City Council Workshop Meeting
Council Chambers
November 20, 2019 | 7:00 p.m.
or immediately following City Council meeting

6:00 p.m. Dinner – City Hall Lunch Room

Workshop Agenda

7:00 p.m. 1. 2020 Legislative Initiatives 19-277
7:30 p.m. 2. 2020 Proposed Property Tax Levy and Budget 19-278
8:00 p.m. 3. Strategic Initiatives 2019-2021 19-279
8:30 p.m. 4. Financing Plan for Parks and Trails Replacement Fund 19-280
8:55 p.m. 5. Administrator Comments and Updates¹

9:00 p.m. 6. Mayor and City Council Comments and Commission Liaison Updates¹

9:05 p.m. 7. Adjournment

¹ Items under comments and updates are intended to be informational or of brief inquiry. More substantial discussion of matters under comments and updates should be scheduled for a future agenda.

The City of Woodbury is subject to Title II of the Americans with Disabilities Act which prohibits discrimination on the basis of disability by public entities. The City is committed to full implementation of the Act to our services, programs, and activities. Information regarding the provision of the Americans with Disabilities Act is available from the City Administrator’s office at 651-714-3523. Auxiliary aids for disabled persons are available upon request at least 72 hours in advance of an event. Please call the ADA Coordinator, Clinton P. Gridley, at 651-714-3523 (TDD 651-714-3568) to make arrangements.
Council Workshop Letter 19-277

November 20, 2019

To: The Honorable Mayor and Members of the City Council

From: Clinton P. Gridley, City Administrator

Subject: 2020 Legislative Initiatives

Summary

The City Council annually adopts a unique Woodbury Legislative Program. This item is being reviewed earlier than in the past for advance direction to City staff, our legislative representative and our state delegation.

Recommendation

Staff recommends Council provide any direction desired on the Woodbury Legislative Program prior to consideration for adoption.

Written By: Clinton P. Gridley, City Administrator

Attachments: 1. Woodbury Legislative Program

2. 2020 MLC Legislative Program
1. **LOCAL CONTROL**

   Local governmental entities are closest to their constituents, are most knowledgeable about its jurisdiction, and are most invested in the welfare and success of its community. Therefore, elected local governmental officials are best suited to making important decisions about its operations, regulations and activities. The following are specific areas of home-rule authority pre-emption that the City of Woodbury opposes.

   a. The City of Woodbury supports the principle of representative democracy that allows city councils to formulate local budgets and therefore oppose **state-imposed levy limits**.

   b. State imposition of artificial limitations such as the “taxpayer’s bill of rights”, valuation freezes, reverse referenda, fund balance restrictions, limits on use of G.O. bonding authority, super majority requirements or other limitations to the local government budgeting and taxing process are not supported by the City of Woodbury.

   c. The City of Woodbury supports **exempting cities from local government compensation limits** per Minnesota State Statute 43A.17 which limits the salary and the value of other forms of compensation of a person employed by a political subdivision of this state, excluding school districts and university personnel. The local government compensation limit was originally established in 1983 and as enacted, permanently set the limit at 95 percent of the governor’s salary. In 2005, the law was modified to annually adjust the compensation cap based on CPI-U increase over the prior year. This cap is an impingement on city home rule authority and their ability to recruit and retain the best talent it needs to operate cities. Moreover, Woodbury is not an LGA recipient, which should allow for exemption under this act. Lastly, the Legislature has exempted the state university system, school districts, hospitals and clinics owned by a government organization and most recently exempted the MAC.

   d. The City of Woodbury supports **amending State Statutes 469.190 Local Lodging Tax** that would allow cities more flexibility to utilize the lodging tax proceeds to finance economic development, marketing and tourism related expenses. Special legislation regarding State Statutes 469.190 Local Lodging Tax that would allow Woodbury more flexibility to utilize the lodging tax as follows:
      
      I. Woodbury version of 2019’s SF1040 and HF877 for a 20-year capital use term.
      
      II. Two-thirds of the revenues from this special lodging tax to be used for capital improvements to public recreational facilities and the remaining one-third used as required under general law - to fund a local destination marketing organization.

   e. The City of Woodbury opposes legislation that reduces or eliminates the City’s authority in the areas of **local land use controls** - local zoning, land use, comprehensive planning, utility and transportation planning, etc. These types of regulations have significant impacts to local neighborhoods. Cities are
best positioned to govern these matters and have effective processes for hearing and addressing concerns of affected citizens. The City has an adopted Comprehensive Plan based on broad community input that articulates the community’s goals. Interference with these effective local processes impedes the City’s ability to effectively implement the Comprehensive Plan.

f. The City of Woodbury strongly opposes federal or state regulation that limits local control on small cell wireless deployments. Specifically, the City opposes limitations on the processing of wireless permits (creating unreasonable timeframes), ceding control of the City's right of way or limiting/capping costs associated with siting telecommunication devices on public property. Furthermore, the City of Woodbury opposes the FCC's Declaratory Ruling to restrict state and local regulation of small cell wireless deployments and will actively support administrative, legislative and judicial appeals of this ruling by the National League of Cities (NLC) and the League of MN Cities (LMC).

2. **FINANCIAL**

   a. The City of Woodbury supports expanding the state sales tax exemption to include general vehicle purchases (marked squad cars and emergency vehicles are exempt), fuel purchases, lodging and prepared foods, and municipal golf course purchases. (MS297a.70 see subd 2 subparagraph b regarding exemptions).

   b. The City of Woodbury supports simplifying the process to secure the sales tax exemption for construction materials when a contractor purchases materials on behalf of the city.

   c. The City of Woodbury opposes the use of fiscal disparities to fund housing, social or physical metropolitan programs (e.g. Bloomington Mall of America). Fiscal disparities should be solely used for tax base redistribution.

   d. The City of Woodbury supports property tax relief via the Circuit Breaker (Regular Homeowner's Homestead Credit Refund) as opposed to Local Government Aid (LGA).

3. **TRANSPORTATION**

   a. Support for a comprehensive transportation funding package

   b. Support for I-94, I-494, I-694 interchange improvements

   c. Support for the METRO Gold Line project

   d. The Legislature should authorize local units of government to impose infrastructure fees so new development pays its fair share of the off-site, as well as the on-site, costs of public infrastructure and other public facilities needed to adequately serve new development.

4. **ADMINISTRATIVE**

   a. The City of Woodbury supports statewide professional licensure and regulation for practice of massage therapy so long as new state statutes meets or exceeds current city ordinance standards.
b. The City of Woodbury opposes the January 23, 2016 new Minnesota State Plumbing Code that went to effect requiring **annual backflow prevention testing** per section 603.4.2 of the plumbing code. Homeowners with new lawn irrigation systems as of January 23, 2016 must have the backflow valve tested every year; homeowners with existing pressure vacuum breakers are exempt from the requirement until the valve is replaced. The reason for requirement is to prevent water from the household irrigation system from backing up into the drinking water system if there is a significant loss of pressure in the city’s water supply system. This level of pressure loss is an exceedingly rare event. The cost for annual testing for residential property is estimated at $100-$150.

