would allow for parking and could be used as a bike lane but would not be marked or signed as one.

Peterson commented that bike lane concepts work well on a busy street but West 110th Street isn't busy enough to warrant a marked bike lane.

Motion was made by Peterson, seconded by Nordstrom, and all voting aye, to order the 2007 Striping Reconfiguration Program for West 110th Street (from Xerxes Avenue to Thomas Avenue).

CLOSED PUBLIC COMMENT PERIOD

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

**Continued to Nov. 6
Revised Preliminary
Development Plan for
Mall of America -
Phase II
ITEM 5.2C**

Mayor Winstead explained that this is the first Council meeting to consider the Revised Preliminary Development Plan for Mall of America (MOA) - Phase II and that tonight's meeting will focus on the land use issue with more meetings to follow. No action will be taken by Council tonight..

Clark Arneson, Assistant City Manager began the presentation by explaining the status of Council's actions regarding land use and financing related to MOA-Phase II and requested any questions relating to the Mall of America and this process be directed to him. With regard to land use, he explained the development plan is reviewed to make sure it conforms to the zoning and subdivision regulations of the City of Bloomington, as do almost all development applications, and is reviewed by the Planning Commission, the Traffic & Transportation Advisory Commission, and the Parks, Arts & Recreation Commission. He stated the public financing piece is a separate issue from the land use element, which is only done for selective projects. He stated there are several financing sources that could be involved; local sources (Port Authority-the public development agency for the City of Bloomington) and the City Council. In addition, he stated there is the potential for some discussion for possible legislation at the State level regarding public financing tools, which will be discussed at the November meeting, and other agencies such as the Minnesota Department of Transportation (MnDOT) through possible grants.

Arneson stated the primary financing tool available in the Mall of America project is Tax Increment Financing (TIF), which captures the additional taxes generated from new development to support the cost of the infrastructure. After the TIF district expires, the taxes support the local taxing entities. A TIF district is the equivalent of a zoning district – an overlay that is applied to a piece of property for which the base taxes get paid and new taxes are captured and used to pay for infrastructure. Once that expires, those taxes go to the other taxing jurisdictions that are in line for the funds. While a property is in the TIF district, the base value, or the value before the tax increment, goes to the normal tax distribution (the School District, the County, and the City) and special taxing jurisdictions. During the life of a TIF district, the captured taxes go to the Port Authority to expire debt that has been issued related to the Mall of America property. After the TIF district expires (2015 for MOA – Phase I and 2018 for MOA – Phase II), the taxes go back to the three primary taxing jurisdictions of the City, the School District, the County, and the special taxing jurisdictions. He added that the State of Minnesota gets paid taxes while the the development is in the TIF District and assured everyone that the development pays full property taxes while it's in the TIF District and that no TIF dollars go towards private development costs. He proceeded to explain the "But for" test as, "but for the use of tax increment, the project would not happen."

ITEM 5.2C continued

Arneson explained that another public financing tool is the lodging tax presently at 7% (3% to the City General Fund, 2% to the Bloomington Convention & Visitors Bureau, and 2% to Port Authority for MOA related improvements). In addition, there is the liquor tax at 3%, which the Port Authority captures. These are back-up revenue sources to the tax increment and are pledged to the bond issues issued by the Port Authority. If they are not needed, they are released out of the bond indenture and are used for Airport South capital improvement projects.

He continued by explaining the Mall of America Financial Model:

- City investment in Phase I: Tax increment, liquor and lodging tax, and a formula to calculate the amount of public investment. (The formula is locked into a contract that was entered into in June of 1988, which is the going forward document for both MOA Phase I and II.)
- Counted Value: All of the hard and soft costs of the development of the MOA. (The counted value is a public investment limited to the percentage of counted value – the City ties its public investment to the amount of the counted value that the developer puts into the project, which is at a 10% ratio. Therefore, for every \$10 the developer puts into the project, the public puts in \$1.00. It was determined by the Council and Port Authority back in 1988 that a 10% public investment in the Mall of America was an appropriate level.)
- TIF can only be used for committed public improvements (i.e. parking ramps, interior ring roads, and utility costs). The City doesn't set the hierarchy for public improvements, the developer does but the City has to approve each of the public improvement projects, which must be eligible under State law regarding tax increment financing.
- Financial Numbers Related to MOA Phase I:
 - Total Counted Value: \$745 million
 - Investment by the City/Port Authority: \$108 million in committed public improvements (primarily parking structures).
 - Public Investment Ratio: 14.5% heading down to an average of 10%.
- Financial Numbers Related to the Current Proposal for MOA Phase II:
 - Development: 5.6 million square feet
 - Estimated Total Development Cost: \$1.4 billion per the Developer
 - Estimated Counted Value: \$1.4 billion
 - Off-site Public Infrastructure Improvements: \$32 million
 - Potential Committed Public Improvements: \$254 million (parking ramps, circulation drives, and an energy center)
- Total Counted Value in Phase I & Phase II: \$2.15 billion
- Maximum Public Investment for Phase I & Phase II Applying the 10%: \$215 million less the amount that the Port Authority has already invested of \$108 million resulting in a total public investment eligible under the current contract of \$107 million (eligible amount for Phase II).
- Only commitment of the City and the Port Authority: Available TIF

