

**CITY OF SHOREVIEW
MINUTES
REGULAR CITY COUNCIL MEETING
December 5, 2011**

CALL TO ORDER

Pursuant to due call and notice thereof, a regular meeting of the Shoreview City Council was called to order by Mayor Martin on December 5, 2011, at 7:00 p.m.

PLEDGE OF ALLEGIANCE

The meeting opened with the Pledge of Allegiance to the flag.

ROLL CALL

The following members were present: Mayor Martin; Councilmembers Quigley, Wickstrom and Withhart.

APPROVAL OF AGENDA

MOTION: by Councilmember Wickstrom, seconded by Councilmember Quigley to approve the December 5, 2011 agenda as submitted.

ROLL CALL: Ayes - 5 Nays - 0

PROCLAMATIONS AND RECOGNITIONS

There were none.

CITIZEN COMMENTS

There were none.

COUNCIL COMMENTS

Mayor Martin:

This is the last week of the Gallery 96 art show at the Ramsey County Shoreview Library. The show will be on display until December 9, 2011.

The Shoreview Northern Lights Variety Band concert will be held on Saturday evening, December 10, at 7:00 p.m., at Bethel Great Hall on the campus of Bethel University. Tickets are available at the door or at a discount at City Hall.

The Shoreview Community Foundation had their annual dinner last Thursday, December 1, 2011. The event was a great success and well attended.

Councilmember Huffman:

Noted the “Welcome Home Warrior” event in Arden Hills on Saturday, December 3, 2011, for the 407th Battalion. It was a good experience and welcome back to those soldiers.

Mayor Martin added that Governor Dayton and Secretary of State Ritchie both attended.

CONSENT AGENDA

The City Council minutes of November 7, 2011 and November 21, 2011 were pulled for a separate vote.

In regard to No. 9, the City’s SCORE Grant application and recycling fee, Councilmember Wickstrom requested that the City look into recycling of plastics not in categories #1 and #2, such as yogurt containers. Mr. Schwerm responded that those plastics will be accepted after the first of the year. That information is in the most recent ShoreViews newsletter.

MOTION: by Councilmember Quigley, seconded by Councilmember Huffman to adopt the items listed on the consent agenda of December 5, 2011, with the exclusion of item Nos. 1, 3 and 4, approving the necessary motions and resolutions:

2. November 14, 2011 City Council Workshop Meeting Minutes
5. Receipt of Committee/Commission Minutes:
 - Bikeways & Trails Committee, September 1, 2011
 - Human Rights Commission, October 26, 2011
 - Bikeways & Trails Committee, November 3, 2011
 - Environmental Quality Committee, November 28, 2011
6. Verified Claims in the Amount of \$427,456.12
7. Developer Escrow Reduction
8. MnDOT Agency Agreement
9. Establish City Recycling Fee and Approve SCORE Grant Application
10. Approval of Application for Exempt Permit - Pinnacle Athletic Club
11. Renewal of Lease Agreement - Fitness Center Equipment
12. Approval of Agreements - Community Center Exclusive Alcoholic Beverage Providers

VOTE: Ayes - 5 Nays - 0

MOTION: by Councilmember Quigley, seconded by Councilmember Wickstrom to approve the November 7, 2011 City Council Meeting Minutes.

VOTE: Ayes - 3 Nays - 0 Abstain - 2 (Huffman, Withhart)

MOTION: by Councilmember Quigley, seconded by Councilmember Wickstrom to approve the November 21, 2011 City Council Meeting Minutes and the November 21, 2011 City Council Workshop Meeting Minutes.

VOTE: Ayes - 4 Nays - 0 Abstain - 1 (Martin)

PUBLIC HEARING

BUDGET HEARING - REVIEW OF 2012 BUDGET AND TAX LEVY

Presentation by Finance Director Jeanne Haapala and City Manager Terry Schwerm

The final City budget and Capital Improvement Program (CIP) will be posted on the City's website and will be available at the library in early January. Other documents also available on the website include: 1) Utility Operations; 2) Community Benchmarks--comparisons of Shoreview to other cities; and 3) Five-year Operating Plan.

