

**Monday, June 12, 2017 7:00 PM**  
**CITY OF MINNETONKA BEACH**  
**CITY COUNCIL MEETING MINUTES**

**Roll Call:** Mayor Mike Taylor; Council Members: Jill Bartel, Paul Kozloski, Jaci Lindstrom and Andrew Myers; Treasurer Steve Howarth.

**Staff Present:** City Administrator Susanne Griffin and City Clerk Heidi Honey

**Guests:** Police Sargent Kenneth Beck; Three Rivers Parks District Representative Zachary Hway

**1. Mayor Taylor called the meeting to order at 7:00 p.m.**

**2. Administrator Griffin led the Pledge of Allegiance.**

**3. Approve Agenda for the June 12, 2017 City Council Meeting.**

Council Member Bartel asked to move 11.1 Resolution 2017-26 – Investment Advisory with Ehler’s Investment Partners and 11.2 Finance Committee Recommendations on Investments and Investment Policy after item 7. Guest Speakers as items 8.2 and 8.3 so Jack Fay from Ehlers does not have to stay through the meeting. She also asked to remove item 11.6 Resolution 2017-28 Encroachment Easement at 1906 Beach Lane because it has been postponed. Treasurer Howarth asked to add the contents and discussion from a meeting on Thursday, June 8, 2017 with Nell Mathews regarding Sambatek billing to New Business as new item 11.4.

**A motion was made by Council Member Lindstrom and seconded by Council Member Bartel to approve the agenda as amended. With all members voting in favor, the motion carried.**

**4. Approve Minutes –**

4.1. Regular Meeting of May 8, 2017

Council Member Bartel asked for clarification on the bottom of page two. The reference to planting flowers or grass was supposed to be by the wall on Northview by the Kozloski’s not the library. Clerk Honey will edit it.

**A motion was made by Council Member Lindstrom and seconded by Council Member Myers to approve the May 8, 2017 Regular City Council meeting minutes as amended. With all members voting in favor, the motion carried.**

**5. Police Report**

5.1. **Police Report – May 2017**

Sgt. Beck reviewed 10 service calls including 2 false alarms, a DUI arrest, three public assists, two medicals, and an identity theft. The number of DUI arrests are increasing dramatically in June.

5.2. **Three Rivers Park District – Dakota Trail Representative – Zachary Hway**

Representative Hway reported that they have been issuing stop sign related citations and verbal warnings on the trail. Their focus is stop sign violations and educating the public. He explained that the officers have discretion when issuing citations or giving verbal warnings. Their decision usually depends on the speed, repeatedly going through stop signs or multiple offenses. Council expressed

concerns about groups of riders on weekend mornings traveling at high speeds and high speeds in general.

**6. Open Forum – no comments**

**7. Guest Speaker**

**7.1. Westonka Historical Society – Pam Myers**

Ms. Myers highlighted that they are in a good position fiscally from tours and a donation challenge match at the end of the year. During the month of January, the website had 1,176 separate visits. In June, the website traffic increased to 2,390 visits due to videos posted to their website and YouTube by a volunteer. On September 23, they are planning to have an antiques roadshow with hired appraisers called Treasures Uncovered.

**8. New Business A**

**8.1. Resolution 2017 – 26 – Investment Advisory Agreement with Ehler’s Investment Partners (Tabled at May meeting) – Jack Fay, Ehler’s**

Treasurer Howarth summarized the Finance Committee meeting discussion prior to the Council meeting and had the following items for Council’s consideration: 1) recommendation for an investment policy; 2) recommendation to utilize Ehler’s Investment Partners; and 3) evaluation of four investment portfolios. The investment agreement was reviewed by City Attorney Wally Hilke and Ehler’s chief compliance officer. Fees are adopted on the schedules in the portfolios and deducted from the interest. Treasurer Howarth stated that the Finance Committee recommended Portfolio #2. Fay and Council discussed historical cash balances and Fay reviewed the four portfolios. Council discussed terms and rates. Fay emphasized that when investing city money, the focus is safety first, then liquidity, and then yield.

Howarth stated that the Finance Committee ruled out Portfolio #4 and thought Portfolio #1 had too short of a term. They decided that Portfolios #2 and #5 were the best options. They recommended Portfolio #2 because it was the most balanced of the options offering both short-term and long-term benefits.