Arneson explained that additional public investment requires legislative approval, as does an amendment to the contract formula approved in 1996, an amendment to the duration of the TIF Districts, and any additional or different state or regional financing related to MOA – Phase II. He listed the local benefits to Bloomington as a result of the Mall of America development and the regional benefits. One regional benefit is that the Mall of America property does pay, and has since the very beginning, into the Fiscal Disparities pool (Phase I is paying \$4.3 million per year and the Phase II project will be \$4 million per year).

Arneson described the State benefits from the Mall of America as follows:

- State Sales Tax: (Phase I - \$32 million per year and Phase II - \$20 million per year)
- State Income Tax: (Phase I - \$11 million per year and Phase II - \$12 million per year)

ITEM 5.2C continued

- State Property Tax: (Phase I - \$5.3 million per year and Phase II est. - \$5 million per year.) (Legislative action in 2001 shifted the school district financing from a local obligation to a state property tax. The City retains the tax increment, the Fiscal Disparities goes to the region, and the State gets the state property tax. That action reduced the available tax increment by nearly 50%.)
- Mall of America is the most popular tourist destination in Minnesota.
- Mall of America Phase II attractions will promote additional tourism within the State.

Axtell summarized it this way: The State receives \$48.3 million annually from the City's \$110 million investment.

Arneson explained the developer will need to make a formal request for public investment for MOA – Phase II, which the City will analyze and the Council and Port Authority will need to make a decision regarding whether there will be a legislative effort in 2007 or not. Any current and/or future investment in Phase II will need to be approved by the City Council and the Port Authority Board. He stated the land use application has been before the Planning Commission and the Port Authority and now at the Council and will be continued at the November 6 and 20 Council meetings followed by the public finance discussion.

Bob Sharlin, Planner presented the staff report on the Revised Preliminary Development Plan for the Mall of America - Phase II. His presentation highlighted the following:

- Current proposal is for a 5.6 million SF mixed-use center comprised of retail, hotel, office, entertainment, performing arts and residential.
- Direct connection from Phase I to Phase II would span Lindau Lane requiring the lowering of Lindau Lane.
- Parking: Two parking structures proposed
- Purpose: The Revised Preliminary Development Plan provides the framework for the development and determines the intent, intensity, and density of the project. If approved, the Final Development Plan must conform to the Preliminary Development Plan.
- City Council Review Schedule: October 30 (Traffic, Stormwater Management & Water & Sanitary Sewer Utilities), November 6 (Parking and Interior Circulation, Zoning, Building Architecture and Design and Proposed Conditions)
- Phase II – Review Approach (Primarily conducted by Planning & TTAC) follows the development guidelines and principles.
- Zoning District: XH-2 District
- Land Use & Design Principles: Ability to integrate vehicle and pedestrian circulation with Phase I with multiple access points to the Mall.
- Phase I Design Principles: A concentration of uses within a definable space with a variety of complimentary uses that are integrated by a functional building layout and the exterior architectural design that integrates a variety of exterior and interior design elements.
- Traffic Element: Staff conducted a study of the traffic and the City's consultant SRF conducted a supplemental traffic study.
- Traffic Study Objective: Determine if the local and regional roadway system can accommodate the project and identify necessary improvements to mitigate traffic impacts.
- Major Traffic Elements: Standard is to maintain a Level of Service "D" or higher with necessary improvements. Lindau Lane was a major focus and the project requires the lowering of Lindau Lane, which provides a number of engineering and construction challenges. Regarding the local and regional roadway system, certain improvements are required for Mall of America and Airport South. Certain commitments are required prior to construction in order to implement roadway improvements and mitigate certain conditions. Approvals for improvements to the traffic system require local, regional, state, and federal entities.