There are several objectives of the City budget:

- First, is to adopt a balanced fund budget.
- Maintain existing programs and services.
- Fund infrastructure replacement--this is a long-term plan to replace streets and major assets of infrastructure in a timely manner.
- Continue a 5-year operating plan
- Meet debt obligations
- Maintain the City's AAA bond rating, which was achieved approximately one year ago. This rating is not earned easily and indicates that the City's finances are in good shape.
- This year a two-year budget was prepared with expanded budget content to include goals and objectives of the Council, new performance measures with respect to the budget, and use of community survey data from 2010.
- Protect parks, lakes and open space, which the community survey indicated is a key value of residents in the City that helps maintain property values.
- Position the City to address future challenges and opportunities by pursuing ways to maintain and revitalize neighborhoods, encourage business expansion and reinvestment, assist with redevelopment opportunities through the creation of the Economic Development Authority (EDA) and utilize technology to improve services and communications.

Proposed Tax Levy and Estimated Tax Rate

Several funds are part of the tax levy. The General Fund has decreased almost \$229,000 this year. The EDA and HRA levies are increasing a total of \$40,000. The EDA works on both housing and economic development goals of the City. Debt service funds are increasing by approximately \$33,000. Capital replacement fund for the Street Renewal Fund and Fixed Asset Revolving Fund are increasing a total of \$100,000 to support infrastructure replacement

costs. The Capital Improvement Fund is increasing by \$10,000 to fund new initiatives. Overall, the levy is approximately 0.5% below 2011, from approximately \$9.4 million to \$9,360,000.

Taxable Value

This is the primary factor that results in increasing tax rates in the City. The taxable values of all property in the City are decreasing approximately 8%. One reason is declining home values. Also, the new program enacted by the legislature, Market Value Homestead Exclusion, is further decreasing property values. This means the tax rate is going up approximately 8.4%, even though the tax levy is decreasing. This is because the tax rate is spread across lower taxable values in the City.

Fiscal disparities is a metro wide tax sharing program. The City's allocation from that is decreasing from \$866,000 to \$838,000, which is part of the City's levy calculation.

Reductions of \$202,000 have already been made to the initial budget proposed in August.

Impacts on the Tax Levy

The Market Value Homestead Credit program has ceased. Previously, it worked as a credit to homeowners, and cities and counties were supposed to be reimbursed for their share of that credit program. For the last several years, the state has not reimbursed the City. Therefore, in order to cover operating costs, the City was forced to levy for that loss. Levying for that loss is not necessary this year because of the new Market Value Exclusion program and is the primary reason why the tax levy is decreasing. Rather than giving homeowners a credit the City never receives, the state is now providing a similar tax credit to residents living in low and moderate value homes.

Another factor that increases the tax levy is public safety costs, which includes deputies in the City, animal control and expenses for the consolidated dispatch service provided by the County.

The Lake Johanna Fire Department costs are increasing because of the implementation of duty crews. Stations are being staffed additional hour every year as part of a six-year plan to eventually staff all stations 24/7. The benefits of this program are faster response times to fire emergencies and improved response to medical emergencies. All firefighters are now trained to the EMT level and able to administer a high level of medical aid.

Other factors driving the levy are the Capital replacement funds which have increased by \$100,000; EDA and HRA levies which have increased \$40,000; debt payments, an increase of \$33,026; capital improvement increase of \$10,000 and personnel costs that are increasing \$3,806. Combined, the City's tax levy is decreasing approximately \$45,000 or about 0.5%.

Budget Reduction and Efficiency Strategies

The City has implemented the following strategies to keep the tax levy as low as possible:

- If the City did not contract with Ramsey County for police protection, public safety costs would be two to three times higher.
- Use of correctional crews which are cost effective for custodial and outside work projects.
- This year a department director position was eliminated as a result of a retirement.
- Access Shoreview articles have been discontinued.
- No contingency allowance is planned for 2012.
- The long-term approach to replacing streets and other fixed assets provides for more orderly levy increases so there are not significant jumps in replacement costs. The City proposes a Comprehensive Replacement Plan that looks at all City assets for the next 40 to 50 years.
- Some street renewal projects have been delayed.
- The staff wage adjustment has been limited to 1% next year.