5. **WATER RESOURCE MANAGEMENT:**

   a. The City of Woodbury supports legislative action resulting in more **flexible approaches to water reuse regulations** that meet economic and environmental goals including addressing overlapping, duplicative, and conflicting requirements from the MDH, MDNR, and other state agencies in the current system.

   b. The City of Woodbury opposes funding of any implementation cost involved with the **DNR North & East Metro** study (e.g. connection of northeastern metro cities to surface water) if it does not directly result in supplying water to Woodbury residents.

   c. The City of Woodbury supports the expeditious and equitable distribution of **funds from the 3M and State of Minnesota settlement** agreement to address drinking water contamination by per- and polyfluoroalkyl substances in the southeast twin cities metropolitan area.

   d. The City of Woodbury supports the use of funds to address necessary **temporary drinking water treatment needs** for per- and polyfluoroalkyl substances through the State of Minnesota Pollution Control Agency 2007 Settlement Agreement and Consent Order in the matter of Releases and Discharges of Perfluorochemicals at and from Sites in Washington County, Minnesota until such time a permanent treatment solution under the 3M and State of Minnesota settlement agreement is in place and operational.

   e. **City of Woodbury commits to continuing to actively participate in efforts by the 3M Settlement Working Groups to:**
      
      I. *Preserve groundwater as the City of Woodbury’s continued source of water.*
      
      II. *Protect water quality for all residents in the Twin Cities east metropolitan area irrespective of current PFAS health-based value levels.*
      
      III. *Establish a water treatment goal of the lowest detectable levels of PFAS feasible in order to protect residents and businesses in the Twin Cities east metropolitan area now and into the future.*
      
      IV. *Compensate the City of Woodbury for the lost production of the City of Woodbury’s idled water production wells and the depreciation of Woodbury’s other water wells that have been over-taxed to make up for the loss of impacted water wells and any other damages.*
      
      V. *Provide funding for the construction and operation of permanent water treatment facilities for public and private water systems necessitated by the PFAS threat.*

6. **METROPOLITAN COUNCIL:**

   a. The City of Woodbury favors a modification to the present governance model for the Metropolitan Council as follows:
i. The City of Woodbury favors a modification to the present governance model for the Metropolitan Council in the form of a “council of governments” type model utilizing elected city and county officials to serve as the metropolitan governing board with appointments being made by the local governments themselves.

ii. Nominating committee process that maximizes participation and input by local officials.

iii. Bipartisan or bicameral legislative commission on Metropolitan Government, or another entity, to monitor and review the Metropolitan Council’s activities and to provide transparency and accountability of the Metropolitan Council operations and functions.

b. The City of Woodbury opposes:

i. Any expansion of Metropolitan Council powers such as the conversion of either housing or potable waters to a “metropolitan systems” classification as defined in the Metropolitan Land Use Planning Act.

ii. Mandatory targets for affordable housing or mandatory inclusionary housing provisions in the regional comprehensive planning process or through other regulatory processes.
2020 MLC Legislative Program

A. MLC Supports repeal of the statutory salary limitation on city employees

Minnesota law limits the salaries of city employees to 110 percent of the Governor’s salary, with an annual inflationary adjustment based on the Consumer Price Index. Locally elected city councilmembers and mayors are in the best position to determine the needs of their communities, including the compensation of city employees. The artificial cap on salaries places Minnesota cities at a disadvantage when recruiting and retaining talented individuals, especially during times of extremely low unemployment. Minnesota law already requires that each political subdivision post the salaries of its three highest-paid employees on its website, so the salaries of key employees are readily known to the local taxpayers and voters who provide the ultimate check on the actions of city councils.

Between 1998 and 2003, the Legislature exempted entities including school districts, hospitals, clinics and health maintenance organizations owned by a government organization from the salary limitation. During the 2018 session, the Legislature expanded that exemption by allowing the Metropolitan Airports Commission to be exempt from the salary limitation.

The Legislature should end the salary cap altogether and be consistent with all political subdivisions.

B. MLC supports simplifying the process for a sales tax exemption on construction materials or converting it to a refund program

In order to receive the sales tax exemption on construction materials under current law, cities must bid labor and materials separately and also designate a contractor to be a purchasing agent on behalf of the city. The existing Department of Revenue rules are complex and the implementation can be so complicated that it can cost cities more money to implement than they will save on the tax exemption.

As a result, MLC supports legislation to streamline the process required for cities to secure a sales tax exemption on construction materials. If that approach isn’t possible, convert the exemption to a refund program.

C. MLC Supports:
   i. Street Improvement District (street impact fee) (HF 2296 – Tabke/SF 2442 – Pratt)
New development and the resulting growth has placed an increased demand for transportation infrastructure on local communities. Traditional financing methods tend to subsidize new development at the expense of the existing community. As a result, cities are exploring methods to adequately fund these necessary road infrastructure projects, however, make sure the new development pays its fair share.

The street improvement fee will clarify a city’s ability to impose fair and appropriate impact fees and will provide assurance for developers that impact fees are known in advance, have a reasonable nexus to the proposed development and are fairly calculated and levied.

The MLC is requesting legislative authority to implement street improvement fees to support needed road infrastructure projects and to provide orderly development without burdening existing city taxpayers.

ii. Major roadway impact fees (ULI)
iii. Infrastructure Fees
   a) Amend MS 462.358 subd. 2a to add “other infrastructure” to existing authority for water, sanitary, storm and park

D. Building permit fees (new housing construction fees)

E. Increase Affordable Housing Investments through Increased Flexibility in TIF Pooling
Under current law, Economic Development TIF districts must use 80% of revenue for qualified economic development purposes within the TIF boundary and may pool up to 20% of the TIF toward activities outside of the district boundaries. Under TIF statute, an HRA may elect to increase this amount by an additional 10% as long as the pooling is for qualified housing projects.

Possible MLC provision to support affordable housing: increase the 10% allowance to a higher number.

F. Transportation Economic Development (TED)
The MLC was a key stakeholder in passage of the Transportation Economic Development Program (TED) in 2010. The program is a partnership between DEED and MnDOT to leverage public and private funding for transportation programs with significant economic impact. TED funding has historically been included in the bonding bill. In the first four solicitations, in years 2010, 2012, 2013 and 2015, 36 projects were selected for a total TED (DEED and MnDOT) investment of $103 million. TED has in turn leveraged more than $226 million in non-state and private outside investments in its projects. Another $22 million was invested in 2017. MnDOT is currently in the process of awarding $20 million in TED projects.
Examples of TED projects in MLC Communities
- I-494/ East Bush Lake Road (Bloomington/ Edina)
- I-394/ Ridgedale Drive Interchange (Minnetonka)
- Lexington Avenue adjacent to I-694 (Shoreview)
- Shady Oak Road widen and reconstruct (Eden Prairie)
- I-94 and 34th Avenue Interchange (Bloomington)

MLC pushed for, and succeeded in, getting the Minnesota Transportation Alliance to include $15 million in TED funding in a comprehensive transportation package. MLC supports this level of funding for the 2020 Bonding Bill.