ITEM 5.2C continued

Schane Rudlang, Traffic Engineer provided a brief overview of the Traffic Study and how it affects the various improvements in Airport South that would also support the development of the Mall of America – Phase II. His presentation included the following:

- Consultant: SRF was hired to conduct a traffic generation study for MOA Phase II and MOA Phase I. They looked at existing traffic in Airport South, zoning, estimated the traffic generation in 2012 and 2030, funding for the various roadway improvements, sanitary and stormwater improvements including the improvements the Mall of America would have to fund at least in part and some improvements in whole in 2012 before they would be issued a Certificate of Occupancy for Phase II. In the period between 2012 and 2030, a number of other improvements would have to happen in Airport South that the Mall would contribute traffic to so it is expected at this time they would enter into an agreement with the City and Port Authority to help fund their portion of those improvements should other development in Airport South happen and a number of other approvals be granted by other agencies, i.e. MnDOT, Hennepin County, U.S. Fish & Wildlife, DNR, PCA, etc.
- Appendix A (in the red binder): Outlines the improvements, mostly to the traffic system, and a few to the other systems that would support the Mall of America including the sanitary and storm sewer system. The top portion of the list are the improvements that would need to happen before the Mall of America would be given a Certificate of Occupancy for the Phase II development. In general, they are the supporting roadways right adjacent to the Mall of America, some sanitary improvements on Killebrew Drive, and an improvement to Pond C in Airport South that was previously entered into by an agreement between the City and the Mall of America as part of the Preliminary Development Plan that is in place today for the 2.247 million square foot development that included IKEA. He stated the list of improvements for the 5.6 million SF development would be negotiated out in the form of a public improvements agreement that the City, Mall and Port Authority would enter into.
- Roadway improvements needed adjacent to the Mall of America: Interior roadways (committed public improvements), off-site improvements such as the new access from T.H. 77, 494 collector distributor and access, and new access to the regional transportation system.
- Another major change would be the modification of the access to Lindau Lane, which would need to be open and operating prior to the Occupancy Certificate issued to the Mall.
- Other intersections that would need to be improved in Airport South: Proposed improvement at 34th Avenue & American Boulevard (proposed development to occur in this area in 2026).
- Other improvements would be needed at 24th Avenue & American Boulevard, 494 & 24th Avenue, and along Killebrew Drive (2007).

Grady inquired how did the Light Rail Transit (LRT) affected the number of vehicles going to the Mall Phase I after it became operational.

Rudlang stated LRT helps the traffic projections and trip generation, especially for employees, and helps reduce the amount of parking that the Mall will have to build on the expanded site. The Mall's consultant made the assumptions that approximately 88% of the people come to the Mall of America by automobile and 12% from another use.

Elkins inquired how buses from Dakota County will reach the Transit Center in the Preliminary Development Plan for MOA Phase II.

Rudlang showed a layout of the first floor of the MOA Phase II and the parking structure indicating where buses could come adding the final details haven't been worked out yet. He stated all of the intersections in Phase II, assuming all improvements are made, should operate at a Level "D" or better.

ITEM 5.2C continued

Sharlin added that the 28th Avenue LRT Station will be expanded and that the bus element needs to be keyed into the equation, as that is proposed to be the largest park and ride facility in the state once completed.

Wilcox stated that the LRT has brought more traffic into the Airport South area.

Sharlin continued the presentation with the discussion related to stormwater management and stated the approach at this time is more complex than it was with Phase I. He provided background on how the stormwater system works in Airport South. He stated the drainage area near the Mall of America encompasses Mall Phases I and II, Smith Pond, Wrights Lake, and the area south of Wrights Lake as a drainage area to Pond C, which is located adjacent to the T.H. 77. He stated Pond C is over worked and explained how it would be affected by Mall of America Phase II. There is a pending project to improve Pond C, which is located on MnDOT property, and the City has been dealing with U.S. Fish & Wildlife for over five years to gain access to their property in order to implement the project. He explained the complexity of drainage in Airport South and stated staff has four areas of concern related to stormwater management in this area: Lindau Lane and how the drainage will be handled by a separate drainage system as a result of the roadway being lowered 14 feet, the need for additional analyses to be conducted for MOA Phase II including those flows into the rest of Airport South, engineering and easements and construction feasibility or verification of the location of the stormwater line going to the outfall, outfall considerations related to the ravine area, and the approvals and permits that might be required from the U.S. Fish & Wildlife Service. He stated more detailed analyses will be required for the Final Development Plan.

Wilcox inquired if the stormwater line would have to be power-jacked or tunneled under the LRT.

Rudlang replied that it would require jacking under the LRT system and potentially in other areas depending on what easements the City has access to.

