

Monday, September 12, 2016 7:00 PM
CITY OF MINNETONKA BEACH
CITY COUNCIL MEETING MINUTES

Roll Call: Council Members: Jill Bartel, Paul Kozloski, Jaci Lindstrom and Mike Taylor. Absent: Mayor Rick Skalla and Treasurer Randy Gilster.

Staff Present: City Administrator Susanne Griffin, City Clerk Heidi Honey, Zoning Administrator Ben Gozola and City Engineer Darren Amundsen. Absent: Public Works Director Ben Young.

Guests: Orono Police Sergeant Chad Stensrud, Three Rivers Park District – Dakota Regional Trail Representative Danny McCullough, Dock Committee Chair Lee Goehring, Planning Commission Chair Andrew Myers, and Part Time Seasonal Summer Worker Liz Honey.

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

2. Administrator Griffin led the Pledge of Allegiance.

3. Approve Agenda for the September 12, 2016 City Council Meeting.

Council Member Bartel asked to add Nell Mathews as 10.3 Old Business on the Agenda so they can present information to Council regarding fees owed to the City. She does not feel prepared to discuss their assessments in October without being able to review the information in preparation for the October 11 Council meeting. Council Member Lindstrom stated that they could not discuss legal matters but she thought they deserved to be heard by Council as well.

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

4. Approve Minutes

4.1. Regular Meeting of August 8, 2016

Council Member Bartel noted a typo in the first sentence of page 8. She requested the word “to” be added for clarity. Clerk Honey will make the correction.

A motion was made by Council Member Lindstrom and seconded by Council Member Bartel to approve the Council meeting minutes of August 8, 2016 as amended. With all members voting in favor, the motion carried.

5. Open Forum –

5.1. **Appreciation for Liz Honey, seasonal employee**

Council Member Taylor presented Liz Honey with a certificate of appreciation for her outstanding work and dedication cleaning the swim beach this summer. He stated that she hauled up to 500 lbs. of weeds daily and kept the beach exceptionally clean for the residents.

No other Open Forum discussion. Council discussed moving Three Rivers and Police reports prior to the Dock Committee Report so those officers can go back to work.

A motion was made by Council Member Bartel and seconded by Council Member Lindstrom to amend the Agenda to move the Police and Three Rivers reports prior to the Dock Committee Report. With all members voting in favor, the motion carried.

6. Police Report

6.1. Orono Police Report – August – Sgt. Stensrud

Sergeant Stensrud said the suspicious vehicle was kids jumping off the Arcola Bridge. A few officers worked at Lafayette Club for their Annual Labor Day event and fireworks. There were no incidents. On September 14th, Orono Police Department is hosting an open house for Explorers which is a program for kids age 14 to 20. They meet weekly and do various activities. Explorers is a good way for kids to get involved and participate in interesting things to do. He went on to report that on October 16, they kick off the state campaign for teen driving awareness.

6.2. Three Rivers Park District – Dakota Regional Trail Representative Danny McCullough

Representative McCullough discussed saturation efforts on the trail. They issued citations as well as educated many trail users. Of the 90 incidents on the entire trail this year, 58 were directly related to the saturation efforts and 35 actual citations were issued during saturations. Maintenance staff is looking at ways to deter vandalism on the bridge. Council Member Bartel asked how the number of incidents compare with last year. Representative McCullough will email that information to Administrator Griffin. He went on to say that in 2012 there were four saturations, in 2015 there were eight, and in 2016 there were nine. A sewer line project will close a portion of the trail from Commerce Boulevard to Westedge Boulevard in Mound.

7. Dock Committee Report – Dock Committee Chair, Lee Goehring

Council Member Taylor explained that the Dock Committee had been asked by Council to give them an update on the dock process, the approval process, challenges the Dock Committee faces and how the process has changed over the years. Chair Goehring provided a copy of his presentation for the council packet. He explained that docks are one of the community's biggest assets, they are integral to the City's Comprehensive Plan and they help increase property values for all residents. He went to explain that there are 10 dock locations with 85 usable dock slips. Currently there are 63 dock slips being rented and those not rented are either a small size or in less desirable locations. He explained that the City has a maximum square footage and a maximum number of slips per the LMCD (Lake Minnetonka Conservation District) requirements. He described the recent history and identified challenges solved in 2009 including installation problems, not enough large slips, and residents on waiting list. He showed slides of dock slip configurations at the beach area from 2003 to the present. Along the way, docks were condensed allowing the swimming area to expand 20 feet and additional slips were added to the swim beach area toward County Road 15.