G. Corridors of Commerce
Corridors of Commerce was established by the Legislature in 2013 with an initial authorization of $300 million. Corridors of Commerce funds projects that provide capacity in areas with bottlenecks; improve the movement of freight; and reduce barriers to commerce. The Legislature made additional investments of $31.5 million in 2014 and $400 million 2017. There is currently $0 in Corridors of Commerce funding available.

Examples of Corridors of Commerce projects in MLC Communities
- I-494/I-35W Interchange and I-494 MnPass Lanes (Bloomington)
- Highway 169 – Nine Mile Creek Bridge (Edina)
- I-35W – Minnesota River Crossing (Burnsville)

MLC supports Corridors of Commerce Funding in the 2020 Bonding Bill. The Minnesota Transportation Alliance is also pushing for $200 million in Corridors of Commerce funding, which MLC also supports.
City of Woodbury, Minnesota
Office of City Administrator

Council Workshop Letter 19-278

November 20, 2019

To: The Honorable Mayor and Members of the City Council
From: Clinton P. Gridley, City Administrator
Subject: 2020 Proposed Property Tax Levy and Budget

Summary

At the City Council meeting of September 25, 2019, the City Council adopted a 2020 proposed property tax levy for purposes of the required 2020 Truth in Taxation public meeting. The public meeting on the proposed tax levy and budget adoption is set for December 11, 2019. The Council has the option to decrease the tax levy but may not increase the tax levy above the amount adopted at the September 25th meeting. Ahead of the public meeting, this workshop item is to provide the City Council any updates on the 2020 budget, and hear any additional questions and/or receive direction heading into the budget and property tax levy adoption.

Recommendation

Staff recommends Council concur the proposed levy changes and provide direction for the truth-in-taxation public meeting for the property tax levy and budget.

Budget Impact

The following table illustrates the 2020 proposed property tax levy:

<table>
<thead>
<tr>
<th>Tax Rate Percent Change</th>
<th>2020 Budget Workshop</th>
<th>September 25 Council Meeting</th>
<th>November 20 Workshop</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019/2020</td>
<td>-2.1%</td>
<td>-2.1%</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Total Dollar Levy</td>
<td>$37,664,972</td>
<td>$37,664,972</td>
<td>$37,664,972</td>
</tr>
<tr>
<td>Percent Change in Total Dollar Levy 2019/2020</td>
<td>6.0%</td>
<td>6.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Impact on Median Value Home 2019/2020</td>
<td>$30</td>
<td>$30</td>
<td>$30</td>
</tr>
<tr>
<td>Percent Change in Total City of Woodbury Tax 2019/2020</td>
<td>2.9%</td>
<td>2.9%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Total Preliminary Budget</td>
<td>$102,533,876</td>
<td>$102,533,876</td>
<td>$100,272,347</td>
</tr>
</tbody>
</table>
Proposed Budget Revisions:

The property tax levy proposed at the Budget Workshop and September 25th City Council meeting has been revised to reflect the following changes:

### Revenues and Other Sources:

<table>
<thead>
<tr>
<th>2020 Proposed Budget Total as presented at the September 10th Workshop</th>
<th>$ 102,533,876</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund: Reclass Engineering Department labor reimbursement as a revenue for development reviews</td>
<td>36,400</td>
</tr>
<tr>
<td>General Fund: Adjust miscellaneous revenue for addition of Finance Department labor reimbursement</td>
<td>(300)</td>
</tr>
<tr>
<td>EDA Fund: Add grant revenue from Washington County-CDA for METRO Gold Line station area master planning</td>
<td>50,000</td>
</tr>
<tr>
<td>Municipal State Aid Roadway Construction (MSA) Fund: Increase municipal state aid</td>
<td>105,000</td>
</tr>
<tr>
<td>Municipal State Aid Roadway Construction (MSA) Fund: Add proceeds from debt issuance</td>
<td>3,235,000</td>
</tr>
<tr>
<td>Municipal State Aid Roadway Construction (MSA) Fund: Reduce special assessments</td>
<td>(100)</td>
</tr>
<tr>
<td>Municipal State Aid Roadway Construction (MSA) Fund: Add transfer in from Phase I &amp; II Major Roadway Special Assessment Fund</td>
<td>444,800</td>
</tr>
<tr>
<td>Municipal State Aid Roadway Construction (MSA) Fund: Add transfer in from Water &amp; Sewer Utility Fund</td>
<td>296,172</td>
</tr>
<tr>
<td>Street Reconstruction/Maintenance Fund: Reduce proceeds from debt issuance</td>
<td>(300,000)</td>
</tr>
<tr>
<td>Street Reconstruction/Maintenance Fund: Reduce special assessments - new projects</td>
<td>(95,275)</td>
</tr>
<tr>
<td>Street Reconstruction/Maintenance Fund: Reduce transfer in from Storm Water Utility Fund</td>
<td>(118,232)</td>
</tr>
<tr>
<td>Street Reconstruction/Maintenance Fund: Reduce transfer in from Water &amp; Sewer Utility Fund</td>
<td>(683,400)</td>
</tr>
<tr>
<td>Water &amp; Sewer Utility Fund: Add grant funds in Water Division from Metropolitan Council for bathroom fixture replacement project</td>
<td>50,000</td>
</tr>
<tr>
<td>Debt Service Funds: Reduce transfer in from Street Reconstruction/Maintenance Fund</td>
<td>(5,000)</td>
</tr>
</tbody>
</table>

