

1. Agenda

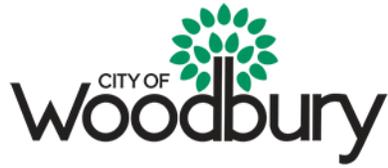
Documents:

[JUNE 16, 2021 AGENDA.PDF](#)

2. Meeting Materials

Documents:

[JUNE 16, 2021 PACKET.PDF](#)



**City Council Workshop Meeting
Ash North and South Conference Rooms
June 16, 2021 | 6:30 p.m.**

Please note: Due to COVID-19, this City Council Workshop meeting is taking place virtually and at Woodbury City Hall in the Ash North and South Conference Rooms.

Members of the public may attend the meeting. Visitors and Woodbury employees at city facilities who are not fully vaccinated for COVID-19 are strongly encouraged to wear a face covering in accordance with MDH and CDC recommendations until they are fully vaccinated. Members of the public may also join the meeting using a PC, Mac, iPad, iPhone or Android device.

[Watch the Live Meeting](#)

Public comments will be accepted during the meeting both in person and by using the link to the virtual meeting to join the meeting and then submit your questions via the online Q&A feature within the meeting.

Questions regarding the meeting will also be taken between the hours of 8:00 a.m. to 4:30 p.m. via email council@woodburymn.gov or call 651-714-3524 and leave a voicemail message

Please note that all agenda times are estimates.

6:00 p.m. Dinner – Birch Conference Room

Workshop Agenda

- | | | | |
|-----------|----|---|--------|
| 6:30 p.m. | 1. | Parks and Trails Replacement Fund – Franchise Fees Ordinances | 21-149 |
| 7:00 p.m. | 2. | Parks and Trails Replacement Fund (cont.) | 21-150 |
| 8:00 p.m. | 3. | Administrator Comments and Updates ¹ | |
| 8:05 p.m. | 4. | Mayor and City Council Comments and Commission Liaison Updates ¹ | |
| 8:10 p.m. | 5. | 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.



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**City of Woodbury, Minnesota
Office of City Administrator**

Council Workshop Letter 21-149

To: The Honorable Mayor and Members of the City Council
From: Clinton P. Gridley, City Administrator
Subject: Parks and Trails Replacement Fund – Franchise Fees Ordinances

Summary

To implement the franchise fees proposed for the parks and trails funding, our current utility franchise ordinances will be need to be completely re-written due to the substantial changes recommended. For this effort, staff has been utilizing model ordinances from the League of Minnesota Cities. Xcel Energy has provided their initial review of changes they request from that model for the City's consideration. Review is on going by staff and will also be completed by an attorney specializing in this work. Once completed, that version will then also be provided to CenterPoint for their consideration, comment and legal review.

Currently, there would be five ordinances for Council consideration, including an ordinance granting franchises to Xcel (gas and electric) and a separate ordinance granting a franchise to CenterPoint (gas) as well as two additional separate ordinances detailing the fees as applicable for each utility to be applied.

Jim Strommen, Attorney with Kennedy & Graven, will be in attendance virtually for this meeting and will provide Council a further overview of this negotiation process and next steps. Mr. Strommen's expertise is in working with utilities on behalf of cities and he is the author of the League model ordinances.

If so directed by Council, staff will finalize negotiations and necessary ordinances for formal consideration of franchise fees. While not required by Statute, a public hearing and associated notices are planned to be completed for the meeting at which such ordinances are considered.

Recommendation

Staff recommends the proposed ordinance language as outlined in the background section of this letter, subject to reasonable changes by the utilities.

Staff further recommends council direct staff to proceed with a public hearing notice and ordinance consideration at the July 28th meeting. Should negotiations or legal review extend this timeline, then ordinance consideration would be moved to a later meeting.

Governance Mode

- Fiduciary - Stewardship of tangible assets, oversees operations and ensures efficient and appropriate use of resources, legal compliance and fiscal accountability.

Fiscal Implications

Within the 2020 Budget, \$500,000 from property taxes was allocated to begin seeding the Parks and Trails Replacement Fund. The 2021 Budget includes \$686,000 in the Fund. The total funding goal is approximately \$2.9 million per year to sustain the fund. As reviewed at previous workshops, the Capital Improvement Plan for the Parks and Trails Replacement Fund currently has a negative fund balance in 2022 of approximately \$2.56 million up to \$10.5 million by 2026 if there are no changes to expenditures. If approved, it is planned that franchise fee collections by utilities would begin in January, 2022.

