

Monday, January 9, 2023 6:00 PM
CITY OF MINNETONKA BEACH
CITY COUNCIL MEETING MINUTES

Roll Call: Mayor Joe Pagano; Council Members: Tracey Breazeale, Chris Dovolis, Jennifer Halverson, and Treasurer Chris Zinn. Absent: Vibhu Sharma

Staff Present: City Administrator Heidi Honey and City Clerk Jane Burgess

Guests:

1. Mayor Pagano called the meeting to order at 6:00 p.m.

Pagano thanked the approximately 60 residents who serve in some capacity in the City. He added that volunteerism is a big part of the character of this community.

2. **Clerk Burgess led the Pledge of Allegiance**

3. **Approve Agenda**

Breazeale requested that the agenda be amended to move item 8.10, Resolution 2023-08 Authorizing Summary Publication of Ord. No. 138, 2nd Series – 2023 Fee Schedule, to Old Business because there is not a full council present at this meeting to vote that the ordinance be published in summary rather than in full. Breazeale also requested that Item 8.11, Resolution 2023 – 09 Authorizing Summary Publication of Ord. No. 137, 2nd Series – Recreational Vehicles be removed from the Consent Agenda to be discussed at a future meeting when full council is present.

Breazeale motion, Halverson second to approve the amended agenda moving Item number 8.10 Resolution 2023-08 from Consent Agenda to Old Business and publish the ordinance in full, and move Item number 8.11 to a future meeting when full council is present. All ayes, the motion carried.

4. Approve Minutes –

4.1. Truth in Taxation Meeting of December 5 and December 12, 2022

Breazeale motion, Halverson second to approve the Truth in Taxation meeting minutes of December 5 and December 12, 2022. All ayes, the motion carried.

4.2. Regular Meeting of December 12, 2022

Breazeale motion, Halverson second to approve the December 12, 2022 City Council Regular meeting minutes. All ayes, the motion carried.

5. **Open Forum** opened at 6:04 pm. No comments.

6. **Old Business**

6.1. DNR Code Compliance

Pagano stated that council's focus for this project is to be on tone setting for the year, and there are three objectives in his Code Compliance Update presentation. The first is to acknowledge the stellar work that the DNR Code Compliance Task Force has done. The second is to emphasize the importance of the meeting on January 23rd, where the Planning Commission will see all the work the task force has done and how it is coming together. Based on all the detailed and organized information the task force supplied to Administrator Honey and Planning Commission Chair Jeff Breazeale, Pagano stated that the task force has conducted a tremendous amount of extensive research and evaluation for this project, and they have a very solid relationship with the DNR. Pagano added that the group has put in well over one thousand hours of work which has saved the City a tremendous amount of money in outside services fees. Pagano stated that the task force had meetings with key stakeholders pointing out the issues and their approach, and provided

the Planning Commission and City Council with written updates of their work in DNR Code Compliance. He noted that the task force resolved the ADU compliance issue in the City.

Pagano's presentation also included a summary timeline of information beginning in 1996 when Minnetonka Beach's Land Use Ordinance was compliant with the DNR Ordinance, and also compliant with the City's 1992 agreement with the DNR. It went on say that from 1996 – 2021 code updates occurred in Minnetonka Beach, but the DNR was not informed of them. In 2021, an ADU request by a resident triggered the DNR to see that the City was not living up to the terms of the 1992 agreement. In 2022, the DNR informed the City of the process that needs to occur to become compliant again. The Planning Commission and task force worked together in 2022 to identify what needed to be done and created a process for resolving the situation. Pagano concluded that council is requesting an update from the January Planning Commission meeting at the February council meeting.

Zinn stated that he agrees that a thorough update of the complexity of this project is valuable especially for new council members.

Halverson stated that in coming off Planning Commission, she has a good understanding of the task force and the work they have done. She added that she feels it is important for Planning Commission to continue to focus on DNR compliance before scope is increased. She is happy to work with them in any way.

Breazeale stated that she is thankful for the background Pagano provided, in simple, understandable terms. She added that she is glad the task force's research is coming to fruition and looks forward to seeing the task force's research and findings. She is also interested in seeing the different time periods and where the City has been compliant and non-compliant, and priority setting for determining which areas to achieve compliance first. She stated that she is glad this is all being discussed and thanked the task force for their hard work.

Dovolis stated that it sounds like the task force has a great relationship with DNR, and he asked if the DNR is comfortable with the time frame for getting the City's code in order. Pagano answered Dovolis' question by stating that he believes that the DNR understands that this could take a year to resolve, and they are flexible. Dovolis also asked what happens with variance requests during this time? Is the DNR fine with the City using the code as we have it? Pagano stated that the DNR understands that the City is working on this and the ADU ordinance was amended. He added that the task force should be asked this question as to what the standards are.

Swanson provided an update that included that this project the task force is doing will take a year and there will be regularly scheduled meeting updates on City Council agendas. She added that the City needs to honor commitments made to the DNR, and she hopes that the Planning Commission will examine DNR rules when considering variance requests.