Chair Goehring went on to discuss the LMCD permitting process. The City applies for its dock permit from the LMCD annually for approximately \$1,600. No major changes have been made since the reconfigurations and updated surveys in 2009. Administrator Griffin explained that minor changes need to be approved by the LMCD but do not need to go through their extensive permitting process which includes a public hearing. Chair Goehring stated the LMCD has a new Executive Director and representatives from the Dock Committee and Dennis Klohs plan to meet with her in the next month. Administrator Griffin explained that authority to make changes at the LMCD depends on the scope of change. Minor changes may not need to go to the LMCD Board if all of their criteria are met.

Chair Goehring stated the Dock Committee is focusing on reconfiguring small docks into larger docks, dock replacements as needed for repair, and fees. He went on to review recent survey results from 25 current slip

holders. Most were satisfied with the process, their slip locations, and size of their slip. Some were in favor of converting smaller slips into larger slips with the possibility of losing overall number of slips. Chair Goehring would like for the City to be able to have the current number of slips grandfathered in so they could reconfigure if needed in the future. Currently, reconfiguration of slips while maintain existing number of slips and square footage requires a LMCD ordinance change. Council and Chair Goehring discussed the 9 slips added to the right of the swim beach area. Council discussed potential areas to place larger slips such as near docks 17-23 and 5-7. The City is currently using all possible public areas for docks. Council thought it would be helpful to see a survey with all of the slips and also showing which are currently being used. Administrator Griffin would be able to provide that information. Council discussed that many people on the wait list have a slip but want a better location.

He went on to discuss the history of fees going from a flat \$30 fee in 1995, to varying the fee based on the slip size in 2007, to the current fees of \$300 – 600 today. He then stated the dock expenses are approximately \$2,095 annually but the city collects approximately \$30,500. He then discussed the League of MN Cities recommendations for charges for city services. The Dock Committee unanimously approved a recommendation to request Council to consider a flat fee of \$150 per slip creating \$9,500 in revenue and the \$7,000 per year left over after actual expenses would be put in reserve to be used for maintenance, dock hardware or future legal matters.

Chair Goehring stated that fees were increased to cover \$201,000 in legal expenses around Dock 11 and staff time of \$8,000. He does not believe dock users should be charged for staff time if other city programs are not charged for it. Council Member Taylor commented on the Leagues example that the general fund should supplement the income from fees and service charges only if the city as a whole derives some benefit from the service program. They pointed out that for a marina, virtually no benefit accrues to the City as a whole so it would be difficult to justify an appropriation from the City's general fund. Chair Goehring stated the docks increase everyone's property values.

Council Member Bartel then presented some photos of the swim beach area and public dock areas in surrounding cities. She stated in 2009 there were no canopies on the left side of the swim beach and there was a view to the right which is no longer there. She stated that the City's price is very competitive to other cities. She then showed photos of community docks in Tonka Bay, Excelsior, Greenwood, and Wayzata. None of these docks have canopies or lifts. Excelsior's docks are permanent docks so there is virtually no cost to the City and they collect approximately \$2,224 per slip. Wayzata residents pay \$1,700 per slip. The docks and boats do not obscure the beach area at Wayzata and are not impeding the community as a whole as the docks at the swim beach do in Minnetonka Beach.

Council discussed the process to amend the current dock slip configurations with the LMCD. Council agreed they are not prepared to discuss fees tonight because they are deciding on the 2017 budget and preliminary tax levy, and the 2017 fee schedule has already been adopted. Chair Goehring said comparing the City's fees with other cities is apples to oranges. He believes the City is the 2nd highest in area cities. Resident Joann Anderson suggested public hearings would be needed because fee changes would impact the tax base. Resident Joe Pagano said it appears the founding fathers wanted water access for the residents but the City needs to find the sweet spot between honoring that ideal and balancing it with tax revenues. Dock Committee member Jeff Steinke asked about the Dock Committee researching changing dock sizes regardless of fees and if they should pursue that with the LMCD. Council Member Lindstrom thought they could research but would not want to lose spaces. Council Member Kozloski is not in favor of it if the City would not be able to get the slips back. Resident Geoff Kullberg asked about dock fees being raised for litigation and what prevents the City from raising the fees more. Council decided to have Dock Chair Goehring and Commissioner Steinke meet with the LMCD's new Executive Director and come back to Council with information from their meeting. Fees will be discussed at a future meeting to plan for 2018 but that fees were set for 2017.

