

City of Minnetonka Beach
REGULAR CITY COUNCIL MEETING
Monday, December 13, 2010
MINUTES

Roll Call

Mayor Joann Anderson, Council Members: Jill Bartel, Michelle Kroll, Linn Ferguson, and Mike Taylor, and Treasurer Dennis Fischer.

1. Call to Order

Mayor Joann Anderson called the meeting to order at 7:04 p.m.

2. Approve Agenda

2.1 Council Meeting Action Notes

No comments were made regarding the Council Action Notes.

Approve Agenda

The agenda was approved as written (**Bartel motion, Taylor second to approve the agenda as written; all ayes**).

3. Approve Minutes

3.1. Regular Meeting of November 8, 2010

An amendment was made on page 10, 4th paragraph, within the motion being made; the word “second” was added after Councilor Bartel’s name. (**Taylor motion, Bartel second to approve the minutes of November 8, 2010 as amended; all ayes**).

3.2. Truth in Taxation Hearing of December 6, 2010

A correction of the date was made in the heading of the minutes. (**Bartel motion, Kroll second to approve the Truth in Taxation Hearing minutes of December 6, 2010 with corrected date; all ayes**)

4. Open Forum

No one spoke.

5. . Police Report

6.1 Police Report – November

Sergeant Tony Wittke reported 19 service calls in the city in November. He said the police chiefs are still working on the policing transition for the City of Long Lake contracting with Wayzata in 2011. Because of the move to Wayzata, four Orono police department employees are being laid off. One of the four, Officer Bill Purcell will retire. The two other officers, Matt Siltala and Erick Dyer, are hoping to find other police work. The other employee is Adrienne Madson, part time office staff. A farewell for all four will be this Friday, December 17th at 3:30 p.m. at the Orono City Council Chambers.

Mayor Anderson reported resident Irving Misel died yesterday morning, December 12th.

6. Consent Agenda

6.1. Fire Report – November

6.2. Resolution 2010-51 – Authorize Amendment Extending Hennepin County Recycling Grant Agreement

6.3. Adopt Change to Personnel Policy Language to Health Savings Accounts in Employee Benefits (Policy previously approved by Council)

Taylor commented on the fire department budget for 2011; the increase for Minnetonka Beach is \$1,000, which is less than originally proposed. The increase is driven by three components; number of calls, property valuation and population. Although Minnetonka Beach property values have gone down, our property values have maintained better than the other communities the fire department serves.

Ferguson called out an amendment to what the new health plan is being called; it should be called a High Deductible Plan with a Health Savings Account (HSA) because they are two independent functions. Mayor Anderson authorized the deductible amounts Council approved to be deposited into the employee's Health Savings Account right away in 2011 to open the accounts and so funding would be available, if needed, for the employees. **(Taylor motion, Bartel second to approve the consent agenda items as amended; all ayes).**

7. Public Hearing – Water system Improvements – Priority Two - Central Section

Mayor Anderson said Council is trying to decide if Priority Two - Central Section should be added to the East Side Water Improvement Project. Because interest rates are historically low and construction costs are very favorable, what came out of the public hearings was Council should look at possibly doing Priority Two-Central Section, too.

Utilities Committee Chair Leonard MacKinnon said their committee looked at the infrastructure, age of the water mains and some of the design inadequacies which are obsolete. They looked at increasing flows for better fire fighting capabilities. From their research, they proposed three priorities:

Priority One - East Side Water Improvements which has had a feasibility study completed and plans and specifications have been authorized, and will ultimately lead to going out for bonding and construction bids. It provides looping of the watermain system and new piping in some areas.

Priority Two - Central Section is broken into three segments of new larger 12-inch pipe;

APPROVED

- Segment A** is the replacement of an 8-inch watermain from Northview Rd. to Woodbridge Road along Westwood Road and the Dakota Regional Trail alignment.
- Segment B** is a new watermain along the trail and Arcola Lane between the Woodbridge Road crossings. It proposes to abandon the 6-inch watermain in the bluff area along County Rd. 15. It requires a cost to homeowners to relocate their water service.
- Segment C** is the replacement of an 8-inch watermain on Woodbridge Rd. from Arcola Lane to near the water tower.