Kozloski recommended Portfolio #1 because interest rates may go up.

**A motion was made by Council Member Myers and seconded by Council Member Bartel to adopt Resolution 2017-26 Investment Advisory Agreement with Ehler’s Investment Partners. With all members voting in favor, the motion carried.**

**8.2. Finance Committee recommendations on Investments and Investment Policy**

Chair Howarth stated that the proposed policy in the packet was compared with other policies from the City’s accountant and it best fit the needs of the City. He proceeded to review the policy with Council. Council discussed removing the attachments.

**A motion was made by Council Member Lindstrom and seconded by Council Member Myers to adopt the investment policy with the deletion of item # VIII. Attachments. With all members voting in favor, the motion carried.**

Howarth asked if Council had any concerns or questions on the portfolios. He explained risks, investment rates and ladder CDs. Fay agreed with Kozloski that short term rates have been

increasing and he offered another option which would be a three-year portfolio and then lock into a four- or five-year portfolio. Lindstrom was averse to risk with City money and preferred Portfolio #2. Bartel agreed with the Finance Committee's recommendation for Portfolio #2. Myers trusted their recommendation as well. Kozloski wants to see the City make more money in its investment and favored Portfolio #1. Fay said that Portfolio #1 and Portfolio #2 are the same for the first three years, and the risk is the rate for the 4<sup>th</sup> and 5<sup>th</sup> years.

**A motion was made by Council Member Lindstrom and seconded by Council Member Bartel to approve Portfolio #2, with a five-year ladder as presented by Ehlers. With all members voting in favor, the motion carried.**

## **9. Public Hearing**

**9.1. Evidentiary Hearing on Possible Violations of Nuisance Ordinance – 2328 Lafayette Rd.** Administrator Griffin stated that a letter was sent Certified, Return Receipt to the resident notifying him of the Evidentiary Hearing. The resident was notified of the letter by the postal service but he never picked it up and the letter was returned to the City. City Attorney Hilke recommended that the resident be personally served the notice and the hearing be postponed until July.

**A motion was made by Council Member Bartel and seconded by Council Member Lindstrom to postpone the Evidentiary Hearing until the July City Council meeting so the resident can be served the notice. With all members voting in favor, the motion carried.**

Council decided that Administrator Griffin should research who will serve the notice on the resident.

## **9.2. Stormwater Pollution Prevention Program (SWPPP)– Annual Report and Public Hearing**

Administrator Griffin said the SWPPP is a required annual hearing under the MN PCA MS4 permit and water quality management program. The purpose of the public hearing is for the public to give input on the program. A letter in the packet explains the SWPPP as well as the results of the audit from 2016. Lindstrom asked if they can remove the public education requirement because they fall short. Griffin stated that she is keeping track of the number of materials dispersed to residents and has incorporated procedures for a training program for part time employees. The requirements are now satisfied.

Mayor Taylor opened the hearing at 8:20 pm. No comments. Mayor Taylor closed the hearing at 8:21 pm.

## **10. Commission Reports**

### **10.1. Civic Committee**

Lindstrom said the Progressive Dinner attendance was high. The committee discussed items they wanted placed on the CIP and most were related to concerns for the safety of children. There is a long, blind corner by 2315 Lafayette Road caused by a high hedge. They requested a speed bump be placed there this summer. Griffin stated that items two through five under the Capital Improvement heading in the Civic Committee minutes are part of the transportation study. Planning Chair Orehek said he understands the concern at that location but feels it would be biased if he recommended speed bumps there because there are a lot of concerns throughout the City. He suggested trimming the bushes to help the situation. Public Works Director Young said he thinks

the bushes are on the Melin property. Myers and Mayor Taylor thought it would be a good first step to have Administrator Griffin send a letter to Melins asking them to trim the hedge.

#### 10.2. Planning Commission

Chair Orehek reported on the May 22 meeting. Craig Moriarty and Jeff Breazeale were appointed to the Planning Commission. The commission reviewed the proposed zoning amendments and the final list of issues that still need to be addressed. The action was for all commissioners to review the entire zoning code update for discussion at the June meeting. The goal is to have the final draft after the June meeting but it may take more time due to the turnover of commissioners. During the lakeshore setback discussion at the April meeting, they only received feedback from a few residents who were concerned that the overlay creates more buildable property for lakeshore owners which may affect lake views. Orehek said the proposed solution can be adjusted and is still on the table for discussion. He went on to explain that they have been looking for a simpler solution to define the setback line for a long time. Myers suggested Gozola send the original memo showing the three to four options to determine the setback and how they decided to pursue the overlay district. Administrator Gozola will work to address homeowner concerns of those who were negatively impacted by the proposed overlay. The revised final version will be presented to Council.

