

The meeting convened at 6:45 p.m.

Councilmembers present: Mayor Jake Spano, Tim Brausen, Steve Hallfin, Rachel Harris, Anne Mavity, Thom Miller, and Margaret Rog.

Councilmembers absent: none.

Staff present: City Manager (Mr. Harmening), CFO (Mr. Simon), Engineering Director (Ms. Heiser), Deputy City Manager/Human Resources Director (Ms. Deno), Director of Community Development (Ms. Barton), Economic Development Coordinator (Mr. Hunt), City Assessor (Mr. Bultema), Communications Manager (Ms. Smith), Senior Management Analyst (Ms. Solano), and Recording Secretary (Ms. Pappas).

Guests: Larry Kraft; Nadia Mohamed; Stacie Kvilvang, Ehlers

## **1. Future study session agenda planning and prioritization**

Councilmember Rog proposed staff change the notation for public forum at city council meetings from “quarterly public forums at city council meetings” to “public forums at city council meetings.”

Councilmember Rog proposed looking at the city’s sign ordinances and making updates and changes. She pointed out signs painted on the side of a building, which are not in alignment with the ordinance as they need to be painted on wood and then adhered to the building façade, stating this should be reviewed and changed.

Councilmember Mavity agreed about reviewing the ordinance but stated she would like to have staff give options and alternatives, and also look at what other cities have done.

Councilmember Brausen stated he would like to have council consider a \$15,000 budget request from PLACES for development of a strategic plan for implementation of their ambitious goal of funding and creating \$3 million worth of public art at SWLRT station areas. He stated it would be desirable if all the cities involved could make donations and that Hennepin County is also providing funding for development of this plan, adding St. Louis Park could set the example by doing this first. Ms. Barton stated staff is also supportive of this, but were asking for a bit more detail, costs, scope of work, and deliverables.

Councilmember Harris stated she supports this as placemaking and neighborhood identity within walkable neighborhoods, which also agrees with the comprehensive plan.

It was the consensus of the council to expedite this and donate the \$15,000 as noted.

## 2. Annual TIF district management report

Ms. Kvilvang presented the annual update of the tax increment financing (TIF) districts within the city. She reviewed the status, financial condition, debt management and future value of the city's TIF districts.

Ms. Kvilvang also described the revenues generated from each TIF district and presented recommendations to consider, including the potential capture of TIF to be utilized for qualified affordable housing uses associated with the city's affordable housing trust fund and in line with the city's strategic goals.

Ms. Kvilvang noted the following recommendations to council for the TIF districts:

- Pooling dollars from affordable housing and redevelopment-TIF districts may be utilized for housing rehabilitation fund activities and authorized redevelopment activities
- Increment from the Aquila Commons (Housing) TIF District, may be utilized for affordable housing anywhere in the city
- Decertify the Edgewood (Soils Condition) TIF district by the end of 2019
- Special pooling provision for tax credit eligible rental housing which can only be used for rental housing would be a great source for NOAH housing – for rent and income restricted funding –and can only be used for capital costs, and not for rent subsidies

Councilmember Harris asked if special pooling funds could be used for picnic shelters at parks. Ms. Kvilvang stated pooling dollars should be directed towards authorized redevelopment expenses, NOAH properties and affordable housing.

Councilmember Mavity asked if special pooling and TIF funds could both be used for the housing trust fund. Ms. Kvilvang stated it would not be necessary to do that.

Councilmember Brausen asked if solar panels were considered eligible expenses. Ms. Kvilvang stated yes.

Councilmember Mavity stated she would like a separate conversation on a plan to use these dollars, and to look at how the council envisions this being used for housing affordability in St. Louis Park. Ms. Barton stated the council will discuss their vision and how this will be accomplished adding staff will present models as well, for council to review.

Councilmember Harris asked if TIF funds gain interest. Mr. Harmening stated yes, they are reinvested.

Councilmember Rog stated she would like to have the climate action plan more closely aligned with housing. Ms. Barton stated some of this is already occurring as it is tied into the density bonus and the Green Building Policy measures.

Councilmember Mavity asked how long the green building requirements have been included in the city's TIF policy. Mr. Hunt stated since 2010.

Councilmember Mavity stated it would be helpful to see where the city is today on this and exactly what the city is asking folks to do before we ask them to do more.

### **3. 2020 budget and capital improvement plan update**

Mr. Harmening stated staff will update the council with 2020 levy information and budget related items. He noted staff is looking for direction from council and has been able to lower the levy down from 5.61% to 4.5%. He stated staff has worked to incorporate revenue adjustments and expenditure assumptions, where appropriate, which resulted in the decrease to 4.5%

Mr. Simon added staff is looking for feedback from council about the updated levy before the December 2 hearing and final decision on December 16, while also getting feedback from council on the local sales tax option.