**2020 Proposed Budget as presented at the November 20th Workshop**

| $ 105,548,941 |

### Expenditures by Fund:

<table>
<thead>
<tr>
<th>2020 Proposed Budget Total as presented at the September 10th Workshop</th>
<th>$ 102,533,876</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund: Add Finance Department labor reimbursement - TIF District #13 Fund</td>
<td>(300)</td>
</tr>
<tr>
<td>General Fund: Reclass Engineering Department labor reimbursement as charge for service revenue environmental reviews</td>
<td>36,400</td>
</tr>
<tr>
<td>EDA Fund: Increase for METRO Gold Line station area master planning</td>
<td>150,000</td>
</tr>
<tr>
<td>HRA Fund: Reduce for removal of pilot bathroom fixture replacement project</td>
<td>(18,000)</td>
</tr>
<tr>
<td>Park Dedication Fund: Add labor reimbursement to General Fund (1/3 Parks Planner position)</td>
<td>51,700</td>
</tr>
<tr>
<td>Municipal State Aid Roadway Construction (MSA) Fund: Reduce for street improvement projects</td>
<td>(52,869)</td>
</tr>
<tr>
<td>Street Reconstruction/Maintenance Fund: Reduce for street reconstruction projects</td>
<td>(1,599,800)</td>
</tr>
<tr>
<td>Street Reconstruction/Maintenance Fund: Reduce for storm water quality projects</td>
<td>(59,700)</td>
</tr>
<tr>
<td>Street Reconstruction/Maintenance Fund: Reduce transfer out to Debt Service Funds</td>
<td>(5,000)</td>
</tr>
<tr>
<td>TIF District #15 Fund: Increase for professional services for city administration of new district</td>
<td>1,500</td>
</tr>
<tr>
<td>Water &amp; Sewer Utility Fund: Increase Water Division for special environmental counsel for PFAS activity</td>
<td>50,000</td>
</tr>
<tr>
<td>Water &amp; Sewer Utility Fund: Increase Water Division for grant funds for bathroom fixture replacement project</td>
<td>50,000</td>
</tr>
<tr>
<td>Water &amp; Sewer Utility Fund: Reduce transfer out to Street Reconstruction/Maintenance Fund</td>
<td>(683,400)</td>
</tr>
<tr>
<td>Water &amp; Sewer Utility Fund: Increase transfer out to MSA Roadway Construction Fund</td>
<td>296,172</td>
</tr>
<tr>
<td>Storm Water Utility Fund: Reduce for pond maintenance projects</td>
<td>(360,000)</td>
</tr>
<tr>
<td>Storm Water Utility Fund: Reduce transfer out to Street Reconstruction Fund</td>
<td>(118,232)</td>
</tr>
</tbody>
</table>

**2020 Proposed Budget as presented at the November 20th Workshop**

| $ 100,272,347 |

**Total change to fund balances/reserves**

| $ 5,276,594 |
Process

The public budget process is as follows:

- City Council review of proposed 5-Year Capital Improvement Plan – May 15
- City Council adoption of the 5-Year Capital Improvement Plan – June 12
- City Council review of budget parameters and long-term financial projections – July 24
- City Council Budget Workshop – September 10
- City Council adoption of the preliminary tax levy – September 25
- City Council Budget Update at a City Council Workshop – November 20
- Truth in Taxation Public Meeting - December 11
- City Council adoption of the property tax levies and budget – December 11

Written By: Tim Johnson, Finance Director
Approved through: Clinton P. Gridley, City Administrator
Attachments: MLC Preliminary Tax Levy Percentage Changes
<table>
<thead>
<tr>
<th>City</th>
<th>Preliminary 2020 Levy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apple Valley</td>
<td>3.9%</td>
</tr>
<tr>
<td>Bloomington</td>
<td>6%</td>
</tr>
<tr>
<td>Burnsville</td>
<td>6% plus $2 franchise fee increase to $4 / mo. / meter / utility (2) - proceeds used for City facilities</td>
</tr>
<tr>
<td>Eden Prairie</td>
<td>3.9%</td>
</tr>
<tr>
<td>Lakeville</td>
<td>7.6%</td>
</tr>
<tr>
<td>Minnetonka</td>
<td>7.80%</td>
</tr>
<tr>
<td>Shakopee</td>
<td>5.9%</td>
</tr>
<tr>
<td>Shoreview</td>
<td>5.5%</td>
</tr>
<tr>
<td>Woodbury</td>
<td>6%</td>
</tr>
</tbody>
</table>

* Raised franchise fee last year from $2 to $4 / mo. / meter / utility.
November 20, 2019

To: The Honorable Mayor and Members of the City Council

From: Clinton P. Gridley, City Administrator

Subject: Strategic Initiatives 2019-2021

Summary

The biennial Council Retreat was completed on August 21, 2019 which included a facilitated discussion to develop the Council’s highest priorities and emerging, critical issues for the City to address over the short term (two to three years).

At the August retreat, Council identified criteria for an issue to rise to the level of a Strategic Initiative as follows:

- Alignment with City’s mission, vision, and values
- Issue urgency to be addressed in the short-term
- Supports proactive, rather than reactive management (fiscal and otherwise)
- Consistent with existing City plans, reports and guiding documents (i.e., 2040 Comprehensive Plan)
- Requires resources (staff capacity and/or financial) above what is already available
- Will result in measurable achievement during the time period supported by S.M.A.R.T goals
- May result in new ways of doing business, change in the status quo and examining current practices

Staff has prepared three Strategic Initiatives for Council to consider. Staff has also included a Special Projects list to include other major City projects as well as special projects that were noted at the retreat to be generally prioritized after Strategic Initiative implementation.

Recommendation

Staff recommends Council review the attached materials, be prepared to provide final comments to proceed with consideration for adoption via the consent agenda at the December 11, 2019 Council meeting.

Budget Impact

There is no budget impact specifically required at this time to support strategic initiative implementation that has not already been budgeted or will be budgeted for consideration in future years.
Background

Every two years, the City Council reserves time for study and ideation around emerging, critical issues facing Woodbury. Council identifies two or three urgent, high priority focus areas. Staff then designates an implementation team with a clearly identified team leader; develops a plan with clear goals, milestones, and performance measures; and reports to Council at least once a year on outcomes or as dictated by the initiative timeline.

The following motto, mission, vision and values continue to guide the organization and support strategic initiative implementation.

---

Motto

Woodbury is what it is because our citizens are who they are.

---

Mission

A leading community in which to live, work, and thrive.

---

Vision

Woodbury will continue to be a leading community where everyone has the opportunity to thrive. Through professionalism, responsive service and leadership, we will strengthen our tradition of public trust and effective resource management.

---

Values

Exceeding Expectations
Professional – Responsive – Leaders

Written By:
Angela Gorall, Assistant City Administrator
Sarah Alig, Assistant to the City Administrator

Approved Through:
Clint Gridley, City Administrator

Attachment:
1. Strategic Initiative 19-01: Drinking Water Quality
2. Strategic Initiative 19-02: Parks and Trail Replacement Plan
3. Strategic Initiative 19-03: Adapt and Enhance Public Safety Effectiveness
4. Email from Andrea Date – Public Safety Strategic Initiative
5. Special Projects
I. Issue and Background

The City of Woodbury provides municipal water service to nearly 72,000 residents and customers. Historically, this water has been provided through use of 19 groundwater wells.

In 2010, Minnesota’s attorney general sued 3M Company alleging that the company’s production of chemicals known as per and polyfluoroalkyl substances (PFAS) had damaged drinking water and natural resources in the southeast Twin Cities metro area, including Woodbury. PFAS were made by 3M in Cottage Grove and by other companies around the world for use in household and industrial products. PFAS wastes were disposed of at several sites in Washington County including Lake Elmo, Oakdale and in southeast Woodbury. The source of the PFAS in the Woodbury groundwater has been identified as these disposal sites.

On Feb. 20, 2018, the State of Minnesota and 3M reached a settlement agreement, with the state receiving a grant from 3M for $850 million. The court directed the Minnesota Pollution Control Agency (MPCA) and the Department of Natural Resources (DNR) to set-up working groups to guide the use of the funds. After legal expenses are paid, about $720 million will be invested in drinking water and natural resource projects in the Twin Cities east metropolitan area.