Orehek went on to discuss the Safe Crossing Subcommittee meeting. They reviewed documentation from past meetings and the process moving forward. A proposed draft safe crossing location and bike lane designed by Orehek is in the packet. The City would be responsible for a proposed path to get to the crossing location. Council discussed potential access locations on the trail and park side. Three Rivers Park District will be involved in the discussions. Hennepin County Representative Byers said the safe crossing could be done in stages. Kozloski was not aware that the City would incur related expenses for access to the crossing. Howarth expressed concerns about the proposal.

#### 10.3. Park Commission

Chair Forbes reported that they are continuing to trim and replace trees and engage the gardener. The new beach maintenance service is working out well. Half Moon Park should be completed in the next couple of weeks. He went on to summarize their CIP discussion. Parks is focusing on maintenance and managing contracted services instead of embarking on new initiatives. They recommend continuing EAB funding for treatments and replacements. He then discussed the stone wall on Northview Road near the library which may have a spring under it and is deteriorating. It was inspected by Engineer Amundsen and the proposed plan is to redesign the wall and install new drainage for \$64,800. Most of the stones will be reused. The park commissioners thought this project was outside of their area of expertise and suggested it be dealt with as a City infrastructure problem. Council discussed the wall on Northview near Kozloski's home which does not have the same drainage issue but could be checked and have some plantings around it. Council discussed getting additional bids for the wall for a more accurate amount for the CIP. Public Works Director Young said four to five parts of the wall have fallen over and he keeps putting them back. Every year it deteriorates more. He explained that there is a catch basin under the rock and they would install a new pipe and culvert, a new catch basin, and curb. Forbes will forward the proposal and any additional information to City Hall. Young will talk with Amundsen and get bids for the related road work.

Forbes went on to say their biggest challenge is not having enough time given the scope of their responsibilities and they would love to have additional people on Parks. Rezabek explained that a

lot of playground installation problems at Half Moon Park were due to weather in 2016. It was very wet and muddy and they needed to install a drainage system. Grading, seeding and the straw mat were completed today.

#### **10. Consent Agenda**

- 10.1. Fire Report – May
- 10.2. LMCD Preliminary Budget
- 10.3. City Assessor Contract Renewal
- 10.4. League of MN Cities Insurance Trust Tort Liability Waiver
- 10.5. Rules of Procedure for Parks, Planning, Utilities and Finance

**A motion was made by Council Member Lindstrom and seconded by Council Member Bartel to approve the Consent Agenda. With all members voting in favor, the motion carried.**

Howarth asked if the City Assessor, Rolf Erickson, has provided an analysis of his appraised value versus actual sold value for Minnetonka Beach homes. Howarth asked Griffin to have Assessor Erickson generate a report of appraised value versus sold price over the last year. Council discussed if the City receives a report on valuation changes made at Hennepin County if no changes were made by the Board of Appeal. Council would like to know about any changes resulting from tax court and the county board of appeal. Administrator Griffin will find out how to get a report.

#### **11. New Business B**

- 11.1. **Resolution 2017 – 27 - Police Service Contract with Orono Police Department**  
Mayor Taylor referred to the proposed contract in the packet which has been reviewed by the city attorney and forwarded to the Orono Police. Lindstrom asked about excess funds in the Police CIP. Mayor Taylor explained that if the balance is more than \$100,000, money would be returned to the City. Chief Farniok presented their capital expenditure plan at the last Police Commission meeting and they predict a negative \$4,000 balance in their capital expenditure plan over the next three years. Taylor reviewed terms and cost of services. It is \$141,000 for years one and two, and cost increases for years three – five are based on union wage increases not to exceed 5%. Kozloski asked about major expenditures. Taylor said if the state mandates capital expenditures, they would ask the cities to vote on those items. Howarth estimated it is a 20% reduction for the City.