Policy

2019-2021 City Council Strategic Initiative, Parks and Trails Replacement Plan
 Critical Success Factor, Quality of Life

Public Process

- Parks and Natural Resources Commission and Audit and Investment Commission meetings August-November 2020.
- Council Workshop meetings in January, February and May, 2021.
- Public engagement process through end of May, 2021.

Background

Negotiations and review are ongoing to finalize necessary franchise fee ordinances. These discussions involve the utilities and their legal counsel, Engineering, and the City’s legal counsel. While a notable amount of the ordinances are expected to be consistent with League models, there are points of negotiation and discussion with the utilities. As a reminder, essentially these are agreements granting a franchise to each utility then codified by ordinance.

Provided is an overview of the major sections of the franchise fee ordinance and generally what each section entails. Also provided is a high-level summary of our current negotiation status to advise Council on areas where there are general agreement vs. areas in need of further negotiation.

Ordinance Sections	League Model, Section Summary	Negotiation Status
Definitions	Basic definitions for terms utilized	None
Adoption of Franchise	Grants the franchise to the named utility (20-year term), indicates effective date, applicable service area, dispute resolution process, continuation of franchise once term expires	General agreement, only minor points to be addressed
Location, Other Regulations	Provisions on location of facilities, street opening, restoration, performance security, shared use of poles, damage to facilities, required notices and mapping	General agreement, further discussions necessary particularly on performance security/bond

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Facilities Relocation	Provisions on relocations and projects with Federal funding	Notable area with differing language, under Engineering review
Tree Trimming	Provisions for tree trimming by the utility	None
Insurance and Indemnification	Provisions on utility required insurance, indemnity of the City, and defense of the City	General agreement, clarity needed on insurance provisions
Vacation of Public Ways	Procedures should there be a vacation of a public way or right-of-way	General agreement
Abandoned Facilities	Procedures for abandonment consistent with Statute and when required	Notable area with differing language, under Engineering and legal review
Change in Form of Government	Noting change in government to not affect the ordinance	None
Franchise Fee	Provisions on the form of the fee, the applicable separate ordinance, terms, collection details, requirement for equivalent fees to other utilities	Overall general agreement, clarity needed as to what language to be included in franchise ordinance vs. fee ordinance
Service Reliability, Infrastructure Reporting	Agreement to meet annually and potential reporting by utility on service reliability	None
Provision of Ordinance	Severability, limitation on applicability	None
Amendment Procedure	Procedures for ordinance amendments	None

A current working draft version of the ordinances can be provided to Council upon request.

Written By: Angela Gorall, Assistant City Administrator
Reviewed by: James Strommen, Attorney Kennedy & Graven
Approved Through: Clinton P. Gridley, City Administrator
Attachment: None

**City of Woodbury, Minnesota
Office of City Administrator**

Council Workshop Letter 21-150

June 16, 2021

To: The Honorable Mayor and Members of the City Council

From: Clinton P. Gridley, City Administrator

Subject: Parks and Trails Replacement Fund (cont.)

Summary

As directed by Council, in 2020 staff presented information to the Parks and Natural Resources Commission and the Audit and Investment Commission seeking their recommendation on the financing approach and timing for the Parks and Trails Replacement Fund. Council was presented their recommendations at the January and February 2021 workshop meetings. In February 2021, Council authorized staff to proceed with a public engagement process.

The full breadth of community engagement is summarized in Attachment 1. There were three main themes observed through the engagement process:

- Support of the Parks and Trails Replacement Plan and funding it in large part through the implementation of franchise fees.
- Support of the plan and desire to see the funding applied through property taxes.
- Do not support an increase to the tax levy or implementation of franchise fees.

At the May council workshop, staff again reviewed in detail the Parks and Natural Resources Commission and the Audit and Investment Commission's recommendation proposal.

Recommendation

The Parks and Natural Resources Commission, the Audit and Investment Commission and City staff recommend a funding plan that relies on franchise fees for 75% - to 80% of the funding for the parks and trails asset replacement program, with the balance 20- 25% provided by the property taxes. Previous council packets have provided the detail to this proposal.

Staff recommends council direct staff to proceed with a public hearing notice and utility franchise ordinance consideration at the July 28th meeting. Should negotiations or legal review extend this timeline, then ordinance consideration would be moved to a later meeting.

Council Workshop Letter 21-150

June 16, 2021

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Governance Mode

- Fiduciary - Stewardship of tangible assets, oversees operations and ensures efficient and appropriate use of resources, legal compliance, and fiscal accountability.