Priority Three is additional watermain looping on the west side of the city, but it is not being recommended at this time.

The projects could potentially improve water quality on dead end lines. The Priority Two segments will definitely create more substantial water flows from the water tower.

Administrator Susanne Griffin talked about the background and history of the proposed watermain improvements. City Council authorized the city engineer in October to prepare plans and specifications for Priority One - East Side Improvements. They also authorized the city engineer to prepare a feasibility study for Priority Two – Central Section, and they set a public hearing for Priority Two for this evening.

Darren Amundsen, Associate Engineer, Bonestroo, Inc., talked about the proposed Priority Two- Central Section project. Potential easements would be needed from the Hennepin County Regional Rail Authority and/or the Lafayette Club. He gave a summary of engineering recommendations. He said regarding Segments A & C there is no real immediate engineering reason to complete these two sections at this time; fire fighting flows are adequate at 500 gallons per minute. Reasons to do these segments at this time are the cost of money and construction costs being low. It is an old water main system and if not done, Priority Two will be the next water improvement project in line for the future. It will be the backbone of the water system flowing west to east. He said Segment B is different than A & C in that there are difficulties in getting to the hydrants for use or repair in the bluff area above County Rd. 15. There is potential risk for a washout of the bluff area and County Rd. 15 should there be a watermain break. Residents would need to connect to the new watermain with a service line into their homes because the old watermain on the bluff would be abandoned. Estimated costs for Priority Two are; Segment A \$210,459, Segment B \$309,947 and Segment C \$138,994. Total cost: \$659,400.

Julia Sharma, 2505 Lafayette Rd., asked about the requirement to connect with a new service line and what it would entail. Mayor Anderson said at an earlier Council meeting it was discussed that those homes would need to connect so the old lines could be abandoned. Ben Young said it is currently difficult to get into a number of the yards for repairs; some yards also have fences. He noted if water mains are in the streets the City can maintain them.

APPROVED

The city would be able to provide paperwork diagrams and a list of contractors, but Ben Young pointed out they could get a better deal by using one contractor for all the work like the Northview Rd. residents did on the earlier west side water project. Last week the city had directional underground boring contractor Red Peterson look at the proposed areas for new service connections. He gave an estimated cost of \$3,300 for a 165-foot directional boring of a water service line. In addition, it is estimated to cost \$600 to have a plumber connect from the new service line into a home.

Mayor Anderson said the city has heard from Arcola Lane residents Marty Reader and Tom Meskan asking the city not to do this segment because of the costs. Council also heard from Beach Lane resident Stephen Helland. There would be 11 homes affected in the proposed Segment B Arcola Lane area. Council discussed looking into a special assessment type of arrangement where the costs for affected homeowners could be rolled into the bond funding and paid back by the homeowner. Jon North, Ehlers & Assoc., said he will check with legal bond counsel to see if a special assessment for the service line borings would work, which then could spread out over the term of the bond or however long Council would set it. The benefit to the homeowner could be substantial because of low interest rates.

Dennis Klohs suggested having the city cover the cost of the service connection, with residents only paying the plumber to hook up to their homes. Mayor Anderson said that was not going to work because when the west side watermain along Northview Rd. was installed, those residents had to pay for their service connection moving the service from the lake side to the road. The service line boring would be looked into for special assessment, but the connection into the home would need to be paid by the homeowner.

Darren Amundsen reported there were ten soil tests taken from five holes, going down three feet. They found nothing to make them nervous contamination wise. If there were petroleum contamination it would be obvious because of odor. Should the city decide to do further screen testing of the soil samples it would cost \$100-\$150 per sample. Planning and Zoning Administrator Dick Krier recommended screen testing the soil samples to tell if there is any mercury. Mr. Amundsen didn't feel it was necessary. If contaminated soils were found, the city would have to report it and dispose of it properly. Mr. Amundsen recommended planning for any contaminate with a contingency of \$20,000 in the segments.

