

**SHOREVIEW CITY COUNCIL WORKSHOP MEETING
MINUTES
January 10, 2011**

Attendees:

City Council: Mayor Martin; Councilmembers Huffman, Quigley, Wickstrom and Withhart

Staff: Terry Schwerm, City Manager
Mark Maloney, Public Works Director
Kathleen Nordine, City Planner

Guest Legislators: Representative Beverly Scalze
Senator Roger Chamberlain
Senator John Marty
Representative Linda Runbeck

Mayor Martin called the meeting to order at 7:02 p.m.

MEETING WITH STATE LEGISLATIVE DELEGATION

The City Council met with several of the City's legislative delegation. Mr. Schwerm stated that the City belongs to three groups that lobby the legislature. One is the League of Minnesota Cities (LMC), second is Metro Cities, which represents the seven-county area. Third is the Municipal Legislative Commission (MLC), a group of 14 or 15 second tier suburban communities that have similar characteristics.

Three main issues were raised with legislators.

Market Value Homestead Credit

There are legislative actions that would help the City. First, the market value homestead credit program was put in place in 2002 or 2003. Since its inception, over the course of eight years, the City should have received approximately \$3.6 million from the State, but, in fact, has received about \$900,000. It is a tax credit that the legislature gives to homeowners with State reimbursement paid to cities. Only a couple of years was Shoreview's full portion refunded. Most cities are having to levy for those dollars. This year, Shoreview anticipates a loss of \$350,000 that was added to the levy. It is the City's recommendation that this program be eliminated or reformed.

Councilmember Withhart stated that the market value homestead credit program is not saving anyone any money with the City having to levy to make up the loss. Also, this item is not shown on the tax statement. It is costing a lot to do the calculations for a program that does not have much benefit.

Mayor Martin added that Shoreview residents are not getting the promised credit because they are paying their own or their neighbors' through the tax levy. The MLC has some good ideas for reform that would base property tax on income levels rather than home values. Because the credit is not listed on the tax statement, residents receiving credit do not even know they are getting it. Mr. Schwerm added that the MLC proposal would provide property tax relief for those who need it, rather than reimbursement to cities. It would help a lot of seniors on fixed incomes.

Representative Runbeck applauded the MLC idea and agreed that this is the time to clean up and simplify the system.

Jobs

Mr. Schwerm stated that during the last legislative session, a jobs bill was adopted to allow cities temporary authority to use development TIF District revenue to help pay for construction and rehabilitation projects in an effort to create jobs. The City is exploring ways to take advantage of this revenue and has created the Shoreview Advantage business loan program through the City's Economic Development Authority (EDA). The difficulty is that the guidelines stipulate a project must be in process by July 1, 2011, to use that revenue. The current request is to support the State's jobs agenda and extend that deadline a couple of years. The economy is still recovering, and extending TIF authority to use this revenue would continue to help stimulate the economy. The City has a Business Retention and Expansion program. These are businesses on the verge of growth looking for opportunities and potential expansion. If the City could use this revenue, there are projects that could begin within 12 to 24 months.

Councilmember Huffman gave the example of PaR Nuclear, which has the space for needed expansion but needs added parking space for more employees. The project will not be ready for construction by July 1, 2011. Economic recovery is slower than anticipated and extending that deadline makes sense.

Mayor Martin added that PaR Nuclear started in Shoreview and has another arm of its business, PaR Systems. PaR Systems was thinking about leaving Shoreview. The City's Economic Development Commission (EDC) and staff have worked with them to buy a building on County Road E. Through TIF revenue, the City was able to commit approximately \$1 million to help them. They invested in a new facility and now have their world headquarters here. The problem for further expansion is this tight deadline.

Councilmember Quigley added that a continued deadline would be an important tool the City could use to have something to offer businesses ready to expand.

Representative Runbeck asked if the funds are used for infrastructure. Mr. Schwerm responded that the money must be used for TIF eligible expenses such as land write downs and infrastructure.

Senator Chamberlain asked if there is a problem in general with restrictions on TIF districts. Mr. Schwerm stated that it is not a huge issue. The legislature has identified what the funds can be used for, private sector development and public infrastructure. It is a good economic development tool.