The court-approved agreement specifically outlines providing a clean, sustainable supply of drinking water as a top priority.

II. Issue Urgency

As of November, 2019, the city has lost the use of six of its 19 groundwater wells as a direct result of PFAS contamination. This well production loss will continue to strain the city’s supply system, particularly during summertime peak demand.

Furthermore, this issue is of high visibility and concern to Woodbury residents. The 2019 community survey reveals that the residents of Woodbury are concerned about Woodbury water. When asked about the most serious issue currently facing Woodbury, drinking water rose from 6% in 2017 to 17% in 2019, tied with affordable housing and taxes. Improving drinking water quality was selected by 25% of residents as the top priority from of a list of sustainability activities the City should prioritize. Water was also the only benchmark that was marked lower than our national and Minnesota comparable communities.

Proceeding with this issue as a City Strategic Initiative will assist in providing the necessary research, detail and information to ensure the City Council can make informed, long-term and strategic decisions regarding the future of the City of Woodbury’s water quality, treatment, and its financial sustainability into the future.

II. Scope and Schedule

While this is a rapidly evolving and ever-changing area of understanding and work, the schedule is hard to predict. The scope of the Strategic Initiative to Ensure Long Term Drinking Water Sustainability will be in support of City Council Resolution 19-184, which outlines that the State
of Minnesota, the Co-Trustees, the Conceptual Drinking Water Supply Plan and the subsequent
grant process will:
   1. Preserve groundwater as the City of Woodbury’s continued source of water;
   2. Protect water quality for all residents in the Twin Cities east metropolitan area
      irrespective of current PFAS health-based value levels;
   3. Establish a water treatment goal of the lowest detectable levels of PFAS feasible in
      order to protect residents and businesses in the Twin Cities east metropolitan area now
      and in the future;
   4. Provide funding for temporary water treatment facilities as expeditiously as possible to the
      City of Woodbury in order to bring the idled wells due to PFAS contamination back into
      full service;
   5. Compensate the City of Woodbury for the lost production of the City of Woodbury’s idled
      water production wells and the depreciation of Woodbury’s other water wells that have
      been over-taxed to make up for the loss of impacted water wells and any other damages
      and;
   6. Provide funding for the construction and operation of permanent water treatment
      facilities for public and private water systems necessitated by the PFAS threat.

III.  Implementation Team

The City staff team includes the Public Works Utilities Manager, Public Works Director, City
Administrator, Engineering Director, Communication Manager and City Planner.
2019-2021 Strategic Initiative 19-02

Parks and Trails Replacement Plan

Ensure Our Parks and Trails Meet the Needs of a Growing and Changing Community

I. Issue and Background

The City is responsible for the management of 3,386 acres of park and recreation land, 76 sport courts, 152 miles of paved trails, 55 named parks, 19 irrigation systems, 123 athletic fields, 31 park buildings, 46 play structures, and 17,134 inventoried park trees. These built and natural assets are no different than our fleet of vehicles, roadway system or pipes in the ground. The quality of these assets is also directly linked to our continued high performance as a City, as a community of choice, and maintaining our high quality of life ratings (92% of 2019 community survey respondents rating excellent or good). Our success as a leading community in which to live, work and thrive means that these quality of life amenities be provided, preserved, maintained, upgraded and expanded when required.

In June 2017, the City Council reviewed Critical Success Factors for the City and renewed support for Environmental Stewardship and Quality of Life as two of the six factors as critical to our success as a City and a community. Council supported the following guiding statements in support of Environmental Stewardship:

> Understanding that environmental health, economics and human well-being are interconnected and interdependent, Woodbury is committed to the responsible use and protection of all resources. To preserve our environment for future generations, the City will foster environmental stewardship through focused conservation, social responsibility and best management practices.

Council supported the following guiding statements in support of Quality of Life:

> Woodbury maintains a high quality living environment characterized by attractive neighborhoods that offer a variety of housing options for people in all stages of life and that are linked through the City’s parks and trails system.

> The City provides open spaces that allow active and passive uses by the public. Residents have convenient access to essential private sector goods and services such as health care, as well as to high quality year-round leisure and recreational services.

> The City directly implements those aspects of the physical and service environment for which it is responsible and promotes the provision of desired services by private and other governmental agencies in areas outside its own responsibility.

As anticipated for a community growing into maturity, the initial acquisition or development of many of these amenities was tied to our growth and development. To this time, modest operating funds have been needed to support the still maturing system that has developed. This system, however, is now reaching greater maturity, similar to the life cycle of any roadway, requiring increasing levels of additional preservation and resources before the spiral of decline whereby maintenance becomes futile and only replacement is cost effective. The City has also recently experienced fiscal challenges in funding planned park facility improvements requiring
projects to be scaled back from original goals. Staff is anticipating that these challenges are expected as well for upcoming projects.

There is approximately $70 million in parks and recreation physical assets. Included are park buildings/structures, courts, fields, playgrounds, irrigation systems, parking lots, trails and miscellaneous items. This does not include the value of tree inventory nor current or future parks and trails development. Maintenance of and improvements to these assets are NOT included in this replacement plan or financial analysis.

Funding needs for every department face a prioritization and competitive process with each annual budget cycle. Proceeding with this issue as a City Strategic Initiative will provide the necessary research, detail and focus on these assets to ensure the City Council can make informed, long-term and strategic decisions regarding preserving and enhancing our parks, forestry and recreation system through a financial plan to sustain them into the future.

II. Issue Urgency

As with any City Strategic Initiative, there should be a notable timing component as to why it reaches the priority of being a Strategic Initiative. The urgency of the issue to rise to being a priority City focus for the next two to three years include the following factors:

- The City’s objective for any issue, fiscal or not, is ideally to be proactive rather than reactive. This topic is at a critical point of soon moving into a reactive position if no action is taken. Life cycles of current assets range from 15 to 50 years.

- The City’s 2040 Comprehensive Plan parks and trails chapter was just updated as well as the parks focused comprehensive outdoor recreation plan; however neither document provides for a funding plan.

- In addition to parks and trails asset replacements, the City needs to provide the financial resources to pay for public improvements that are parks and trail resource enhancements that are presently partially or fully unfunded.

- Gaps have been identified in our asset management systems for parks. For example, not having as-built drawings of key infrastructure leading to management challenges of that asset and missed opportunities for good planning.

- Currently the Roadway Rehabilitation program and MSA funding mechanisms have paid for trail improvements. These funding sources are increasingly under pressure and is not be able to continue funding trails.

- Close to half (47%) of 2019 respondents to the Community Survey supported increasing property taxes to maintain City services at their current level and levels of support have been increasing since 2015. Woodbury residents have also supported previous park and open space referenda. In addition, if a referendum is a selected financial mechanism then significant advance planning is necessary.

- The City has previously completed thorough reviews and funding analysis for streets and utilities infrastructure. Parks and trail resources should be the next priority.
Top tier and high performing local governments have strong, diverse, resilient park, trail and natural resource assets that support quality of life and sustain the community’s wellbeing and health long into the future and are critical to maintain our current high performance goals.