8. Consent Agenda

- 8.1. Fire Report – August
- 8.2. LMCC 2017 Budget
- 8.3. **Resolution 2016 – 29** - Set Truth in Taxation Hearing for December 5, 2016
- 8.4. **Resolution 2016 – 32** – Absentee Ballot Board Correction and Election Judge Hourly Rate

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

9. Treasurer's Report

9.1. Approve Checks: August

Council Member Lindstrom asked about a check to RDO Equipment Company. Griffin stated that it was to repair the wood chipper. Council Member Bartel asked about non billable zoning charges. Griffin stated that some were for zoning code updates and some is for time spent on resident inquiries. Historically the city has allowed up to one-hour free consultation. Administrator Griffin explained that the City now has a Consultation Application for pre-application discussions that might involve more zoning administrator time. In this case if Administrator Gozola thinks it will involve more than an hour discussion, he has the resident sign the application so they are aware they are responsible for the expenses incurred. Eventually most of these are tied to a permit.

A motion was made by Council Member Lindstrom and seconded by Council Member Kozloski to approve 53 checks numbered 15733 through 15785 in the amount of \$72,323.20. With all members voting in favor, the motion carried.

9.2. 2016 YTD Budget Report and Previous Year Comparison Report

Administrator Griffin stated there were no big surprises and noted that permits are at the budgeted amount. She also noted that zoning is at 105% of budget.

9.3. Outstanding Accounts Receivable Report

City Administrator Griffin stated the residents on the list received a letter in August explaining the process for appealing which would be to come to the October Council meeting. If they don't do that and they don't pay the outstanding amount, Council could consider certifying the amount to their property taxes in November. They will receive another letter in October stating the same thing.

9.4. Possible Bonding Scenarios for Capital Improvements – Bruce Kimmel, Ehlers

Mr. Kimmel discussed options for bonding for Capital Improvements. The City's preliminary scenario is to fund \$2 million in capital projects for issuance in 2018. Minnetonka Beach is rated AAA, which is the top rating. This bond would be a bank qualified issue with a lower interest rate. The 20-year bond schedule on page two of the document Mr. Kimmel provided showed the Principal, Interest and total P&I over the course of the term. The City can tailor the structure to fit its needs. The rate is approximately 2%. There is no minimum bond amount but rates are typically better for larger bonds. Mr. Kimmel reviewed the Debt Service Schedule on page three. The City Charter dictates voter authorization for all bond issues but the Bond Attorney claims state law supersedes the Charter so the City could forego the voter authorization and use one of the statutory authorities all of the other Minnesota cities use.

Council discussed holding Town Hall meetings to get citizen input instead of a special election. He went on to explain the debt service impact. The remaining portion from the refunding of the previous debt matures February 2018 so the timing would be good as this new bond would pick up where that left off resulting in the basically the same levy each year. Administrator Griffin confirmed that they used the proposed estimate of \$2 million because water improvements on the Capital Improvement Program totaled approximately \$1.7 million.

10. Old Business

10.1. **Engineering Report on Temporary Beach Lane Storm Sewer**– Darren Amundsen, Stantec
At the September meeting Council directed Engineer Amundsen to determine possible temporary drainage solutions for the Beach Lane/Palm Lane area. He summarized that 1919 Beach Lane has a private storm sewer which will be removed during an upcoming home remodeling project. He met with numerous property owners on Beach Lane and also spoke with Mr. Meland to get a better understanding of his project. He said Mr. Meland intends to keep the existing driveway in place as a construction platform which is a rather good erosion control plan. Engineer Amundsen went on to explain that the existing storm sewer is a fairly poorly performing pipe because it is 4” instead of 12”, relatively flat and freezes in the winter. The only use it has is to help the water eventually leave the area after a rain. The cost of a temporary solution is close to the cost of the permanent solution. Council Member Taylor asked if the concerns brought up at the last meeting are a significant impact. Engineer Amundsen explained that the downstream effects of large rain events are the same with or without the pipe. For small rain events, more rain will go downstream.