6.2. Resolution 2023-08 Authorizing Publication of Ord. No. 138, 2nd Series – 2023 Fee Schedule

Honey explained that this item was moved off the Consent Agenda to Old Business since there is not a full council at this meeting, which is required to publish this ordinance in summary form. The ordinance will now have to be published in full. Zinn asked for confirmation that this is the fee schedule that was approved in 2022 by prior council. Honey confirmed that it was.

Breazeale motion, Halverson second to publish the 2023 Fee Schedule in full. All ayes the motion passes.

7. Finance

7.1. Consider Recommendation on Utility Rate Study from Finance Committee Meeting of January 4, 2023
Zinn stated that in 2022 the City engaged Ehler's to do a utility rate study to see how the City can potentially pay for a new water treatment plant, along with other infrastructure items including fire hydrants. Zinn stated that Ehler's did a great job on the study and provided the City with recommended financing options. The Finance Committee agreed with their recommendations last Wednesday. The new Water Treatment Plant is now estimated to cost \$6.5 million for everything. Zinn added that there are three ways to finance the

project. One is with water revenue, which most big cities do, but Minnetonka Beach is small. He added that the City was able to finance the new water tower with water revenue, but the costs for a new water treatment plant are too large to finance with all water revenue. The City will need a combination of funding sources to meet the debt service for this project. Ehler's recommended increased water usage fees, a new quarterly Water Treatment Plant fee for all residents who use Minnetonka Beach water, and general obligation tax levy, to get to the numbers the City needs for this project. Zinn stated that this is the most equitable plan.

Honey stated that this plan will cost approximately \$2,000 per household annually for 20 years, with costs being relative to residents' property tax amount and water usage. For homes with lower property taxes and who use less water, their annual cost will be less. Zinn and Honey explained they don't need any action on this item at this meeting as they wanted to provide a summary report of the outcome of Ehler's study with their financing recommendations, which were supported by the Finance Committee, and to seek council support.

Zinn stated that the City is spending approximately \$600,000 - \$700,000 this year in design and engineering costs for the new plant. Ehler's recommends that the City have two bond issuances for this project with the first one in 2023 for approximately \$2.5 million this year for design and engineering costs. Once more defined construction costs are determined, the City will bond for those costs. Over time, the City can reduce the levy amount if there is good water revenue. Or, the levy could go up if water revenue is not enough.

Breazeale asked when the increased rates will start, and asked what communication will be sent out to the community regarding this. She asked if the communication will include why the City is building a new water treatment plant and that this will help fund it. Honey said the higher water rates and new water treatment plant fee began in Q1 2023, and are included in the 2023 published fee schedule and Summary Budget on the City website, the Beachcomber and in the Laker Pioneer this weekend issue. Honey added that there will also be an educational insert in the Q1 utility bill that will be generated the first week of April.

Dovolis asked if state funding is still an option for the water treatment plant, and Honey stated that she will be working with Andrew Myers at a legislative level to provide him with numbers and keep moving funding options forward. She added that at least the bonding process will be in place in case the City does not receive any funding.

Zinn stated that the City needed to begin engineering and design development now, so that the groundwork will be done and the project ready to roll when and if funding should happen. Honey added that the plant's design will be done and then the City's financial experts can watch the market for best rates. Zinn noted that maintenance for the current 65-year-old water treatment plant is costly. Replacement filters for the existing plant cost about \$100,000 and cannot be used elsewhere.

Halverson stated that the Finance Committee members are all in agreement about the new water treatment plant project, and they had a great meeting about it.

7.2. Financial Dashboard –

Zinn presented highlights from the dashboard looking at year end over year end for this month. The City collected \$473,000 of the General Levy for the October payments. He stated that the majority of the City's money is earning a decent interest rate at 3.93%. Ehler's made investments in CD's for the City at a good rate. He cited some of the larger AP checks that were issued including the Bond Trust Services principal and interest payment of \$310,000, and Ehler's \$10,000 payment for the utility rate study. Zinn added that legal and zoning expenses will be lower in 2023 than in 2022 and recent prior years, and the Audit will take place on January 12th and 13th. Zinn stated that he will ask Bridgewater Bank for better interest rates.

7.3. Summary Report of City Finances – Year to Date: Unaudited December 2022 Budget Review

Zinn stated that the City's net income was \$92,287 actual, so less was spent than taken in for 2022. The City usually shows a positive net income. Zinn and Honey are looking at accounts on a Fund Accounting basis and they have improved this process.