How Changes in Value Impact Property Taxes

Each year, the City receives information from Ramsey County on property value changes. In 2012, the majority of property values are decreasing. Approximately 23% of homes will maintain the same value, and approximately 140 (0.5%) will increase in value. The most common question is, "How can my home value go down and my taxes go up?" With the elimination of the Market Value Homestead Credit program, which provided a tax credit to all homeowners with reimbursement to local government. Shoreview collected this full credit in only one year. By last year, the City was experiencing a \$350,000 loss in tax credits not reimbursed. The Homestead Value Exclusion program now replaces Market Value Homestead Credit, which only applies to property valued at \$413,000 or less. The amount changes based on the value of the property, so that the home valued at \$76,000 receives the largest market value exclusion. The exclusion decreases as the property value increases.

The biggest impact is that it reduces taxable value. The change from a credit to an exclusion results in a tax rate increase on most properties, including apartments and businesses. A credit is a reduced amount of taxes due. An exclusion is reduced value for tax purposes. The exclusion reduces the total taxable value. Collection of the same tax amount as other years requires a higher tax rate. The burden of taxes is shifted to other property types and higher valued homes. The tax benefits from a credit or exclusion are not equal for every property, and there are wide differences in tax bills.

In looking at a median home in Shoreview for 2012, valued at \$235,700 (which is a drop in value from \$249,000 in 2011), when Homestead Value Exclusion is applied, the value drops further to \$219,673. This results in an increase in the City portion of the tax bill from approximately \$726 to approximately \$730 per year. This assumes the City levy stays the same and all total market value stays the same. The illustrated table shows that although

everything remains the same, the City tax changes with different values because changes in value cause the distribution in taxes to occur differently. The levy in the current year is distributed across the value in the current year. A home maintaining the same value can see taxes go up, or a higher valued home can see taxes go down.

The next table shows different valued properties from \$150,000 to \$1 million with a median value change of 5.5% over the last year. When the exclusion is also applied, the range of difference in City taxes for different values is from a drop of \$8.00 per year to an increase of \$58.00 per year with higher valued homes paying more.

Once all taxing jurisdictions (county, school district, Metropolitan Council, mosquito control) are factored in, total tax increases range from a \$157 increase for a \$150,000 home to \$1,562 increase for a \$900,000 home. This assumes home values staying the same from one year to the next and the preliminary levy submitted in September stays the same. Even though 23% of Shoreview home values are staying the same and the City levy is going down 0.5%, the taxes on those properties are going up because the tax rate went up because values are dropping. Of the total tax bill, 21.3% goes to the City. The rest goes to the county, school district, regional rail, Metropolitan Council, mosquito control, Rice Creek Watershed (those located in that district) and HRA.

It is very difficult for the City to have a significant impact on the tax bill because the City's share is relatively small.

Community Benchmarks

This information shows how Shoreview compares to 28 other similar sized communities in the metropolitan area. The most recent data shows that regarding the City portion of the tax bill on a median valued home, Shoreview is fifth lowest and 22% below the average. For the total tax bill on a median valued home, Shoreview is approximately 3.5% above the average.

Final action on the budget, Capital Improvement Program, tax levy, utility rates and working capital targets for operating funds will be taken at the City Council meeting on December 19, 2011. City Manager Schwerm stated that while not required, the City did publish notice of this public hearing in the legal newspaper. Hearing information was also sent out by Ramsey County to property owners.

Mayor Martin opened the public hearing at 7:48 pm.