Council received a proposed project schedule. It is hoped construction completion would be in September 2011. Mr. Amundsen said they want to find existing utilities throughout the project areas to minimize change orders and they are currently having a problem finding gas lines. They need more time to work on easements. Kroll said she assumed it would be difficult getting around the city for graduations and weddings that are occurring. Mr. Amundsen said getting to and from the Lafayette Club for a week or so might be tough. Kroll wondered about starting the project later in the year and not have construction through the whole summer, but the cost could possibly be more if delaying until starting in August or the fall. Mayor Anderson said she is concerned that there may

not be a quorum for the March Council meeting and they are looking at not holding a March meeting because of it.

Jon North, Ehlers & Assoc., said it would take about a month to put together the rest of the plans for the bonding. General obligation bonds would be the type of bonds issued. He talked about how the debt service would be paid. In fiscal year 2012, the estimated impacts of the new debt service doing Priority One-East Side Water Improvements and Priority Two-Central Section Segments A, B & C would be \$22/mo in taxes/abatement on a \$500,000 home and \$49/mo. on a \$1 million home. The city's AAA rating will help with favorable interest rates. Mayor Anderson said she would like Ben Young to be the "front man" during construction.

Mayor Anderson closed the Public Hearing at 8:53 p.m.

8. Water System Improvements

8.1. Resolution 2010-52 Accept Feasibility Reports for Priority One, Eastside and Priority Two, Central Section

Mayor Anderson said Resolution 2010-52 authorizes accepting the water system improvement feasibility reports, authorizes the mayor to negotiate an engineering services contract with Bonestroo, Inc., and to negotiate easements for the water improvement project. Administrator Griffin said the resolution formalizes the process, but does not say the city is going ahead with the project. City Planner Krier said the resolution is written with the intent is to go forward with Priority Two-Central Section. On January 3rd Council would want to authorize plans and specifications for it. Mayor Anderson said she wants help negotiating the contract with the engineer.

City Planner Krier said first Council wants to make sure all the bases are covered, so all the information is listed in one spot (this resolution) so anyone could look at it and understand the intent. Second, the resolution is saying the city wants to proceed with both Priority One – East Side Water Improvements and Priority Two – Central 12-Inch Water Connection. Third, the city will follow Minnesota Statute Chapter 429 regarding publication and public hearings. Fourth, a public hearing will be held on the proposed water improvements before Council awards any construction contracts for the water improvements. Fifth, Council intends the water improvements costs, estimated at \$1,340,843, be paid from municipal bond revenues which would be redeemed from general ad valorem taxes and water service fees. It was recommended that special assessments be added to the fifth item of the resolution since special assessments are being researched as part of the bonding.

The final cost of the project is dependent upon doing all or part of the Priority Two segments. Leonard MacKinnon commented the engineer recommended Segment B over A & C from a needs standpoint. Council weighed doing all the segments now verses later. Bartel recommended Segments A & C if economics are considered. Taylor said the risk of a washout on the bluff is now known and should be a consideration. Mr. Amundsen said the benefit of Segment B is for flows and duration. Ferguson said trying to do Segments A & C later will cost more for the funding because of the smaller amount

of funds being requested. Mr. Amundsen said as an engineer he is amazed our water lines have last as long as they have. Mayor Anderson asked Council if they wanted to move forward with doing all three segments A, B & C. Ferguson said the Finance Committee advice was to also do the Priority Two-Central Section, all three segments. Taylor commented it would make it easier for residents if the option of a special assessment were available. Language regarding special assessments will be added to item 5 of the resolution. **(Bartel motion, Kroll second to approve Resolution 2010-52 Accepting Water System Improvement Feasibility Reports, Authorizing the Mayor to Negotiate Engineering Services Contract with Bonestroo, Inc. and Authorizing the Mayor to Negotiate Easements for Water Improvement Project with the addition of special assessments under item 5, page 2; all ayes).**