Variance Legislation

This issue arises from a Minnesota Supreme Court decision that occurred in the City of Minnetonka. The decision last fall changed the practice that cities have lived under for the last 25 to 30 years regarding variance decisions. The Supreme Court gave a narrow interpretation to “undue hardship” role in that residents would not qualify for a variance if they already have “reasonable use” of their property. If a resident would want to tear down a house and rebuild and a variance needed, it would not be possible because there is already a house on the site. If a three-season porch was desired, but they could live in their house without the porch, a variance would not be allowed by the law. A number of member cities in the League of Minnesota Cities have called for a legislative response. This would be an easy fix that would greatly help cities. He encouraged the legislators to support adoption of the bill addressing this issue that is on a fast track. Variances are needed to encourage reinvestment in neighborhoods.

Councilmember Withhart stated that in Shoreview, with lakes and older developments, flexibility is needed to be reasonable with residents.

Other Legislative Issues

I-694

Councilmember Withhart raised the issue of traffic congestion on I-694. Thousands of residents are impacted every day. This project should have a higher priority. There are two lanes in Shoreview, and it is one of the worst traffic congestion sites in the Twin Cities.

Councilmember Wickstrom added that a big piece of this project is the bridge over Rice Street. It was promised in the 1990s, and continues to be delayed for lack of funds.

Representative Scalze suggested cities coalesce and lobby as a group. It is important to get lobbyists and contact the Governor’s office. Also, get the business community involved.

Representative Runbeck offered to attend any meetings to organize such an effort.

Vikings Stadium

Councilmember Huffman asked if the legislature is supportive of a possible Vikings stadium on the TCAAP property. Senator Marty stated that he would be supportive as long as no public money is involved.

Mayor Martin stated that the stadium would be the catalyst for highway improvements.

Deficit

Representative Scalze stated that she anticipates a government shut-down and a special session to address the budget. That is what happened in 2005, until the increase to the health impact fee to tobacco was increased \$0.75. That money went to education. The legislature cannot do another zero based budget, and all the one-time fixes have been done. There is no plan for the future.

Representative Runbeck stated that local governments have been limited in controlling their own spending with state mandates. There are employee groups that have specific demands. Compensation and benefits have to be addressed. Increases in pensions need to be reviewed and aligned with the private sector.

Benchmarks

Mr. Schwerm noted in the City newsletter there is an article that mentions community taxation and spending benchmarks. Shoreview ranks in the lower 20% of that group. It takes pride in the low per capita spending which is the third lowest of cities, 35% below average. That is without receiving any LGA.

Mayor Martin stated she opposes renewing levy limits. Shoreview is very responsible and holds tax hearings to talk directly with residents and explain the levy. The City is on the ground level and does not need the legislature to set a levy limit. Representative Runbeck agreed.

Councilmember Withhart noted that the recreation program is almost all paid for by user fees. The City does contribute funds to the Community Center to allow community groups to meet and use free space. He further stated that by taking tax money for the Street Renewal Fund, residents are only assessed for curb and gutter installation. Roads are replaced without large special assessments. Residents are paying a small portion of the work, but it is a lot different than paying a big assessment. The levy limit curbs the City's ability to maintain the fund. Mr. Schwerm added that in most cases, the City pays 90% of road project costs.

Councilmember Wickstrom emphasized that funds are needed for the City to be able to plan its future. The bond rating increase this year shows that the City is doing a good job planning and funding services. That planning is more difficult with levy limits.

Senator Chamberlain stated that people are asking for mandate relief. The focus now is to let cities do what they do best using their own innovation. The legislature is reviewing hundreds of mandates for cities, schools and other areas. It should not be a partisan issue to allow incentives and give breaks to schools and local communities.

Mayor Martin stated that Shoreview has a comprehensive plan for infrastructure that goes out 40 to 50 years. It specifies where the funds will come from and approximate costs. Every single item in the City is covered in that plan. Shoreview is one of the first in the nation to have such a plan and is always looking to do things better and cheaper.

DISCUSSION OF PROPOSED TEXT AMENDMENTS - RIPARIAN LOTS

City Planner Nordine stated that Mr. Christopherson received a variance at 400 Horseshoe Drive. His neighbor appealed. The Council upheld the decision of the Planning Commission. The neighbor then filed a lawsuit. Mr. Christopherson withdrew his application. After reviewing the ordinance, he is suggesting the ordinance be amended to alleviate the need for a variance. He proposes two potential changes. The first is to amend the Development Code to allow flexibility with front setbacks of dwellings in regard to the Ordinary High Watermark. Staff would determine what flexibility is possible. It is staff's opinion that any variance should require a public hearing process.

The second amendment is in regard to the lot line definition. Lakeshore development lots are not rectangular. Homes are not always oriented to the street but to the water.