Mr. Jay Reede, 5804 Prairie Ridge Drive, stated that his City tax increase went from \$465.41 in 2011 to \$709.08 in 2012, a 52% increase. His total tax assessment went from \$2,144 to \$3,336 for a total of over 55%. No matter the formula, a 52% increase should receive a lot of scrutiny. He lives on the south side of Prairie Ridge, a neighborhood of retirees living on fixed incomes. On the north side of Prairie Ridge, taxes were reduced. County Commissioner Tony Bennett's City assessment went from \$464 to \$466. His total tax increased 3.8%. That is representative of the north side of Prairie Ridge. He is unsure of what can be done, but this is off the wall.

Ms. Joyce Thompson, 4746 Victoria, asked if changes are made after public hearings, if the Council listens. She looked on the website and found that in 2009, Shoreview had 130.5 FTEs (full-time equivalent employees); in 2010, 130.24; and in 2011, 131.19. One person retired whose position was eliminated. One full-time person is going to half time. Then one position is requested, which will bring the total to 130.69. There have been no decreases in FTEs since 2009. She does not know any business that has not cut FTEs. Among the big budget line items, street replacement was \$650,000; in 2010, it went up \$50,000; in 2011, it went up another \$50,000; in 2012, it will go up another \$50,000. Replacement funds for 2009 are \$1,050,000; and \$50,000 added in 2010, 2011 and 2012. Capital improvements show \$80,000 in 2009. In 2010, 2011 and 2012, \$10,000 was added each year. The Economic Development Authority started in 2010 at \$50,000. In 2011, it is up to \$85,000; in 2012, it is \$125,000. When these big items are added, it is a total of \$455,000 since 2009, which is astronomical.

In the last year, there are new signs with lights and a marquis. These are the most expensive signs that can be purchased. This summer there was poured cement landscape edging, the most expensive type available. There is a camera installed by the library. Was the replacement on Victoria the most expensive? Also, the Maintenance Center was a very expensive endeavor.

Saving dollars because of low interest rates does not make sense if payments are too big and the result is debt that cannot be paid. The City should not be putting itself in debt. She believes the budget is being very inflated very fast.

Mr. Jim Steiner, 584 Kent Circle, stated that in comparison to other cities, everyone is trying to keep up with the other, such as glamorous fire stations that are appealing to the eye but unaffordable. There is a lot of unnecessary glamour. The bar is set too high. The idea that Shoreview cannot impact his tax bill too much, he would ask what happened to the idea of setting an example. Rather than being in the middle, Shoreview should be so far on the bottom and not on the radar. He knows that it takes a lot for the City to reduce his taxes \$50, but if done, he would go to a local restaurant, which would give someone else a job. The City should not skirt the issue by saying the City is not that big a portion of the tax bill. Last year there were residents who stated that they had lost their jobs or taken a 25% cut in pay. Revenue is shrinking, but the requirement on the City end is always going up.

Mr. Al Dubiak, 4050 Crestview Lane, stated that he would like the FTEs reported in the budget as a point of information to know how many people work for the City. He would also like to see the percentage change for all increases for context, even though overall expenses are decreasing.

There is a budget for 2013, but he is more interested what is happening from 2011 to 2012.

Last year, there was discussion about the Community Center running at a deficit. Is there some way to tell residents what the trend is? Is part of the levy to subsidize the Community Center? Debt service is up \$275,000, and is that a timing issue? General government is up 9%, but he does not know what general government means. That is a big increase. Increases of 5.5% for public safety and 6.1% for public works are also large increases.

Representative Linda Runbeck, Chair of Tax Division in the State House of Representatives, stated that the goal has been to take a look at the state aids program. Approximately \$3 billion out of \$34 billion is spent on tax aids. According to many tax experts, it is a general purpose aid and money is not very accountable. Many are concerned that the money is not tracked or known exactly what it pays for. Sometimes increased activity cannot be achieved without pressure from lack of revenue. There are exciting changes in cities and counties that are working very hard and not working on the assumption that budgets will always increase. She is encouraging cities to reduce budgets. With a 17% decline in value over the last few years in Ramsey County, no wonder it is difficult to get taxes paid. She stated that compared to other cities Shoreview spends a low per capita amount.