III. Scope and Schedule

March - April, 2019  Issue framing and internal initiative scoping by staff.
April, 2019   Financial options internal review by staff (high-level).
May - June, 2019   Issue framing and scoping review
July – August, 2019  Staff finalization of park asset and depreciation plan (may continue through end of the year as needed).
August, 2019  Consideration as a Strategic Initiative.
November, 2019  Staff preliminary report to Council on full scope of project.
Dec., 2019 – July, 2020  Development, review and analysis of plan and financial recommendation by staff under the guidance and input from the Parks and Natural Resources Commission and Audit and Investment Commission.
August, 2020  Presentation of plan and recommendations to Council.
September-Dec., 2020  Public engagement.
December, 2020  Council consideration of funding action.
January, 2021  Funding plan in place and plan implementation commencement.

IV. Implementation Team

To implement the current proposed scope of work in the schedule presented, a team of resources is required. The Parks and Natural Resources Commission will provide the necessary review, input and vetting process for the majority of this project in coordination with City staff.

Per the City Council’s direction, the input of the Audit and Investment Commission will also be sought in regards to the financial structure and plan to support our parks and trails system.

The City staff team will be led by Michelle Okada, Park and Recreation Director, with direct reporting to the City Administrator. The following additional City departments and divisions will also have a key role in this initiative: Administration, Finance, Community Development, Communications Division, Parks Division of Public Works and Engineering.
I. Issue and Background

Our success as a leading community in which to work, live and thrive means that the public safety of the community, and public safety services which the City provides, need to be continually evaluated, adjusted and possibly enhanced when required to meet the needs of a changing and growing community. In June 2017, the City Council reviewed Critical Success Factors for the City and renewed support for safety as one of the six factors as critical to our success as a City and a community. Council supported the following guiding statement in support of safety:

Woodbury is a welcoming community where all people feel safe. The City provides professional, effective and compassionate protective services to ensure Public Safety builds a sense of community and supports a high quality of life.

Continuing to provide high quality and exceptional public safety services to the community is of the highest priority. While only 2% of 2019 community survey respondents rated crime as the most serious issue facing Woodbury, meeting the expectations of the community for public safety is far more complex than just addressing crime. Community survey results further demonstrate some of the other aspects of public safety which the City currently evaluates:

- Excellent or Good ratings:
  - 96%: Overall feeling of safety
  - 94%: Quality of ambulance or EMS
  - 88%: Quality of the Police Department’s relationship with the community as a whole
  - 75%: Quality of the Police Department’s relationship with minority residents in Woodbury
  - 94%: Quality of fire services
  - 92%: Quality of police services
  - 82%: Providing a safe and secure environment for residents of all backgrounds

- Very or Somewhat Safe ratings:
  - 98%: Walking alone in your neighborhood during the day
  - 97%: In commercial areas
  - 95%: In city parks and recreation facilities

In addition to responding to emergency calls, promoting positive police-community relations (29%) was rated as the top priority for the Woodbury Police Division. Crime prevention and education (24%) was ranked second.

- For 30% of survey respondents who reported contact with police in the last year, impressions of the police division employee in their most recent interaction was surveyed. The following were the results for excellent or good ratings:
  - 92%:...was professional
  - 91%:...was courteous
  - 85%:...resolved and/or addressed your concerns
  - 92%:...was knowledgeable
  - 86%:...was responsive to your requests and/or needs
  - 85%:...handled your situation in a timely manner
As anticipated for a community growing into maturity, the level and quality of service provision requires continual attention. The City of Woodbury is also increasingly more diverse and aging, affecting service demands and how services are provided. The public safety environment is also changing and will continue to change due to local demographics, service demands, labor negotiations, City growth and development, how services are funded, City staffing and succession, state and national political influence and more.

Proceeding with public safety as a City Strategic Initiative will provide the necessary research, detail and focus on these services to ensure the City Council can make informed, long-term and strategic decisions regarding not only the City Public Safety Department, but the public safety of the community.

II. Issue Timing

As with any City Strategic Initiative, there should be a notable timing component as to why it reaches the priority of being a Strategic Initiative. The significance of the issue to rise to being a priority City focus for the next two to three years include the following factors:

- The City’s objective for any issue, fiscal or not, is ideally to be proactive rather than reactive. This topic is to arrive at long-term decision-making and proactive planning that takes into account our continued growth and community maturation.

- The City has engaged a Public Safety Staffing Study, scheduled for completion in early 2020. It is anticipated that during the course of this study and as final recommendations are made, Council will be engaged in providing guidance for short and potential long-term decisions on the provision of Public Safety services.

- The Health & Emergency Response Occupation (HERO) public safety training center is scheduled to open in the fourth quarter of 2019. This center will offer new opportunities for public safety training and education and require City commitment to its successful operation and long-term capital requirements.

- The City’s 2040 Comprehensive Plan has just been approved and provides the supporting information necessary to understand Woodbury as a changing and growing community as it may impact public safety.

- Changes on how business is conducted in policing in recent years have been significant. In particular, additional education about our services and details about how we are meeting the expectations of 21st Century policing is required.

- The City Council has stated its support for continued community engagement and welcoming to new residents, as well as working to have the employees of Public Safety be reflective of the increasingly diverse community it serves as much as feasible.

- Per the 2020 proposed budget, Public Safety comprises over 40% of General Fund expenditures. Several areas that comprise this budget have been or will be changing including pension contributions, disability liabilities and presumptions, and fines and forfeiture revenues.
III. Scope and Schedule

August - November, 2019  Issue framing and internal initiative scoping by staff.
October, 2019  Council Workshop, presentation of several Public Safety topics. Update on Public Safety Staffing Study.
November, 2019  Council consideration as a Draft Strategic Initiative.
December, 2019  Council adoption as a Final Strategic Initiative.
Q1, 2020  Presentation of Final Draft Public Safety Staffing Study.
Q1 – Q2, 2020  Staff implementation planning, financial recommendation development (as needed), and communications/engagement resulting from Staffing Study.
       Staff review of Staffing Study results in relation to existing department strategic plan, updating plan as necessary.
July, 2020  Updated (as necessary) Public Safety performance measures.
Q3, 2020  Council Memorandum detailing existing police division practices focused on community engagement and any future practices that are planned or under review.
       Staff will begin to further evaluate the need for a community engagement and communications multi-year plan.
Q4, 2020  Council Memorandum detailing existing department practices focused on employee health and mental wellness and any future practices that are planned or under review.
Q1, 2021  Staff recommendation on community engagement and communications multi-year planning.
Q2-Q3, 2021  Facilitated review and update of department strategic plan incorporating any further updates and analysis as gathered from earlier strategic initiative work.

In addition to the above, the Administration Department will be working on making efficiency improvements to employee appraisal processes for the entire organization in 2020. The Public Safety Department would be part of this process and it is anticipated that additional attention will be necessary for Public Safety to improve their processes and apply changes to the unique situations found in the department.