Fiscal Implications

Within the 2020 Budget, \$500,000 from property taxes was allocated to begin seeding the replacement fund. The 2021 Budget includes \$686,000 in the fund. The total beginning funding goal is approximately \$2.9 million per year to sustain the fund. As reviewed at the April workshop, the Capital Improvement Plan (CIP) for the Parks and Trails Replacement Fund currently has a negative fund balance in 2022, of approximately \$2.56 million, up to \$10.5 million by 2026, if there are no changes to expenditures. Provided is a copy of the 2022-2026 CIP demonstrating the fund balance and growth potential with the implementation of the proposed franchise fees.

At the May 2021 workshop, the Council inquired about how the current the proposed funding plan is going forward. For the purposes of the 2020 - 2021 public deliberation of this matter, the value of parks and trails asset base was held fixed as of 2019 when the depreciation plan was first presented. Moreover, while assets are inflated in the depreciation schedule, the total financial need for the franchise fee was held fixed – again for the purposes of having a fixed public funding proposal. If the current asset base is annually inflated, the funding proposal does fall short of the projected need. Attached Table 3 - Summary of Asset Replacement Plan with Inflation is a comparison to the initial proposal and what we might anticipate going forward out to 2030.

On a shorter, actual project scale against the 2022 - 2026 capital improvement plan (CIP) of proposed projects, please see the attached CIP that shows the projected performance of the Parks & Trails Fund for the first five years.

Policy

2019-2021 City Council Strategic Initiative, Parks and Trails Replacement Plan
Critical Success Factor, Quality of Life

Public Process

- Parks and Natural Resources Commission and Audit and Investment Commission meetings August-November 2020.
- Council Workshop meetings in January, February, and May 2021.
- Public engagement process through May 2021.

Background

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

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The age of individual assets and continued growth of the system necessitates a robust plan for maintenance and eventual replacement. The plan that is being developed recommends the replacement of specific park and trail amenities, based on professional and safety replacement standards and standard life expectancy. 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 asset plan to the CIP, and eventually presented with the annual budget request.

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.

Written By: Michelle Okada, Parks and Recreation Director
Angela Gorall, Assistant City Administrator

Approved Through: Clinton P. Gridley, City Administrator

Attachments:

1. Community Engagement Summary
2. 2022-2026 CIP including proposed Franchise Fee Revenue
3. Table 3 - Summary of Asset Replacement Plan With Inflation

Community Engagement Parks and Trails Replacement Funding-Franchise Fees Summary

Staff took a multi-faceted approach to engaging the Woodbury community about the proposal of franchise fees on utilities to help fund future park and trail facility replacements. The community responded by asking questions, liking a social media post, or providing a clear opinion about the proposal. The evaluation resulted in three main themes from the responses.

Main Response Themes

77

individuals
responded

Data (at right) was tabulated from 77 individuals who responded with direct feedback via phone, email and social media (likes or comments).

51%

- Support the implementation of franchise fees as a funding source

16%

- Support the plan funded through property taxes

23%

- Do not support an increase in taxes or fees

10%

- Position unclear

“Please put me down as being in favor of your plan to maintain the parks and trails and I would be happy to pay the five dollars per month monthly fee to finance that.” –Dan M.

“No new taxes! Pay for maintenance out of the current operating budget. Live within the tax revenues currently received.” –Bob A.

“I love the trails and parks in Woodbury and use them daily. I would gladly pay to maintain them in my property taxes.” –David D.

Summary (cont.)



2 Facebook Posts
2,819 Impressions
211 Engagements
4 Comments
11 Likes
7 shares



2 Twitter Posts
1,124 Impressions
30 Engagements
3 Retweets
2 Likes



2 YouTube Videos
252 Views
1,696 Impressions
7 Likes

Social Media and Website



2 Nextdoor Posts
2,951 Impressions
7 Comments
5 Likes



1,127 Webpage Views at
woodburymn.gov/ParksFunding and
woodburymn.gov/news_detail_T16_R232.php

Social Media Definitions:

Impressions: Number of times content has been displayed/viewed.

Engagements: Measure of clicks, comments, likes and shares.

Likes: To display a positive reaction to a post.

Views: Number of times a video has been viewed.

Definition Source: Hootsuite Social Media Content Manager and social media platforms

Summary (cont.)



**Newsletter April/May
Mailed to 30,000
Households/Businesses**



**48 Email and
Phone Responses**



**2 Virtual Listening
Sessions with
Council
10 Guests at 10 a.m.
5 Guests at 7 p.m.**

Mail and Virtual Sessions



**1 Virtual Listening
Session with
Non-taxed properties
0 Guests**



**1 Virtual Listening
Session with
Businesses
0 Guests**

“I 100% support the park replacement fund and applaud the Council and Commissioners hard work to develop a plan that will minimize risk of long term tax growth and prioritize park amenities.” –Jared F.