Ramsey County Assessor Stephen Baker stated that he has held his position for 11 or 12 years. He would wish that there were stable values over time, but in mass appraisals with such a dynamic market, each property is not inspected each year. Approximately one-fifth of the properties are looked at each year. Prairie Ridge properties that increased are primarily those that back to the open space on the south side. It was determined that values were lagging and a change had to be made. There is not a direct mechanism to limit increases over time. There was a limited market value in Minnesota for almost 20 years that did not work out well. Ramsey County lost approximately \$2 billion in market value from Market Value Exclusion. When limited value was at its peak and growth in value was limited, the county had approximately \$4.4 billion. It created inequity and was very difficult for taxpayers to understand. He noted the tax refund program in Minnesota that establishes eligibility for a tax refund based on a schedule that relates property tax to income. The legislature has put more revenue in that program, so that higher incomes are eligible. Part 2 of the program allows a refund of 60% of the increase in taxes year to year as long as the property is homesteaded each year that exceeds 12%, that falls within \$100 to \$1,000. He has worked with one individual on Prairie Ridge who is eligible for a \$675 refund in 2012, if the form is filled out correctly. Only approximately 60% to 65% of eligible taxpayers who are eligible use this program. When the valuations come in March, that is the time to appeal. After the tax court review in June, nothing further can be done. An attorney is not necessary. An appeal is filed and individuals work with one of the appraisers. He encouraged residents to look at the possibility of a tax refund each year.

Councilmember Huffman asked how residents not present at the meeting can get this information. **Mr. Baker** responded that generally the forms are at libraries, or they can be downloaded from the state's website at www.taxes.state.mn.us. People can also call 1-800-657-3676. Ramsey County also has forms at its location in downtown St. Paul.

One person in the audience asked if there is a way to change value in a fairer way, rather than coming around every five years and raising the value a big jump. **Mr. Baker** stated that properties are reviewed every year through their mass appraisal system. The year they physically visit the property is to make sure the data on the property is what is actually there. One of the growing difficulties of a declining market, increases were tempered. Some properties need to increase. An undervalued property means that someone else is paying taxes that should be paid by that property. That is not fair.

Councilmember Wickstrom asked how sales in a neighborhood impact property values. **Mr. Baker** stated that the system uses seven comparables. The model is weighted by location, style and size. The system adjusts for comparables in different neighborhoods. Foreclosures are looked at in terms of frequency. Adjustments are made to areas more affected by foreclosures than others. Additional ways are being explored to develop techniques to factor foreclosures in the models.

Mayor Martin responded to the replacement costs raised by Ms. Thompson. The City has had a replacement philosophy for all capital equipment and infrastructure. The plan is unique nationwide in that the City can forecast 40-50 years out what replacements will be needed with approximate costs with inflation and where funds come from. They come from designated funds. In order for those improvements 15 or 30 years in the future, money has to be put in those funds to cover the cost. Cities that do not do that run into problems of millions of dollars of repairs not anticipated. The \$50,000 for street repair maintains the minimum fund balance for the future. That is a philosophy that sets Shoreview apart. That is part of the reason for the AAA bond rating, one of 21 cities in the state.

The Council has reviewed the budget since August and has cut \$202,000, which were difficult cuts. Those cuts were made before the public hearing. Some cities leave items in to cut until after the hearing. Shoreview is more authentic than that. It may appear that this hearing does not bring about change. The decision is not made until the next meeting in case changes need to be made. On the other hand, the Council may listen and not agree.

Councilmember Wickstrom stated that in regard to street renewal, the City has a unique policy in that certain improvements are only assessed one time. The next time a street needs curb and gutter replacement or repair, it is not assessed. It is paid for with the funds that are saved every year. Residents in Shoreview will not have huge assessments for streets that are experienced in other cities.

City Manager Schwerm stated resurfacing of Victoria Street and Tanglewood Drive that was recently done would have been assessed in many cities. Because of Shoreview's policy, it resulted in no assessments for residents. That speaks to the City's long-range planning. A practice called full-depth reclamation technique was used on Victoria that is anticipated to hold up longer. In fact, other cities are calling Public Works Director Maloney to get information on this practice.