8.2. Resolution 2010-53 Review and Adopt Policy of Water Service Lines

City Planner Krier said Resolution 53 authorizes the city administrator to bring forth a policy requiring property owners to connect, within a time period, to the new water line, and for an amendment to Section 302 of the City Code of Ordinances that will provide discontinuance of service when a water line is abandoned and the homeowner fails to connect to the new or alternative water line. Ben Young has reviewed the resolution. He noted when there is a broken watermain that is on private property and there isn't an easement to get in to fix it, it can cause problems trying to reach property owners for permission; the city needs to get the water mains to the streets so they can be worked on easily. **(Bartel motion, Ferguson second to approve Resolution 2010-53 Review and Adopt Policy of Water Service Lines; all ayes).** Mayor Anderson directed staff to speak with Jon North about his discussion with legal bond counsel regarding having special assessments for providing services to private property as part of the bonding. Mr. North should bring the information to the January City Council meeting.

8.3. Consider Approval of Water Improvement Schedule dated 12/13/10

(Taylor motion, Bartel second to approve the water improvement schedule with elimination of the Environmental Screening on January 3, 2011; all ayes).

Council received a more detailed water improvements draft schedule. Mr. Amundsen said if the city were going to include special assessments in the bonding then there should be a feasibility study completed. Bonestroo, Inc. can provide the study which could be a brief document on what costs the homeowner would be responsible for and also the city's. It could also provide an estimate of the number of feet for each of the properties needing a new service line. Mayor Anderson directed Administrator Griffin to speak with our city attorney regarding whether we need to do a feasibility study if there are special assessments for private service lines.

9. Treasurer's Report

Treasurer Dennis Fischer asked Council to approve the checks for the month.

9.1 Approve Checks

(Bartel motion, Ferguson second to approve 49 checks, numbers 12538-12586 in the total amount of \$88,738.78; all ayes).

9.2. Year-to-Date Budget Report

Council received a 4M Fund activity confirmation showing a property tax settlement deposit from Hennepin County in the amount of \$369,956.61, received on 12/2/10. The balance after the deposit was \$867,786.92.

It was noted that as of this date the budget is over by \$25,000. Administrator Griffin reported there would be a few more bills paid before year end and Council would need to approve the checks at their January meeting. A question why Account 2732-Sewer Billing amount was doubled and Administrator Griffin will look into it and report back. She noted the \$20,000 for engineering work by Bonestroo would be wrapped into the bond issue and refunded.

9.3. Resolution 2010-54 Declare Treasurer Vacancy

Council received official notification that Treasurer Dennis Fischer, who won the 2010 election by write-in vote, has declined the Office of Treasurer. He said he would continue to serve by appointment until his replacement could be found. **(Ferguson motion, Bartel second to approve Resolution 2010-54 Declaring a Vacancy Exists in the Office of Treasurer as of January 1, 2011 and that the city will begin the process of filling the vacancy; all ayes).** Council directed the Beachcomber advertise for persons interested in being appointed as Treasurer to send notification of interest.

10. Planning and Zoning

There were no Planning and Zoning items.

11. Continuation of Truth in Taxation Hearing

Mayor Anderson opened the Continuation of the Truth in Taxation Hearing at 10:04 p.m. No comments were made by the public and she closed the hearing at 10:05 p.m.

12. Old Business

12.1. Ordinance No. 74 – Amending 2011 Fee Schedule – Resolution 2010-55, Authorizing Summary Publication of Fee Schedule

Administrator Griffin said residents received property tax notifications set from the preliminary budget and showed a 15% property tax increase. The budget included a 3% increase in the fire contract, a 9% increase in the police contract, along with an outstanding legal expense of \$40,000. Since the preliminary budget, changes and cuts to the budget were made and a new proposed budget was presented at the Truth in Taxation Hearing on December 6th.