10.2. **Consider Resolution 2016 – 27 – 1921 Beach Lane - Meland**– Lot Combination (Minor Subdivision)

Administrator Gozola said this was application was reviewed last month and tabled. The hold up at the time was the private drainage pipe. Engineer Amundsen already described the impact to the area when the pipe is removed. He would recommend approval with conditions. Council Members Bartel and Lindstrom felt their questions were satisfied with the Engineer’s report.

A motion was made by Council Member Lindstrom and seconded by Council Member Kozloski to approve Resolution 2016-27 – Approving a Minor Subdivision to Authorize the Combination of Properties at 1919 Beach Lane and 1921 Beach Lane Via the Beach Lane Addition Final Plat with the conditions as outlined. With all members voting in favor, the motion carried.

10.3. Nell Mathews – Fee Concerns

Ms. Mathews thanked Council for hearing her tonight. She began by giving a summary of the issues. For over a year they have had ongoing issues with the City, the Planning and Zoning Administrator, and their neighbors who no longer live there. She said the problem began when Administrator Gozola’s associate Laura Chamberlain allowed a grading project to be started without a permit, survey or hardcover calculations. The landscaper graded within a foot of their lot line. The \$80,000 patio project was red tagged after Ms. Mathews called and complained because the property was currently non-conforming at 38% hardcover and they were seeking to expand a 190 square foot deck area into a 501 square foot patio area. They were going past the AMBS and into the side setback and they were not bringing their property down to 30% hardcover with the improvements. She stated that Mr. Gozola said he was allowed to swap hardcover and give the

homeowners permission to remove their rear yard driveway in exchange for the lakeside hardcover, they could expand the deck outside the social space, and build into side setback and into the AMBS all by the permitting process instead of the variance process. Administrator Gozola told Ms. Mathews her only recourse was to appeal to the Board of Adjustments. She asked the City for the appeal process and was told to show up at a November 9th meeting. She said she did not know to bring her subject expert to the meeting and she did not know Mr. Gozola would be allowed to review his own actions.

Ms. Mathews went on to state why she should not be responsible for certain zoning fees that she had been charged. She stated that statutorily only the Board of Adjustments is allowed to administer an appeal. The Zoning Administrator cannot be involved in reviewing, investigating or administering an appeal which questions his own actions. Since he cannot be involved in a matter that questions his own actions, he cannot charge for the time he spent to do so. She went on to say that Administrator Gozola spent 20 hours for a one-hour appeal hearing even though he had already spent time on the project and charged the applicant for that time. The second reason Ms. Mathews believes they should not be assessed his fees is because the City failed to follow the statutory requirement that an appeal of a Zoning Administrator's decision be reviewed by the City Planning Commission who then prepares a report for use by the Board of Adjustments prior to any hearing. The third reason is that the City Council never adopted Resolution 2015-45 which denies their appeal and allows the permit to be issued. She went on to say that the resolution states Council Member Lindstrom moved at the regularly scheduled City Council meeting for an adoption of the resolution. The motion was seconded by Council Member Kozloski. Review of the regularly scheduled Council meeting agenda for November 2015 shows no resolution listed on the agenda. Review of the November City Council meeting minutes shows there was no discussion or adoption of the resolution.

Ms. Mathews then stated that in addition to the three reasons they should not be charged Mr. Gozola's fees, they object to receiving delinquent notices. When they received the first notice of fees in January, they immediately objected to the City stating it was not appropriate for them to pay for Mr. Gozola's time of 20 hours reviewing for the appeal, and two hours for revising the Board of Adjustment minutes which she said were rejected by the Board of Adjustment as inaccurate. She then said the Board of Adjustment and City Council directed Administrator Griffin and Clerk Honey to go back and listen to the tape and do the minutes verbatim. She went on to say there were additional charges that were unwarranted and unreasonable. She gave the example that Administrator Gozola told Administrator Griffin that after the appeal, all charges related to the Santiago's hardscape should be charged to Ms. Mathews. Charges for the survey and discussions with Outdoor Escapes were charged to Ms. Mathews. She does not think these are reasonable fees. She also does not think they are delinquent. Secondly, the City has a process when a resident objects to unwarranted or unreasonable fees. Other residents have questioned zoning fees and had them reduced. Ms. Mathews has not had that discussion. In January they rejected the fees. In June they gave statutory reasons of why the fees are not attributable to them to the City Attorney and have not had any response.