Mayor Martin asked if these changes would be just as likely to be contested.

Mr. Schwerm stated that it may make sense to orient houses toward the Ordinary High Watermark. There is a different pattern of development on older properties near lake lots. There are often times front yard variance requests because the front yard lot lines do not make sense. It is a reasonableness issue.

Councilmember Quigley stated that there is no hurry to do anything. He would be inclined to see what legislative changes occur.

Councilmember Wickstrom stated that she does not support changing the ordinance for one person. She, too, would wait to see what the legislature does.

Councilmember Withhart suggested creating lake district neighborhoods with special zoning for some of these areas. Some people look at lake lots as double fronted lots. Mr. Schwerm stated that there are some overlay districts for substandard lots. Lots that have substandard widths have set standards for height and size, which helps keep development in proportion with the neighborhood.

Councilmember Huffman noted that the legislation is on a fast track and may be signed into law as early as next week. He does not want to rush through an amendment. This goes back to the issue of front yard storage. He suggested this issue be put on a work list to define front yards and usage of front yards in lake areas.

Mayor Martin indicated that the consensus of the Council was to not spend time on a full scale change to the ordinance at this time.

Bus Shelters

Councilmember Wickstrom reported that the Metropolitan Council will replace the bus shelters taken, but none will be available until work on the central corridor begins. It will take time to get them back and not until spring. Further, the City plows out the shelters because usually City plows reach them first. The other option is to continue with CBS. Mr. Schwerm stated that he is hesitant to continue working with CBS because of the number of transit shelters that would be required. It makes most sense to work with the Metropolitan Council. The maintenance is not a lot of extra work.

Councilmember Wickstrom stated that when they are replaced, she would request the City logo and phone number be posted so residents know the City is maintaining them and not Metro Transit. Kathleen Nordine will follow up with a letter from staff to the Metropolitan Council. Priority will need to be established as to which is replaced first.

REVIEW OF 2009-10 COUNCIL GOALS

Mr. Schwerm reported progress on almost all of the goals identified by the Council. The Council's first goal of enhancing the long-range financial stability of the City was completed and the City has seen its bond rating upgraded twice in thirteen months. The creation of the Five-Year Operating Plan was also accomplished. The only thing not done is the creation of a community investment fund. Staff reviews many of the goals on an ongoing basis.

Councilmember Withhart suggested dropping strategies for marketing the TCAAP property.

Mayor Martin stated that she would not eliminate it, but continues to monitor the situation and stay involved because what happens with that property will continue to impact Shoreview. In order to do any new initiative, new funding would have to be found. That would be the only goal of discussion.

Councilmember Wickstrom stated that she does not believe there is a need for a separate goal-setting session. The main goals are identified and she would like to see them expanded. These are the high priorities of the Council.

Councilmember Huffman stated that the only thing he would like to discuss in relation to Council goals is their connection to the recent community survey and how to prioritize services. More people are asking for conservation. He would like a discussion on cutting services to maintain existing tax rates.

Mayor Martin suggested that the ground work to be done regarding goals is to analyze the survey.

Councilmember Quigley stated that he prioritized the goal list. He believes TCAAP is an A priority. Parks are a C because they are already in place. The potential of what could go wrong with TCAAP is massive. He would suggest Councilmembers prioritize the goals A, B, C.

It was the consensus of the Council to not have a formal goal-setting session. Councilmembers will write down their goal priorities and suggestions. Staff will bring survey data to the next workshop.

Mayor Martin requested the Five-Year Operating Plan be used so the cost of goals can be known. The sooner the Council addresses goals that affect the budget the better. Mr. Schwerm stated that he will attempt to incorporate the Council goals in the budget process.

Legislative Meeting

The Ramsey County League of Local Governments will host a meeting with legislators at the offices of the League of Minnesota Cities on January 27, 2011.

Livable Communities Grant

Councilmember Wickstrom reported meeting with the City's representative to the Metropolitan Council, Kris Sanda, who believes the City's grant application was denied because there was not enough investment in it. It was the expectation that the Metropolitan Council would fund the project.

The Metropolitan Council will be having district meetings of three or four districts together. The meeting for Shoreview will be January 31, 2011, at Brooklyn Park City Hall. There may be a task force appointed to look at governance of the Metropolitan Council. Councilmember Wickstrom volunteered to have her name submitted to serve on that task force.

Mayor Martin stepped out of the room at 10:40 p.m.

Acting Mayor Quigley adjourned the meeting at 10:42 p.m.