The proposed budget moves from an approach where property taxes pay for some basic services to increased or new fees that accurately reflect the cost to provide that service. The proposed changes include new fees on the quarterly utility bills of \$6.00 for leaf pick up and \$7.17 for recycling. In addition, the charge for garbage pickup would increase from \$39.00 to \$63.00, and the water base fee would increase from \$15.00/qtr. to \$19.50. The quarterly increase on utility bills, including state tax on the garbage fee, would be

\$44.00. If the fee schedule were to be approved as proposed, there would not be an increase in property taxes.

Dock fees would remain at the increased amount of \$300, \$450 and \$600, depending on dock size. Council received an email from Dock Committee Co-Chair Lee Goehring asking Council to reconsider the increased amounts on dock permit fees. A letter was also received from David & Sandra Nielsen opposing the raised dock fees. Included in the dock expenses are maintenance, dock application fees, legal fund, and 15% of the administrator's salary and benefits for her time spent on dock administration. The LMCD levy has been removed from dock fee revenues.

The Park Commission budget shows a decrease from \$18,000 to \$14,000. Ben Young's time will be broken down to include 40% salary and benefits to parks, and 20% of the city clerk's salary and benefits would also be attributable to parks to reflect what it costs to provide service. They will be shown as a line item, but not added to the park budget amount.

Ferguson said the proposed budget is a real shift in the way we are approaching fees. He thought it should have gone through the Finance Committee first and he questioned if increasing fees all at once was the right thing to do instead of phasing in the full cost of services over time. He noted the water rates will increase with the proposed water improvements. Taylor commented that people with less property value will have a greater impact with the shift in fees. Administrator Griffin said there would be a property tax increase of 6.4% if fees were not increased. Mayor Anderson said when people buy property they look at the school district and the property taxes. She commented people have said it is tough to sell property with high property taxes and that all the other cities in the area go the fee route. She had thought about having the Finance Committee address fees early on, but they didn't feel at that time it was their role.

(Taylor motion, Bartel second to adopt Ordinance 74 Amending Section 112 Fees Payable -Appendix A the 2011 Fee Schedule; all ayes).

(Bartel motion, Taylor second to approve Resolution 2010-55 Authorizing Summary Publication of the Fee Schedule; all ayes). Because of the length of the fee schedule, it would be published in the newspaper in summary form with the full schedule being posted at city hall and the city website. The Beachcomber will also run the schedule. The new fee schedule will take effect on January 1, 2011.

12.2. Adopt 2011 Budget and Tax Levy – Resolution 2010-56

With adoption of this budget of \$1,050,342 the property tax levy certification would be \$765,595 and of this amount, \$109,794 is levied for GO bond debt (principal and interest) and \$655,800 is levied for general property tax. There would not be an increase in property taxes on the city portion of a homeowner's property taxes. **(Taylor motion, Bartel second to approve Resolution 2010-56 Adopting Final Budget and Tax Levy Certification for 2011; all ayes).**

12.3. Authorize Partial Bond Payment from Water Revenues in 2011 – Resolution 2010-57

Each year Council authorizes partial payment of the bond levy debt from the previous water project from water revenues collected. The city will use water revenue funds to pay \$34,390.12 of the scheduled total debt levy of \$144,184.70, leaving \$109,794.58 for the city's bond payments for 2011. **(Taylor motion, Bartel second to approve Resolution 2010-57 to Authorize Payment of a Portion of Bond Payments from Water Revenues; all ayes).**

Council Member Michelle Kroll left at 11:04 p.m.

12.4. Ordinance No. 75 Amendment – Establishing “Permit Parking Only” Zones

Council received an ordinance amendment for designating “permit parking only” zones by resolution. This will allow Council to set by resolution areas deemed necessary that require parking permits. The parking permits are available for residents at city hall. The Park Commission has recommended to Council to post the Ray Peters Park parking lot “Parking by Permit” in order to alleviate some of the problems residents are seeing. The problems have included drug and alcohol usage, usage of the hockey rink by non-residents to the point where younger residents feel intimidated and don't get ice time, and parking lot congestion so parents can't get to the rink to pick up their kids. **(Bartel motion, Taylor second to approve Ordinance 75, Amending Section 601 Parking Regulations of the Minnetonka Beach City Code; all present aye).** The ordinance will be published on December 18, 2010, with an effective date of December 19, 2010.