**A motion was made by Council Member Lindstrom and seconded by Council Member Bartel to adopt Resolution 2017 – 27 the Contract for Law Enforcement Services with the Orono Police Department. With all members voting in favor, the motion carried.**

- 11.2. **Public Works Superintendent Position: Outsourcing Discussion, Hiring Process** Mayor Taylor said Administrator Griffin divided the list of Young’s responsibilities into streets and maintenance services and water/sewer. Specialized licensing is required for some water and sewer services. Administrator Griffin received bids for outsourcing key parts of his responsibilities. Costs for the services were shown on the labor cost analysis sheet in the packet. Council analyzed costs for three scenarios: a public works director with all responsibilities like it is today, outsourcing all responsibilities, and outsourcing licensed water/sewer responsibilities and hiring the someone to do the remaining responsibilities. Howarth brought up the cost of equipment associated with insourcing. Kozloski had concerns with the proposed salary and numbers. Taylor explained they are for analysis purposes only and that they used the midpoint of the pay range from the pay equity study. Public Works Director Young thinks partial outsourcing could work but costs would be \$4,000 to \$5,000

more than the \$7,200 quoted by People Service because of emergency situations and hydrant flushing. People Service charges \$75 to \$100 per hour. Council agreed they did not want to outsource all responsibilities due to cost and service and directed Administrator Griffin to post the job with full responsibilities and list the pay as based on qualifications instead of a pay range. If they do not get qualified candidates, they can consider outsourcing water and sewer. Young emphasized that they need to hire a service oriented person.

**11.3. Consider Grant Application to Minnesota Historical Society for Historian Valuation of Water Tower**

Council Member Myers explained that the grant application is to hire an historian to evaluate the water tower for placement on the National Registry. The historian would then provide an evaluation which would be submitted to the National Registry for consideration if Council decides to pursue that option. The \$5,675 covers the fee for the historian. Council Member Lindstrom recognized that there will be a lot of data the historian will need to get from city staff.

**A motion was made by Council Member Lindstrom and seconded by Council Member Bartel to direct Council Member Myers to submit the grant application to the Minnesota Historical Society for historical evaluation of the water tower. With all members voting in favor, the motion carried.**

**11.4. Concerns regarding Sambatek Invoicing**

Howarth said he and Mayor Taylor were contacted by Nell Mathews regarding concerns that she had with Sambatek billing. He paraphrased from a letter that stated her expectations, and he summarized her list of eight concerns and allegations related to zoning charges.

Howarth went on to say that he, Mayor Taylor, Council Member Lindstrom and City Administrator Griffin had a brief meeting with Mathews where she expressed her billing concerns. Howarth is not suggesting there has been any inappropriate billing because more details are needed prior to reaching any conclusion. Lindstrom agreed she would need more time to understand the billing concerns. Mayor Taylor suggested reviewing the contract to see if Sambatek is billing per the contract and reviewing the charges for accuracy. The City needs to investigate the allegations.

Nell Mathews asked to speak. When she initially met with the City, she had not completed her analysis of the Sambatek bills and she indicated that she would finish her cross reference and analysis and provide a final report when it was complete. The analysis now includes tables, graphs and specific quotations from bills instead of summaries which she will provide for them to use for investigation.

Griffin stated that the current process is that she reviews bills and determines who is responsible for the expense (city or resident) and if there is a related project.

Howarth recommended that he and at least two other council members meet with Mathews to review her data and the top 2-4 examples of her concerns to identify if there is an issue or not. Mayor Taylor summarized that there was an assertion made by resident regarding multiple projects that appears to require more investigation. Council discussed seeing the letter which states the allegations. Mathews spoke up and said that the letter was a draft she used as a reference for the initial meeting. She did not ask that this be on the agenda because it is incomplete. Griffin verified that the draft letter is now

public record. Council discussed if they should meet with Administrator Gozola to get clarity to the questions prior to reporting back to Council.

Council discussed the amount of time it may take to review the materials to determine if there is or is not an issue. Kozloski was supportive but insisted on a focused research project so they don't spend weeks upon weeks on it. Myers asked Mathews what she wants. She stated that she wants to meet with someone from Council so she can explain it and then the City can decide if they think there is a concern or not. She expects them to review her complete analysis prior to their meeting and do their work cross analyzing the data. Kozloski wants to be sure they will be reviewing objective data. Bartel recommended that the Treasurer, Lindstrom and Mayor Taylor meet and do whatever they need to do to find out if there is a problem. It's a preliminary fact-finding assessment. Kozloski agreed with Howarth that they need to talk with Gozola to have all of the information. He verified that Howarth, Lindstrom and Mayor Taylor will meet with Mathews, talk with Gozola and report back to Council.