IV. Implementation Team

To implement the current proposed scope of work in the schedule presented, a team of resources is required.

The City staff team will be led by Lee Vague, Public Safety Director with support from Angela Gorall, Assistant City Administrator, with direct reporting to the City Administrator. The following additional City departments and divisions will also have a role in this initiative: Administration, Finance, and Communications Division.
Hello,

As promised, here are some of my thoughts on the Public Safety Strategic Initiative. Some of these may be new, some a repeat of what I said last Wednesday. Hopefully its clear and not too much of a ramble.

I am supportive of the City of Woodbury focusing time and resources to ensure that we have a progressive Public Safety dept. that is on the forefront of best practices for community policing, de-escalation, community relations and positive community perceptions, and accountability to our citizens.
- Part of this is about the culture of our dept. and what we prioritize through training practices, our vision and mission, policing efforts, and reporting. And, how we communicate our culture to our citizens.
- Of course, a priority is ensuring officer safety through the best training and equipment available. Also, officers who are well-trained and feel safe will also make better decisions in intense situations.

My hesitations with this as a strategic initiative as written is that it feels a bit like a series of updates and not as an initiative to do things different. I am also unsure the timing is right and wonder if waiting for the staffing study and creating a strategic initiative off of that is more appropriate. However, regarding the timing, I do like the line in the draft strategic initiative that talks about the importance of being proactive (as opposed to reactive). I think this is a critical part of why we’re highlighting this strategic initiative now (as opposed to waiting).

One thing that stuck with me was Council Member Morris’ comment about Communications and Public Perception. I think we do all of the things I mentioned above well, but I’m not sure our citizens know that. And, Unfortunately, actions in other cities/states have made people skeptical of policing in general. I’d like to be able to tell citizens how Woodbury’s culture is different and how we do things differently, but I don’t feel like I have the right information to do that. So, I think part of this strategic initiative is about communicating the work we do.
Does Public Safety have a strategic plan? To me, I feel like that is what is missing and perhaps that is the outcome of this strategic initiative. Maybe coming out of the staffing plan we are going to need a strategic plan?

When we do strategic initiatives often they come out of some concern, possibly from the citizen survey. Fire response time is a concern and needs to be addressed as part of this strategic initiative. If the goal that was set is not feasible, then we need to reassess the goal. And, by reassess the goal, I don’t mean loosen it. I mean find the right way to measure effectiveness in this area. If the goal is a public safety best practice, or based on some guidelines, and should be met, then we need to figure out why its not working and put resources in place to meet the goal.

The looming issue in EMS seems to be increased calls/decreased revenue per call. If this is a trend that is going to continue, we should be thinking about long-term impacts (also pointing to strategic planning).

My concern with the strategic initiative was that I can’t clearly tell what the outcome of the initiative is. Some ideas of what I think we’re trying to accomplish are:
1.) Being (or continuing to be) a Leading organization on the forefront of modern policing (re-phrase?)
2.) Putting in a place a strategic plan for public safety in light of new societal expectations for training, accountability, and communications.
3.) Communicating how we serve all citizens with dignity and respect whether it be a health or safety emergency.

With all that being said, I want to emphasize that I am extremely proud to be associated with Woodbury Public Safety. I can point to numerous incidences that I have observed or been a part of in which officers have exceeded my expectations in terms of timeliness, respectfulness, professionalism, proactiveness, and of course aiding people in times of need. So in summary, all of the things I mentioned above, I think we do really well already. If I were to go anywhere with this strategic initiative it would be, how do we ensure we continue to do things really well and stay on the forefront (strategic planning) and how do we communicate our great work to our citizens.

Thanks!
Andrea

Andrea Date
Special Projects

I. Background

The City Council received updates on the progress of the previously approved City strategic initiatives and developed consensus on three new strategic initiatives at the August Council workshop meeting. At that August meeting Council also identified potential projects that are still desired to be reviewed, researched or implemented, but did not rise to the level of being a multi-year strategic initiative. Council also recognized that implementation of these projects will be dependent upon staff capacity.

Provided below are these special projects which Council identified or have been identified by staff as priority projects. They are generally listed in order of priority for implementation.

II. Special Projects

➤ Major Projects Implementation: The City has several key major projects which are currently on-going or will commence during this current strategic initiative time period. After implementation of the Council’s identified strategic initiatives, implementation of these major projects is of the highest priority:

 o Finalization of Parks and Public Works building project
 o Finalization of HERO Center building project and initiation of operations
 o Gold Line project planning and design
 o Emerald Ash Borer (EAB) management and planning
 o 2040 Comprehensive Plan implementation
 o Central Park planning and design
 o Valley Creek Park master planning
 o Woodbury Drive – I94 to Tamarack Road improvements

➤ Pursuing Special Legislation for use of the Lodging Tax for Capital Purposes: While peer cities successfully capture tax revenue generated by tourism, Woodbury is left without options, forcing residents to foot the entire bill for the amenities most responsible for drawing visitors to the City. Current lodging tax regulation offers limited benefit to Woodbury, which does not have traditional tourism attractions. Woodbury attracts visitors through City-owned recreational amenities that generate hotel stays, restaurant and retail shopping visits. The City will ask state lawmakers (beginning in 2020) for the authority to implement a lodging tax that allows the City to promote and directly invest in Central Park, a regional attraction that houses the YMCA, Washington County Library, an indoor playground, School District 833 Early Childhood Family Education and meeting and banquet spaces. As Minnesota’s eighth largest City, Woodbury seeks to join similar cities that have received special legislation for the authority to use a lodging tax to enhance this facility to further meet the regional needs for these services.

➤ Fostering an Inclusive and Welcoming Community: Of the options presented at the Council workshop for the next steps for this past initiative, Council was supportive of a hybrid approach. While this topic will conclude as an initiative, Council supported ongoing internal operational implementation including possible incremental expansion. Continuing to focus on employee diversity in the organization will continue as a priority. There was also support for increasing focus on the City’s external efforts and welcoming
strategies for new residents. Staff would likely develop a basic guidance plan to focus these efforts and will make an extra effort to report successes and efforts in this area to Council likely via Council memorandums or Administrator reports as appropriate. Within this special project, the efforts of the Community Liaison assignment within Community Development in building relationships and opportunities with our non-profit community would also continue.

- **Revenue Diversification Review and Analysis:** Council indicated support for staff’s continual efforts on reviewing and analyzing options for City revenue diversification. Options related to franchise fees will be further reviewed and analyzed, but other options will also continue to be considered and brought forth for Council consideration as they are applicable.

- **Woodbury’s Housing Affordability:** Per the 2019 Community Survey, housing affordability was identified as a top concern. Staff work would first involve a deeper dive into understanding what that concern is specifically for Woodbury as feasible through survey results. Significant data gathering on the City’s housing stock and costs in comparison to other communities could also be a major component. Finally, a review of potential public policies to address concerns learned through the process could be evaluated.