12.5. Resolution 2010-58 – Designating “Permit Parking Only” Zones

The resolution designates specific zones for “Permit Parking Only”. Listed on the resolution are three areas currently posted as Permit Parking Only: along the side of Lafayette Rd. on the side of swimming beach park from County Rd. 15 (adjacent address 2552 Lafayette Rd.) to the curve (adjacent address 2532 Lafayette Rd.); a 600-foot section along the side of Lafayette Rd. from County Rd. 15 (along the side of Lafayette Park); and along the side of Woodbridge Rd. across the street from the Lafayette Club maintenance entrance to adjacent to address 2651 Woodbridge Rd. In addition, the resolution lists the parking lot of Ray Peters Park. The Beachcomber will notify residents again of the need for a parking permit at Ray Peters Park parking lot. The Park Commission recommended no temporary parking permits be given out for the Ray Peters Park parking lot. **(Taylor motion, Bartel second to approve Resolution 2010-58 Designating “Permit Parking Only” Zones; all present aye).**

13. New Business

13.1. 2011 Council Meeting Calendar

Council received the proposed 2011 meeting calendar. Council may not meet in March if there isn't a quorum. **(Bartel motion, Taylor second to approve the proposed 2011 meeting calendar; all present aye)**

14. Staff Reports

14.1. Director of Public Works reported:

- He has been plowing a lot of snow. Because of the ice storm on a recent Sunday morning, he had to back the truck in order sand roads. Due to the very slippery conditions he took out two mail boxes which he will be repairing or replacing in the spring.
- The computer screen on the panel at the water plant went out and had to be repaired by the Connelly Company at a cost of \$2,500.
- He started flooding the skating rink last week, but not enough frost was in the ground for making good ice yet.
- A window in the back of the city truck was broken out. He was closing the tail of the truck when the snow blower propelled forward into the middle window panel. The window will be replaced.

14.2. Clerk's Report

No report given.

14.3. Administrator's Report

City Administrator Susanne Griffin reported city hall will be closed on Friday, December 24th and she had spoken with Mayor Anderson about closing at noon on Thursday the 23rd. There were no objections to closing early on the 23rd and staff will get information out to residents about the holiday hours.

15. Council Reports

15.1. Mayor's Report

Mayor Anderson said the Civic Holiday Tea held earlier in the month was wonderful and she noted the number of new residents involved in the event.

Mayor Anderson said she attended the Orono Police Commission meeting; they have eliminated staff and one squad car. The meeting focused on drug enforcement. She asked staff to let Civic know a police officer would be available to speak regarding drug enforcement at their spring educational presentation, if they wish. Also, if Civic wants to pursue having a smashed car at the presentation, the request needs to go through Mothers Against Drunk Driving (MADD) and the police can help with getting the car. There would be a \$300 towing fee.

The police department is \$50,000 under budget for the year and a refund may be coming and on next year's budget.

15.2. Council Liaison Reports

Bartel said the Planning Commission is still working on side setbacks before any new ordinance goes to Council. Mayor Anderson said she hopes something can come to Council before the 2011 building season.

16. Adjournment

(Bartel motion, Taylor second to adjourn the meeting at 11:32 p.m.; all present aye).

Public Present:

Patty Rezabek, Julia Sharma, Leonard MacKinnon, Jon North, and Dennis Klohs.

Note: The above list is not a complete list as not everyone signed in.

Staff Present:

City Administrator Susanne Griffin, City Clerk Marilyn Regnier, Public Works Director Ben Young and Planning & Zoning Administrator Dick Krier. Minutes recorded by City Clerk Regnier.