## 12. Old Business

### 12.1. Code of Conduct

Commission Member Kozloski supplied a template code of conduct at the previous Council meeting and Council directed input to be sent to Griffin. She did not receive any input. Bartel and Lindstrom suggested using the provided template and customizing it for the City. Council discussed item b. regarding financial interests and decided it needs to be more readable. Howarth asked if City Attorney Hilke needs to review it for possible implications of putting more restrictions into place. Council discussed that the template is from the League of MN Cities (LMC). Griffin recommended that the statutory references be verified. Griffin will check with the LMC to see if there is an updated version of the template and if the references are accurate. Additional input should be sent to Griffin. A draft will come back to Council at the next meeting.

## 13. Treasurer's Report

### 13.1. Approve Checks: June 2017

**A motion was made by Council Member Bartel and seconded by Council Member Lindstrom to approve 47 checks numbered 16149 through 16195 in the amount of \$52,700.53 for June 2017 expenses. With all members voting in favor, the motion carried.**

### 13.2. 2017 YTD Budget and Prior Year Comparison Report

Treasurer Howarth said they are almost at the annual budget for legal fees.

### 13.3. Outstanding Accounts Receivable Report

Howarth stated that the outstanding accounts receivable list is getting shorter. Griffin said Skelton asked for detailed information and she had to redact some not public information prior to sending the details to him. She has sent him the information and was directed to follow up with Skeltons.

## 14. Action Notes and Staff Reports

### 14.1. Council Meeting Action Notes

Griffin included a memo with follow up and Action Notes details in the packet. She researched legal representation for other cities and found that surrounding cities use larger firms like Minnetonka Beach does and their attorneys refer to other attorneys in their office for special issues. Mayor Taylor distributed a memo from City Attorney Hilke in his response to Mayor Taylor's inquiry about

representing Minnetonka Beach on land use issues. Mathews spoke up and gave her opinion on Hilke, land use issues, and the history of large firms working for municipalities. She went on to list attorneys that represent other cities. Mayor Taylor asked Council to consider if they want to go out for bids for a city attorney for discussion it at a subsequent meeting.

Griffin referenced item #12-City Policies and asked if Council wanted City policies on the City website.

She and Kozloski met with the City's new insurance broker and found out some City structures were underinsured. Council recommended that Griffin have the structures insured for the appraised value.

Griffin will purchase a new audio recorder with for City meetings at a cost of \$168 to be reimbursed by LMCC grant funds.

14.2. Director of Public Works Report

Young reported lift station problems on Lake Rd. and on Woodbridge Rd. There was a broken water line by Lindstrom's and the broken flare was on the City's side so the City is responsible for the cost of the repair. He is working on repairing the basketball hoops.

14.3. Clerk's Report

Clerk Honey referred to a proposal and memo in the packet regarding recodification of the remaining parts of City Code now that the Zoning Code has undergone this process. She recommended that Council consider updating the remaining sections of code to make sure they are up to date and there are no inconsistencies between sections of code as well as inconsistencies with state statutes. The last time it was updated was 1996. The proposal covers legal research, updating and printing costs with American Legal. She asked Council to consider the project for the 2018 budget discussions. Mayor Taylor suggested they bring that back for consideration for a vote for inclusion in the budget at the next meeting.

14.4. Administrator's Report

Administrator Griffin had no additional report from the detailed Action Notes and City Administrator's earlier report.

**13. Council Reports**

**13.1. Mayor's Report**

**13.2. Liaison Reports (if necessary):** Howarth - Finance, Kozloski – Docks, Bartel – Planning, Lindstrom – Utilities/Civic, Myers – Parks

**A motion was made by Council Member Lindstrom and seconded by Council Member Bartel to adjourn the meeting at 11:26 pm. With all members voting in favor, the motion carried.**

**PUBLIC IN ATTENDANCE** – Sue Kozloski, Betsy Taylor, Dan Forbes, Patty Rezabek, Corey Orehek, Nell Mathews

**Respectfully submitted,**

---

**Heidi Honey, City Clerk**