Because they did not have their subject expert and certified property lawyer at the Board of Adjustment meeting in November and they found out Mr. Gozola withheld information that they believed would have helped the Board make their decision, they asked to have the Board of

Adjustment meeting reopened. In January, Mr. Gozola gave his interpretation of the code in a closed meeting with the City Council, the Board of Adjustment and their lawyer prior to the special Board of Adjustment meeting. Ms. Mathews was not allowed to hear that or respond to it. The special Board of Adjustment meeting opened and, without letting them talk, the Board denied them opening the hearing. She understood that the Board did that because they thought they had already heard everything but Ms. Mathews did not hear everything and she believes it was not fair to her and not due process. Mr. Gozola charged Ms. Mathews for his time advising the Board at the closed meeting. She doesn't feel that is fair. She is asking Council to confirm in writing that it will not declare the amounts sought to be charged to them as delinquent and that it will indicate in writing that it will not seek to recover the amounts as they are not properly charged or reasonable given the circumstances.

She then asked to be heard on the issue of the pending litigation. She proceeded to summarize the issue. They brought their certified Real Property attorney to the December Council meeting where they expected to be able to present their information. At the meeting, they were told Mr. Winston would be able to speak for only one minute and they could not present his detailed assessment of City Code. Ms. Mathews said she understood that the Council thought they had already heard everything. Ms. Mathews then said the City's lawyer said Ms. Mathews would have to sue the City to protect their interest and would not work with them to resolve this. They did not want to do this but felt they had to. The Certified Real Property attorney gave the detailed analysis to the City and he asked to meet to resolve the matter. Ms. Mathews also asked to meet to resolve it. The response from Mr. Templin to Mr. Winston was that the City will vigorously defend its staff and elected officials. The response to her was, "there can be no productive discussion of a settlement between this office and you or your counsel at this point short of a dismissal of your lawsuit". Her litigation attorney provided the City attorney with information regarding deficits within the City's process. Ms. Mathews then stated that the 60 days has passed so Ms. Mathews' Land Use Application must be granted since it was not denied. She also said the City now has responsibility with the unfinished project and City needs to help her get it fixed. Ms. Mathews has not heard anything from the City or its attorneys since communication was sent to the City's attorney in June regarding deficits in the process.

Ms. Mathews asked the City Council to clarify its position in light of these errors and to direct its attorneys to either to work with them to find a fair resolution or, if the City wants to resolve its differences through litigation, please let them know.

Ms. Mathews' final issue is that the landscaper damaged her fence. Mrs. Santiago assured her that the landscaper would fix the fence. Ms. Mathews has sent two letters and two emails to Outdoor Escapes and left two messages but she has not received any response from the landscaper. She thinks contractors should not work in Minnetonka Beach if they cause damage and do not respond to complaints. She recommended that the City consider changing the code to not allow contractors to work in the City if they violate rules.

She then thanked Council for adding her on to the agenda and for listening to her. She expressed that she cares a lot about the community. Ms. Mathews submitted her speaking notes to staff.

Council Member Bartel asked about Resolution 2015-45 that she claims the city did not pass. Ms. Mathews said the issue was raised in June and the City's lawyers could probably give Council a copy of the information. Council Member Kozloski suggested they should not discuss the litigation but they should do their due diligence on the fees. Council discussed they need to take time to sort through the information. Council Member Taylor said most of the information is new to him and they need to sort through the facts and make sure the facts that are evident to Council are also evident to Ms. Mathews. He went on to say he is not privy to anything going on with the City's attorneys but they can address the fees. Mr. Hacker reiterated they did not want to pursue litigation but were told they had to. He then said the City's attorneys stonewalled communication.

Administrator Griffin asked Council what they want staff to do regarding the invoices. She went on to explain that in the past, if there are small amounts objected by a resident, she has made minor adjustments. In cases where residents disagreed on larger amounts, the resident has met with Administrator Griffin and the Mayor to talk through the fees to see if any adjustments could be made. Council Member Kozloski suggest they do their research prior to making any decisions on the invoices.