The City's number of FTEs has remained fairly level over the last five years. A reduction was done in the early 2000s with a cut of three to five employees. There are 79 FTEs, but there are fluctuations with part-time associate employees. The year 2012 is up 1.25 because all the election judges count as associate employees. Also, Community Center and recreation program employees fluctuate. Those programs are primarily self-supported through user fees. A growth in employees may mean new classes or programs offered. The cameras in the parking lot area are for security. Often the car can be identified with a license plate number when car thefts occur. The crosswalks in the Commons area are highlighted with a paver

design because of the high amount of pedestrian traffic. This design is supposed to last eight years and will be evaluated.

Mayor Martin added that it is easier for larger cities to make employee cuts. In Shoreview, there is one code enforcement person. That position or others where there is one person in a department cannot be cut without a significant impact on service.

Councilmember Huffman responded to the question about the EDA levy. There are no new dollars or program expenses by the EDA. What is happening is the movement of existing staff being budgeted to the EDA for EDA activities of preventing foreclosures, addressing blight, playing a part in the market, when banks are not, are all having a direct impact on property values. As an example, a property that has been a blight for years with 100s of code issues and neighborhood complaints will soon be purchased by the City. The house will be razed and sell the property back to the private market.

Councilmember Quigley added that the community is 95% developed. The challenge is redevelopment. The EDA uses authority and resources that can only be used by the EDA to address redevelopment issues as the community continues to fill up and age.

Mayor Martin noted that the Council and staff use the community survey heavily, which supports many of the things that are being done. The electronic sign for the Community Center is a business decision. It provides a service and possible revenue increase. It is important to the Council that Shoreview is fifth lowest of all the communities in the benchmark comparison. Staff has been requested to keep Shoreview in that lower quadrant. Mr. Schwerm added that the brick treatment at the fire stations and at the Maintenance Center were low cost treatments for appearance. However, inside the buildings are very functional and utilitarian with concrete block walls.

Councilmember Wickstrom asked Mr. Steiner's question of what it would take to lower City taxes by \$50. Mr. Schwerm estimated a cut of approximately \$900,000 on a median valued home. That would mean dramatic decreases in the Sheriff's service, fire department service, and snow plowing. What has been indicated in the community surveys is that most people do not want decreased service levels.

City Manager Schwerm stated that in response to questions about the percent increase in certain budgets, the Fire Department is increasing approximately 9%. There are inflationary increases, but the majority of the increase is Shoreview's larger share of the formula cost among North Oaks, Arden Hills and Shoreview. Also, the Department is in the third year of a six-year phase-in of staffing fire stations with duty crews of paid on-call firefighters. It is anticipated this process will be completed in 2016, and will provide full 24-hour coverage at the fire stations. This is based on a new model being used by fire departments around the metropolitan area and country. Other cities that have implemented this staffing are Roseville, Maplewood, and Minnetonka. It is a great model to improve response time and provide service to medical calls as well. It is a much more sustainable model in the future for recruiting firefighters rather than being required to respond to a set percentage of all calls.

Councilmember Withhart added that responding to calls is becoming more and more difficult as people work outside the City. It is a way to have reliable fire protection, which is also reflected in homeowner's insurance. Councilmember Huffman added that Chief Boehlke has reported that this system has saved lives with the faster response times.

City Manager Schwerm stated that the increase with the Sheriff's Department is approximately 4%. This includes a 2% increase for patrol investigations. Dispatch services are increasing. A number of years ago, Ramsey County centralized dispatch services into one center and since then, the City's cost has risen from \$60,000 to \$97,000 in 2012. Also, the Sheriff's Department will take over animal control. The increase for that cost is approximately \$10,000, but it is one-time costs for equipment and should go down in 2013. Staff believes the City will receive a better more coordinated animal control service for residents. The Community Center was running at a deficit four or five years ago. There have been several changes and over the last three years, the Community Center has done well with its budget. It was never designed to break even. The City contributes approximately \$225,000. A 3% growth in contribution was expected, but that has not been necessary the past two years, as the Community Center has been in a better financial position.