- **Woodbury’s Traffic Congestion:** Per the 2019 Community Survey, traffic congestion was identified as a top concern. This work would take a deeper dive into learning about resident areas of concern and what options the City can implement, if any, to specifically address congestion.

### III. Scope and Schedule

The City Administrator would provide authorization for a project to commence or be scoped based on the capacity of staff available to successfully complete the project. The scope and schedule for any special project would be designed specifically for the project. Substantial progress or actual completion of a project should be planned for by the end of 2021. The project should include clear milestones, goals and performance measures to evaluate efforts at the conclusion.

### IV. Implementation Team

The implementation team for any project would be designed specifically for the project selected. A team leader would be clearly identified with direct reporting to the City Administrator and at least annual reporting to the City Council.
Council Workshop Letter 19-280

November 20, 2019

To: The Honorable Mayor and Members of the City Council

From: Clinton P. Gridley, City Administrator

Subject: Financing Plan for Parks and Trails Replacement Fund

Summary

Woodbury’s parks and trails are essential assets that enhance the quality of life in our community. Unfettered access to quality parks and trails support health and well-being, equity, economic development, and preservation and protection of the natural environment.

There is approximately $70 million in parks and physical recreation assets in our system; this breaks down to an approximate annual average need of $2.8 million to support the prescribed replacement of these amenities. Included are park buildings and structures, courts, fields, playgrounds, irrigation systems, parking lots, trails, and other miscellaneous items.

As outlined in the 2019-2021 Council Strategic Initiative, Parks and Trails Replacement Plan, the initial acquisition or development of many of these amenities was tied to the City’s growth and has been development-driven. Modest operating funds have been utilized to support the still young system that has developed. This system, however, is now reaching toward maturity. The age of individual assets and continued growth of the system necessitates a robust plan for maintenance and eventual replacement.

The purpose of this fund is to support the replacement of park and trail amenities as outlined by the Parks and Trails Replacement Plan, a comprehensive asset and depreciation plan. The plan recommends the replacement of specific park and trail amenities based on professional and safety replacement standards and standard life expectancy. The fund will cover replacement only, not new or maintenance items, as those will be budgeted separately. Staff will continue to evaluate each area of the system regularly and as items are due and requiring replacement, they will be moved from the replacement plan to the Capital Improvement Plan.

With increasing asset-liability, the time to respond is now, to avoid severe depletion of the overall system. A long-term funding plan is needed to support the Council Strategic Initiative and the Replacement Plan for the parks and trails system.

Recommendation

There are a couple of options for funding this initiative: property taxes and franchise fees. As directed by Council, staff will present information to the Parks and Natural Resources Commission and the Audit and Investment Commission seeking input on the financing
approach and timing for the Parks and Trails Replacement Plan. In quarter two of 2020, staff will return to Council for further discussion.

Staff is specifically requesting Council direction as to their desire to further research utility franchise fees, as one of the two viable funding options for this Parks and Trails Replacement Fund. See attached for proposed research timeline.

Cities can elect to enact a franchise fee, which is levied against the utility company for costs related to the utility’s activity in the rights of way. Franchise fees are allowed, because private utility companies are given the right to use the public right-of-way to serve customers. The utility company’s actions cause impact and disruption while limiting the public use of right-of-way and streets, and thus reduce the life of public facilities, and also make it more expensive to build or rehabilitate public infrastructure projects due to the presence of these private utilities.

As required by the Minnesota Public Utilities Commission, franchise fees levied on the company are passed on directly to the utility customers within Woodbury. A utility franchise fee appears as a charge listed on the monthly bill that customers receive from each utility. Many Minnesota cities currently have franchise fees: Burnsville, Edina and Eden Prairie have implemented the fee in recent years. Eden Prairie’s fee helps pay for roadways and Edina for sidewalks, bike trails, and other pedestrian-related improvements. Burnsville implemented their fee to fund city facility improvements.

Budget Impact

$500,000 from property taxes has been budgeted in the proposed 2020 budget to begin seeding this replacement fund. Over time, funding will need to be increased to support the full asset depreciation and eventual replacement. This is currently at $2.8 million, but will grow with inflation and system additions.

Background

The City maintains 3,386 acres of park and recreation land, 76 sport courts, 152 miles of paved trails, 55 named parks, 19 irrigation systems, 123 athletic fields, 31 buildings/structures, and 46 play structures. This system of built and natural assets is the jewel of our community; it is, in large part, what makes Woodbury a top community in the country, a “Best Place to Raise a Family,” and top ten “Best Place to Live,” as named by Money Magazine in 2018, and “City of the Year,” by Minnesota Real Estate Journal. Maintaining our quality parks and trails system is imperative for continued success as a leading community in which everyone can live, work, and thrive.

Written By: Michelle Okada, Parks and Recreation Director
Approved Through: Clinton P. Gridley, City Administrator
Attachment: Estimated Timeline for Review, Analysis, and Consideration of Franchise Fee
## ESTIMATED TIMELINE FOR REVIEW, ANALYSIS & CONSIDERATION OF FRANCHISE FEE

<table>
<thead>
<tr>
<th>Research</th>
<th>November 2019</th>
<th><strong>City Council workshop</strong> to review parks and trail replacement funding options and to provide direction on eligible sources and parameters</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dec. 2019 – June 2020</td>
<td>Staff research and analysis, notification of process to utility companies and obtain rate schedules, draft documents, financial analysis, etc.</td>
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<tr>
<td></td>
<td>June 2020</td>
<td><strong>City Council Workshop</strong>; Parks and trails financing plan, direction from Council for FY 2021</td>
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<tr>
<td></td>
<td>January 2021</td>
<td>Public engagement and communications</td>
</tr>
<tr>
<td></td>
<td>March 2021</td>
<td><strong>City Council Meeting</strong> setting public hearing date for franchise fees¹</td>
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<tr>
<td></td>
<td>April 2021</td>
<td><strong>City Council Meeting</strong> holding public hearing regarding franchise fees</td>
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<td></td>
<td>May 2021</td>
<td><strong>City Council Meeting</strong> to authorize franchise fee ordinance, to notify utility companies</td>
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<td></td>
<td>End July 2021</td>
<td>End of negotiation period</td>
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<td></td>
<td>August 2021</td>
<td><strong>City Council Meeting</strong> to authorize franchise fees</td>
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<tr>
<td></td>
<td>Aug. - Dec. 2021</td>
<td>Utility companies notify Minnesota Public Utilities Commission, prepare for franchise fee implementation</td>
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<tr>
<td></td>
<td>January 2022</td>
<td>Start collecting franchise fee funds</td>
</tr>
<tr>
<td></td>
<td>June 2022</td>
<td>Planning and scheduling for use of funds in 2023</td>
</tr>
<tr>
<td></td>
<td>2023</td>
<td>Utilization of funds for projects commences</td>
</tr>
</tbody>
</table>

¹ A public hearing is not required per State Statute, but a recommended best practice.