11. Planning and Zoning

11.1. Lot Combination (Minor Subdivision)- 2817 and 2821 Westwood Road - Hanssen
Administrator Gozola explained that there was going to be a Minor Subdivision application presented tonight to adjust the shared lot line between 2817 and 2821 Westwood Road but, during his initial review, he found that double frontage lots have to use Shoreline Drive as the front of the property. Administrator Gozola further explained that this subdivision would result in two lots which do not conform to the one acre minimum and variances would be required to build on the lots. The variance applications would follow the normal process with the initial review and public hearing by the Planning Commission at the October meeting. In an effort to help the homeowner determine if they should pursue this process, Administrator Gozola asked Council to give feedback as to whether they thought the existing configuration or proposed configuration is more appropriate for the neighborhood. The combined lots are 1.87 acres. He pointed out that taxes generated by the proposed would be dramatically larger than they are now.

Council Member Lindstrom thinks the proposed configuration mimics the two adjacent properties. Although Council does not know what the Planning Commission will recommend, they would consider the proposed configuration if Planning recommended it.

11.2. Consider Adopting Ordinance No. 112, 2nd Series, Flood Plain Ordinance and **Resolution 2016 – 30** Authorizing Summary Publication of Ordinance No. 112, 2nd Series

Administrator Gozola stated that FEMA issued new floodplain maps for the community. The City has 6 months to adopt the maps in order for the community to participate in the National Flood Insurance Program. Conditional approval has been given by the DNR and adopting this new set of standards will maintain the City's eligibility for flood insurance. The Planning Commission recommended approval to the floodplain maps and Ordinance No. 112, 2nd Series. There were no significant changes to any property.

A motion was made by Council Member Lindstrom and seconded by Council Member Bartel to adopt Ordinance No. 112, 2nd Series, Adopting New Flood Plain Regulations to Maintain the City's Eligibility for the National Flood Insurance Program and to approve Resolution 2016-30

Authorizing Summary Publication of Ordinance No. 112, 2nd Series. With all members voting in favor, the motion carried. This was one motion.

11.3. Zoning Code Amendment Update

Administrator Gozola said the last section of the zoning code updates was tabled. It will be completed at the September meeting and forwarded to Council in October.

He then discussed the Comprehensive Plan update. He and Engineer Amundsen will review the mandates from the Met Council to come up with their preliminary costs to update the plan. By statute, the Met Council is required to adopt a 30-year plan every 10 years and each community has to be consistent with their regional plan in the system statements. The Met Council issued system statements to the City outlining the minimum requirements the City needs to meet. Since the community seems to be satisfied with the current vision in the existing comprehensive plan, Administrator Gozola recommended having a meeting to inform residents of the City's current vision and only seek input on desired changes that can be forwarded to the Planning Commission and Council for consideration. This would save a lot of money for the City. The Comprehensive Plan provides legal support for the zoning ordinances. Council agreed they would like residents to provide input instead of starting from scratch. They directed Administrator Gozola to prepare his budget and timeline based on the current vision with only necessary updates. Planning Commission Chair Myers suggested Administrator Gozola review inconsistencies he has found in the current Comp Plan with Council. Resident Joann Anderson mentioned that there may be legislative changes to the requirements for small cities. Administrator Gozola is not aware of legislative changes even though he has already met with Met Council representatives to discuss some components. Administrator Griffin will research any changed legislation relating to comprehensive planning with the City's contact at the Met Council.

11.4. Transportation Study Update – Andrew Myers, Planning Commission Chair

Chair Myers reported they have had two input sessions and most of the topics raised by residents have been discussed. Another input session is planned for September 26 to discuss County Road 15 issues including signage, sight lines, turn lanes, safe crossing, etc. Residents are supportive of a comprehensive transportation plan for the next 10 to 20 years. The Planning Commission will make a priority list based on the resident input and send it to Council for direction. Various studies can be done from that priority list in the future.

12. New Business

12.1. **Resolution 2016 – 31** – Consider Adopting 2017 Preliminary Budget and Proposed Tax Levy
Administrator Griffin provided a letter in the packet detailing changes to the preliminary budget reviewed by Council in August. The final budget and tax levy is approved in December. After the August meeting, Council Member Bartel, Treasurer Gilster and Administrator Griffin met to discuss potential changes to the preliminary budget. After this review the preliminary budget actually increased. She went on to explain the two versions in the packet. One version includes all of the City's funds which is how the budget was done in the past. The other is based on the concept of a balanced budget in the General Fund only with the other funds reflecting the anticipated revenues and expenses for those funds. She recommended the City adopt the budget reflecting a balanced General Fund. It more accurately reflects the status of the funds and whether each enterprise fund is self-sufficient. Council Member Taylor clarified this way expenses are paid out

of the associated fund instead of the General Fund. The first budget in the packet with a balance general fund would be a 9.2% overall property tax increase.