Councilmember Mavity noted that environment and sustainability and race equity line items in the budget are separate yet need to be embedded in all department budgets. Ms. Deno stated they are both embedded in department budgets; however, they are being called out here for clarity, while they both roll up to the general fund levy line item.

Councilmember Harris asked about the capital replacement fund. Mr. Simon stated this refers to items such as fleet vehicles that might typically be replaced every seven years, but if they still work well, can be retained for a longer time period, thus saving expense.

Mr. Harmening added if equipment is in good shape, staff will not replace it, and this is reviewed with all city equipment, in order to save costs.

Councilmember Mavity asked Mr. Harmening if he felt council gave staff direction to lower the levy. Mr. Harmening stated yes, there was an expectation that the levy should be below 5.6%.

Councilmember Mavity stated it is always correct to try to come down with the levy; however, she feels this is a dramatic reduction, and wants to understand the costs and what is being given up in order to get to this lower levy. She stated she also is concerned that if the levy is too low, there will be a dramatic bump in another given year.

Councilmember Rog noted the council would be much better positioned to have this conversation if they had more information to understand better what residents receive for the levy, especially when council members are asked by residents.

Councilmember Mavity stated she does not want all the details, as long as the city is following their objectives, adding she does not want to restrict staff.

Mr. Harmening pointed out one item, which relates to the climate action plan. He noted that he is not concerned about the city's affordable housing resources, but stated funds needed for the climate action plan will need to ramp up more aggressively in 2021. He stated if council directs staff to ramp up on funding this, there will have to be cuts or additional revenue added or both, adding this is a qualifier for 2021.

Councilmember Hallfin agreed with Councilmember Mavity, adding he appreciates the work staff has done to bring the levy down, but added he has no problem if it were to go up a bit as well.

Mayor Spano added he has no concerns with the lower levy either, yet he would like to see what was done to get from 5.6% to 4.5%.

Mr. Simon stated there were no changes in core services to get to the lower number, we looked at recent hires and updated the amounts from early projections, looked to see if any one-time items from 2020 could be done from 2019, in which a few were identified, additional revenue for police aid to match trends, and just updated expenditure trends and estimates.

Councilmember Brausen stated it might be helpful to put some dollars toward the city's climate action initiatives and raise the levy another percentage point.

Ms. Solano noted that staff is researching the local option sales tax, adding they are not sure they will have revenue from the gas tax if there are changes. Ms. Solano stated the pavement management program is supported by franchise fees, which increase every other year.

Ms. Solano explained the local option sales tax process stating the law was modified this year. She stated this has to be specific and have regional significance, pass special legislation, and then be brought to city voters for a referendum during a general election. Ms. Solano added the timeline is short, legislators must be contacted, and the item submitted to the legislature committees by Jan. 31.

Mr. Harmening stated if the council wants to do this in 2020, staff will need to know soon. This sales tax would be for MSA roads as there is a large gap here, and if passed, would allow city residents to not have to pay the tax, as all those who use the regional roads will be paying the taxes.

It was the consensus of the council to have staff return with more information and study results.

It was the consensus of the council to support the HRA levy at the .0185%.

The council discussed setting aside funding for the climate action plan.

Councilmember Miller, however, did not agree with being specific about setting aside this funding tonight. Councilmember Miller is also undecided about increasing the levy up from 4.5%, but did mention that building in some liquidity makes sense.

Mayor Spano stated the climate action plan is within the city's five strategic priorities and will have to be funded.

It was the consensus of the council to set aside funding for council programs which could be used for the climate action plan and to move the levy up to 4.96% in order to set aside the funds.

**Communications/meeting check-in (verbal)**

Mr. Harmening noted the upcoming Jan. 9-10 council workshop, adding that new council member Larry Kraft and Nadia Mohamed will be invited to attend. He stated a subcommittee will be formed to help come up with the agenda. Those volunteering for the subcommittee are Councilmembers Harris and Brausen and Mayor Spano.

Mr. Harmening stated staff will send a survey to the council, including the new members, and ask what they would like to work on at the workshop.

Councilmember Rog asked about the municipal parking lots. Mr. Harmening stated there is nothing that requires the municipal parking lot to be worked on next year and it's not tied to the other Walker Lake area improvements. He added the STEP parking lot can be eliminated and this can be reviewed in 2020, along with all municipal parking lots.

Ms. Heiser stated the Gorham parking lot is also not needed, and there will be a pilot this winter where there will be no snow removal from the lot. She added this will then be reviewed next year, and there will need to be a policy conversation on parking lots with the council.

The meeting adjourned at 9:30 p.m.

Written Reports provided and documented for recording purposes only:

- 4. Historic Walker Lake parking ordinance**
- 5. 2019 Connect the Park – Dakota South Bikeway (4019-2000)**

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Melissa Kennedy, city clerk

Jake Spano, mayor