Grady inquired if the amount of drainage created by Phase II is greater given its existing impervious surface, has the litter problem in the Bass Ponds created by MOA debris been mitigated and will Phase II exacerbate that problem, and has the City been given permission to work on Pond C, which was off limits before.

Sharlin replied that with regard to the impervious surface, currently 93% of the surface is impervious and after completion of Phase II, it will be reduced to 91% and although the amount of water drainage won't change, the way it is channeled and flows to someplace else is different. He stated the City has been dealing with floatables in the Bass Ponds and that the problem is worse in the spring after the winter melts but staff continues to work on it.

Rudlang stated there are a number of conditions that will address that issue to trap both floatables and grit on site to reduce the amount of debris that could end up in the ponds.

Sharlin stated Pond C is owned by MnDOT and they haven't been the problem. The problem has been gaining access to implement the project through U.S. Fish & Wildlife but the new Refuge manager might offer a new opportunity for the City to explore the access issue.

Shelly Pederson, City Engineer stated that although the impervious surface might be less after Phase II, improvements still need to be made to improve the water quality of Pond C for the entire Airport South area. She stated staff is negotiating with U.S. Fish & Wildlife to gain access and is also negotiating to get permits from MnDOT to access right directly the ingress and egress of trucks hauling equipment off of T.H. 77. It's possible the City won't need to gain access through U.S. Fish & Wildlife if it can be handled through MnDOT.

Bernhardson stated there would be lots of ponding opportunity in Airport South if not for the restrictions by the Federal Aviation Administration (FAA), which has complicated the situation. He stated the City is caught between several State and Federal agencies in this matter.

ITEM 5.2C continued

Peterson inquired about the use of non-open ponds in the Airport South area.

Sharlin stated it is very hard to design a pond that is acceptable to the FAA, as they have to be long and narrow and not attractive to wildlife. He stated two dry ponds have been recently developed in the Runway Protection Zone (RPZ) and they were graded in and drained but are not designed to hold water. The City could install an underground vault and infiltration system.

Staff's presentation continued with an overview of the water and sanitary sewer for Phase II:

- The development is within the projections for Airport South for availability and capacity; however, future developments in Airport South might require improvements to the system to increase capacity.
- If Airport South develops to the extent and density projected, improvements would need to be constructed, in particular a lift station, to help out with sanitary sewer flows. The Mall of America would be asked to fund a portion of such an improvement as would others contributing to the capacity issue in Airport South. He stated staff is still negotiating with the Mall of America on their portion of those future improvements, which would be considered a future commitment. *(Sharlin added that this was a major discussion item at two Planning Commission meetings and that it was stated whoever uses that sanitary sewer line pays for it and not necessarily because it's located west of Cedar Avenue but since the flow would be coming from the east side of Cedar Avenue, then the responsibility for implementation and payment should be borne by those who use the line.)*

Speaker #1: Bill Griffith, Representing the Mall of America Company (MOAC – the Developer) He stated this application is the culmination of 16 months of very intense work. MOAC has provided staff with very detailed analyses on all of these subjects – stormwater, sanitary, traffic, etc. He stated all of this work on the Preliminary Plan is to determine the intensity and use of the project and the feasibility of it. City staff has stated conceptually the elements of this project work. He stated this project is important to the Mall of America Company because it continues to meet with potential users of the project two to three times per week. They continue to meet with legislative leaders and other public officials. Approval by the City of the Preliminary Development Plan will allow MOAC to move forward by letting their tenants and co-developers know that the project is moving forward. He stated more technical data will follow as the project continues to the Final Development phase.

Bernhardson inquired if the Mall's intercept studies provided any data on whether the introduction of LRT has increased the amount of transit versus auto split or Phase I versus Phase II.

Griffith replied MOAC believes it will due to the success of the LRT but that the future intercept studies will provide more detailed information to know for certain and that they will share that information relating to LRT with the City when it becomes available.

Mayor Winstead opened up the public hearing and requested speakers keep their comments focused on stormwater, sanitary, and the traffic study. No one came forward to speak.

A motion was made by Grady, seconded by Nordstrom, and all voting aye, to continue the Revised Preliminary Development Plan for MOA – Phase II to the November 6 Regular Council meeting.

**City Council Policy &
Issue Update
ITEM 6.1**

Bernhardson reminded Council of the upcoming meetings on November 6 (Regular), November 9 (Strategic Partners), and November 14 (Joint Council/Port Authority).

Nordstrom stated the Bloomington Symphony will perform at Orchestra Hall on 11/25 at 6:30 pm.

Adjourn Meeting

Mayor Winstead adjourned the meeting at 10:03 p.m.

Barbara Clawson
Council Secretary