Councilmember Withhart stated that the philosophy of the Council since the Community Center was built has been for use by the community. Homeowner associations, scout troops, the band, all meet there. The building is heavy in demand and a great asset to the community. Realtors will say that the Community Center makes Shoreview one of the premier communities in the metropolitan area.

Regarding debt increase, Finance Director Haapala explained that in 2010, the City planned on refinancing debt at lower interest rates. That refinancing was to be in place by the end of December 2010. However, the City was unable to go forward with that refinancing in December, but early in 2011, the City was able to save \$167,000 in interest. However, this caused the City to have to pay the first half of the year under the old rates and the second half of the year under the new schedule. It is really a timing issue. The increase in 2012 is due to new debt issued.

City Manager Schwerm responded to general government increases. In 2012, \$30,000 is needed to handle the election. All communication activities have been transferred to general government, which used to be under Cable television. It is funded by a transfer from Cable TV but appears as an increase in spending to the general government portion of the budget.

Councilmember Wickstrom noted the change to a two-year budget will bring savings in staff time. City Manager Schwerm stated that the state and county do two-year budgets. It is a trend. All budget hearings will be held, and review of expenditures will be done by the Council. Changes can be made through budget amendments. It will be a more streamlined process for staff and the Council.

Mayor Martin stated the goals of the Council are to keep the quality of life in Shoreview as high as possible and keep taxes as low as possible.

MOTION: by Councilmember Quigley, seconded by Councilmember Huffman to close the public hearing at 9:10 p.m.

VOTE: Ayes - 5 Nays - 0

CLEAR CHANNEL, INC. DYNAMIC DIGITAL BILLBOARD, 4XX COUNTY ROAD E

Presentation by City Planner Kathleen Nordine

The proposal is to construct a single-sided dynamic display billboard on City property adjacent to I-694. The proposed site is property used for storm water ponding. The billboard would be located in the northeast portion of the property. The proposed site lease agreement would be for a term of 20 years and stipulates the northeast corner of the subject property with access and utility easements. The initial payment to the City would be \$8,500. Annual rent would be \$40,000, to be paid monthly. An annual escalator of the rent would be 3% that would begin in 2015. Access would be from County Road E at 455 County Road E. An access easement of approximately 20 feet wide was negotiated with Deburring at a cost of \$16,855. Clear Channel would pay \$8,500.

Staff is recommending approval of the site lease agreement and the access easement agreement.

Councilmember Withhart asked if this billboard is the one near Target. Ms. Nordine answered that this is a new billboard. The billboard near Target is part of the Stonehenge development to be relocated further east. A sign permit for that billboard has not yet been issued.

Councilmember Huffman asked if the two should be linked. City Manager Schwerm responded that the City does not own the existing billboard that is part of Stonehenge but is part of the negotiations in that the new sign ordinance allows both billboards.

Mr. Tom McCarver, Clear Channel Representative, stated that Clear Channel is waiting for Stonehenge to close on the property before moving that billboard. The goal at this meeting is to be able to obtain permits to complete construction of this proposal by the end of the year.

MOTION: by Councilmember Quigley, seconded by Councilmember Huffman to approve the Site Lease Agreement with Clear Channel, Inc. for City property (PID No. 25-30-23-34-0004), the Operating Agreement with Clear Channel, Inc. for a Dynamic Digital Display, and to adopt Resolution 11-89 approving acquisition of an access and utility easement at 445 County Road E, and to authorize execution of these Agreements all related to the construction of the billboard.

ROLL CALL: Ayes: Huffman, Quigley, Wickstrom, Withhart, Martin
Nays: None

ADJOURNMENT

MOTION: by Councilmember Withhart, seconded by Councilmember Huffman to adjourn the meeting at 9:20 p.m.

ROLL CALL: Ayes - 5 Nays - 0

Mayor Martin declared the meeting adjourned.

THESE MINUTES APPROVED BY COUNCIL ON THE 19th DAY OF DECEMBER 2011.

Terry C. Schwerm
City Manager