Administrator Griffin then reviewed the specific proposed changes to the budget.

Revenue:

- Permits reduced from \$40,000 to \$35,000
- Sewer Flat Fee increased from \$69,000 to \$75,000 to accurately cover sewer expenses. This would require an amendment to the 2017 fee schedule.

Expenditures:

- Acct 2960 Transportation Study reduced from \$20,000 to \$0, amend CIP
- Acct 2080 (Zoning) due to Comprehensive Plan work increase from \$50,000 to \$55,000
- Acct 2103/2102 Office computers, add new account code for \$3,000
- Acct 2321 New Public Works director salary overlap, increase from \$0 to \$40,000
- Acct 2411 Solid waste management tax, increase from \$6,000 to \$7,600
- Acct 2727 Dues, fees and training for new Public Works Director increase from \$2,000 to \$3,000

Council affirmed the following preliminary tax levy collectible in 2017:

General Fund:	\$849,434.26
Bond Levy:	\$155,566.95
Total Proposed Tax Levy:	\$1,005,001.21

Council also affirmed the City will use water revenue funds to pay \$87,670.80 of the scheduled debt levy of \$243,237.75 leaving \$155,566.95 for the City's debt levy requirement for 2017.

A motion was made by Council Member Bartel and seconded by Council Member Lindstrom to Approve Resolution 2016 -31 Adopting the 2017 Preliminary Budget and 2017 Proposed Tax levy. With all members voting in favor, the motion carried.

13. Council Meeting Action Notes and Staff Reports

13.1. Council Meeting Action Notes

Council Member Taylor gave an update on the police contracts. He met with Police Chief Farniok. There is more work to be done. He believes any increase percentages should be in line with Orono's increase percentages. Currently that does not happen because of the formula. Council Member Taylor said he disagrees with the formula. They will be meeting again to discuss it further. Fire Chief Pederson will be at the October meeting to discuss results from hydrant testing.

13.2. City Clerk's Report

Clerk Honey reported there are many homes on the market in the City. Council Member Bartel said two homes are listed on AirBnB to rent in the City.

13.3. Administrator Griffin

Administrator Griffin gave an update on the accessible ramp. Initially it appeared the project would be over the \$50,000 budget but they are at \$48,630. Some grant money for the playground at City Hall will be used to pour a small section of sidewalk to bring the accessibility to the playground up to code. The City is still waiting for the retaining walls and railings.

She went on to describe the compensation classification study information in the packet. With Ben Young retiring, she thinks it is a good time to look at what he does and if it is being done efficiently. She is proposing that a compensation and classification study be done on all positions. The information will also be required for equity reports which are due in 2017. The cost to do the study is \$1,200.

A motion was made by Council Member Kozloski and seconded by Council Member Bartel to direct Administrator Griffin to have the Compensation Classification Study done. With all members voting in favor, the motion carried.

Administrator Griffin stated she will be gone on vacation for three weeks starting tomorrow.

14. Council Reports

14.1. Mayor's Report – Mayor Skalla was absent.

14.2. Liaison Reports-

Council Member Bartel – no report

Council Member Kozloski – no report

Council Member Taylor – He encouraged Council to read the Planning Commission minutes in the packet.

Council Member Lindstrom – No report from Civic or Utilities. She stated the Truth in Taxation meeting is scheduled for December 5th at 7:00 pm. She is completing the Local Board of Appeal and Equalization Member recertification in the next couple of weeks.

A motion was made by Council Member Bartel and seconded by Council Member Lindstrom to adjourn the meeting at 10:45 pm. With all members voting in favor, the motion carried.

PUBLIC IN ATTENDANCE – The following individuals signed the sign-in sheet: Greg and Delice Meland, Nell Mathews, Sue Kozloski, Rob Willemsen, Tracey and Jeff Breazeale, Lee Goehring, Danny McCullough, Patty Rezabek, Carole Knudsen, Jim Knudsen, Jeff Steinke, Joe Pagano, Geoff Kullberg, Dan Forbes, Paul Hanssen, Leann Hanssen, Betsy Taylor. Resident Max Hacker was also in attendance but did not sign the sign-in sheet.

Respectfully submitted,

Heidi Honey, City Clerk