“Don't get me wrong, I love our trails and am willing to pay for them, I just want the payment to be in the correct spot, on property taxes.” –Mary J.

CAPITAL IMPROVEMENT PLAN
2022 - 2026
PARKS AND TRAILS REPLACEMENT FUND
REVENUE AND EXPENDITURE PROJECTIONS
INCLUDING PROPOSED FRANCHISE FEE REVENUE

	2021 Budget	2022	2023	2024	2025	2026
REVENUES						
Property Tax Levy	\$ 685,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000
Franchise Fees ¹	-	2,390,000	2,413,900	2,438,039	2,462,419	2,487,044
Interest on Investments	-	5,000	-	-	-	-
TOTAL REVENUES	\$ 685,000	\$ 3,095,000	\$ 3,113,900	\$ 3,138,039	\$ 3,162,419	\$ 3,187,044
EXPENDITURES						
Professional Services	\$ -	\$ -	\$ 100,000	\$ 385,000	\$ 490,000	\$ 280,000
Trail Replacement	615,000	-	-	525,000	540,000	-
Parking Lots	465,000	-	-	-	250,000	260,000
Playground Replacement	105,000	155,000	180,000	165,000	190,000	195,000
Transfer to Street Reconstruction - Trail Replacement	-	2,185,000	510,000	525,000	540,000	1,390,000
Transfer to Street Reconstruction - Ojibway Parking Lot	-	1,280,000	-	-	-	-
Court Replacement	-	230,000	320,000	-	350,000	-
Central Park Parking Lot	-	-	265,000	-	-	-
Irrigation Replacement	-	-	-	820,000	845,000	405,000
Rink Replacement	-	-	-	295,000	-	-
HSC 14 Infield	-	-	-	80,000	-	-
HSC 11 Outfield	-	-	-	45,000	-	-
Park Access Stairs	-	-	-	-	280,000	290,000
Ballfield Fencing	-	-	-	-	-	245,000
TOTAL EXPENDITURES	\$ 1,185,000	\$ 3,850,000	\$ 1,375,000	\$ 2,840,000	\$ 3,485,000	\$ 3,065,000
SURPLUS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (500,000)	\$ (755,000)	\$ 1,738,900	\$ 298,039	\$ (322,581)	\$ 122,044
ESTIMATED BEGINNING FUND BALANCE	1,085,000	585,000	(170,000)	1,568,900	1,866,939	1,544,358
ESTIMATED ENDING FUND BALANCE	\$ 585,000	\$ (170,000)	\$ 1,568,900	\$ 1,866,939	\$ 1,544,358	\$ 1,666,402

¹ Assumes 1% annual increase due to utility customer growth.

TABLE 3 - SUMMARY OF PARKS & TRAILS ASSET FUNDING TO 2030 INCLUDING INFLATION

		Asset Total Before Inflation	Average Yearly Need Before Inflation	Total inflated funding need by year for existing assets (4)	Funding Proposal - Property taxes (6)	Funding Proposal - Property Franchise Fees (5), (6)	Total funding	Annual difference between actual projected funding amount and inflated funding need
(1), (2)	2019	72,292,720	2,928,554					
(1), (3)	2020	72,746,160	2,948,692	3,044,400	500,000		500,000	-2,544,400
	2021			3,143,500	685,000		685,000	-2,458,500
	2022			3,245,700	700,000	2,390,000	3,090,000	-155,700
	2023			3,351,600	700,000	2,413,900	3,113,900	-237,700
	2024			3,461,000	700,000	2,438,039	3,138,039	-322,961
	2025			3,574,200	700,000	2,462,419	3,162,419	-411,781
	2026			3,691,200	700,000	2,487,044	3,187,044	-504,156
	2027			3,812,000	700,000	2,511,914	3,211,914	-600,086
	2028			3,937,200	700,000	2,537,033	3,237,033	-700,167
	2029			4,066,700	700,000	2,562,403	3,262,403	-804,297
	2030			4,200,600	700,000	2,588,028	3,288,028	-912,572

(1) Actual fixed asset calculation

(2) Asset amount and funding proposal to commissions and council

(3) Added 2020 asset value on 2019 base amount

(4) Added assets to depreciation schedule has not been assumed

(5) 1% annual growth in franchise fees assumed from added commercial and residential property starting 2023

(6) Increase in property tax and franchise fee rates has not assumed