8. Consent

- 8.1. Police Report – December
- 8.2. Fire Report – December
- 8.3. Resolution 2023 – 01 Appoint Bridgewater Bank as Official Depository for 2023
- 8.4. Resolution 2023 – 02 Designate the Laker Pioneer as the Official Newspaper for 2023
- 8.5. Resolution 2023 – 03 Weight Restriction Exemptions
- 8.6. Resolution 2023 – 04 Approve Employee Floating Holiday
- 8.7. Resolution 2023 – 05 Set 2023 Board of Review Date for April 10, 2023
- 8.8. Resolution 2023 – 06 Annual Appointments
- 8.9. Resolution 2023 – 07 - 2023 Staff Wages (as approved in 2023 budget)
- 8.10. Stantec 2023 Rates
- 8.11. Approve Checks: Final December 2022 and January 2023
- 8.12. Council Meeting Action Notes

Breazeale motion, Halverson second to approve the Consent Agenda. All ayes, the motion carried.

9. Staff Reports

9.1. Administrator's Report

Honey stated that it has been a very busy month at City Hall with all the year-end activities. She welcomed Mayor Pagano and Council Members Halverson and Dovolis, and stated that she is excited to work with them in their new volunteerism roles in the City. She added that they will all be great additions to City leadership.

She thanked Burgess for all of the work she did in planning Mayor Lindstrom's reception and there was a great turnout.

Honey's items of note included that the City's server was down for almost three full days last week which made it very difficult for staff to access any documents. The City's IT expert, Craig Rackley, fixed the problem and Honey had him install a new hard drive this week. She stated that she will have Rackley look to see if anything is needed to prevent this from happening again.

Honey stated that she updated the 2023 final budget, the CIP and fee schedules for posting and required reporting. She also updated the bank and investment account institutions with the new signatories. She worked on outstanding, non-compliant projects for proper submittal of materials to issue permits or maintenance agreements. She also held a Finance Committee meeting and worked closely with Mayor Pagano to update him on current issues and projects in the City. Honey added that she completed HR related items for 2023 including employee contribution, benefits, and insurance updates. She completed most of the audit requests for Abdo to conduct their audit later this week, and told council members and Mayor Pagano that they are welcome to speak to Bonnie at Abdo as she conducts their audit if they have questions. She worked with the City's bookkeeper Lynette Rohde, to reconcile bank, investment, and bond accounts for 2022. Together, they worked on the online QuickBooks conversion. Honey completed training binders for newly elected officials and will hold a training session with them on January 11th. She concluded that she will be submitting a PERA Exclusion report, Budget Summary to the State Auditor, MN Pay Equity report, Comp Time Conversion report, Outstanding Indebtedness report, and Tier II Homeland Security reports by the end of the month.

9.2. Clerk's Report

Burgess stated that she completed several projects in addition to her regular city clerk duties including compiling every piece of messaging to residents where information on the tree preservation ordinance and tree removal moratorium was included. This was in response to a resident who circulated a petition obtaining signatures hoping to amend the tree preservation ordinance and also stated that she did not know about it. Burgess stated that there was a great deal of messaging disseminated to the community via the weekly SPLASH! Eblast, Beachcomber newsletter, City website, Shoreline Drive message board, utility billing inserts, and the Tree Preservation Task Force's education session they held. Burgess added that it was a great project planning Mayor Lindstrom's open house, and it was wonderful that it was so well attended.

Burgess stated that she completed many reporting projects in the new year to the county, state, Dept of Labor, and more and spent a great deal of time with the general transition from 2022 to 2023 in the office, the website, and the Shared Drive. She added that it has been great working with the newly elected officials, answering their questions and providing them with necessary resources and conference registration. She and Gage created and mailed the new 2023 resident directory with pertinent forms included in the mailing along with the 2023 City meeting and event calendar. She stated that she is processing the renewal of the Lafayette Club's liquor license and still working on post-election-related activities. Burgess completed council minutes, Park Commission agenda and packet with Petersen as chair, helped obtain two new commissioners, and helped Gage with her Q4 utility billing, troubleshooting and reporting.

9.3. Public Work Superintendent's Report

10. Council Reports

10.1. Mayor's Report

Pagano said that he will simplify and focus on key items, emphasizing volunteer work. There are numerous open slots that need to be filled by resident volunteers. He noted that this kind of engagement in city government is beneficial for community volunteers and leads to the development of friendships as well. He added that he will try to get more people to volunteer in the various areas needed when he is out and about in the community and encouraged council members to do the same. He looks forward to working together on important issues, but also with a light-hearted manner and having fun doing so.

10.2. Liaison Reports

Breazeale – She stated that Park Commission did not meet yet this month due to the snowstorm. Parks did not meet in December but enjoyed an informal dinner together. The Civic Committee planned the holiday Tea & Toddies open house on December 11th and over 80 residents attended. Pagano thanked Breazeale for hosting this event. Breazeale stated that the Civic Committee will meet this week.

Dovolis – no report

Halverson – no report

Sharma - absent

11. Adjourn

Halverson motion, Dovolis second to adjourn the meeting. All ayes, the motion carried.

The meeting adjourned at 6:54 pm

PUBLIC IN ATTENDANCE – Nell Mathews, Jack and Madeline Foss, Susan Swanson, Jace and Lori Dovolis, Bryan Halverson, and Joann Anderson.

Respectfully submitted,

Jane Burgess, City Clerk