

Monday, October 10, 2023 5:00 PM
CITY OF MINNETONKA BEACH
REGULAR CITY COUNCIL MEETING MINUTES

Roll Call: Mayor Joe Pagano; Council Members: Tracey Breazeale, Chris Dovolis, Jennifer Halverson, Jason Mohr; Treasurer Chris Zinn

Staff Present: City Administrator Heidi Honey, City Clerk Jane Burgess, Public Works Superintendent Jason Hilgers, City Engineer Alan Offerman, City Zoning Administrator Phil Carlson

Guests: Sgt. Sonnek, Orono Police Department, Bruce Kimmel, Ehlers, Peter Jans, Kyle Lewis, Kyle Zinn, and Park Commission Chair Kim Petersen

1. Mayor Pagano called the meeting to order at 5:00 p.m.

Pagano explained the sequence of the meetings tonight. The regular City Council meeting will recess at 5:55 pm in order for the Board of Adjustment and Appeal meeting to begin at 6:00 pm. there will be a public hearing where residents will have three minutes to speak followed by the appellants, the Paines, Zoning Administrator Carlson, the Lafayette Club, and Planning Chair Breazeale. He added that next the meeting will move into the determination period where, and he quoted from the City's Zoning Code Section 3.4.6(F) "A decision shall not be reversed or modified unless there is competent, material, and substantial evidence in the record that the decision fails to comply with either the procedural requirements, substantive requirements, or intent of this ordinance or state law." Pagano requested that speakers' comments be framed around those three points. Next the Board's opinions will be expressed and discussed, and then voting motions made. Once that meeting concludes, the regular City Council meeting will reconvene.

2. Pledge of Allegiance – Led by Clerk Burgess

3. Approve Agenda

Dovolis requested that the agenda be amended to move Agenda Item #7 Guests to # 6 and move #6 Old Business to #7.

Dovolis motion, Breazeale second to approve the October 10, 2023 agenda as amended. All ayes, the motion carried.

4. Police Report September 2023

Sgt Sonnek presented the September police report for Minnetonka Beach citing 10 incidents in the City, including vehicle damage done to the Margaret Dahl library door. There were two other incidents of damage to property including a hit and run of a mailbox and fire hydrant. Orono Police is hiring a full-time CSO which will help them a lot. Mohr asked if vandalism and suspicious activity are a threat to the community, and Sonnek stated that it has been very quiet in this area. Pagano asked what more residents can do to make the community safer. Sonnek stated that with the recent trends, homes and vehicles should be locked and valuables and garage door openers removed from vehicles. He added that groups of kids come to the area looking for open cars. He stated that it is amazing how many people leave wallets, keys and even guns in cars. No cars have been stolen in Minnetonka Beach for a while. Five license plate reader cameras have been installed connected to Orono Police, three of which are on Shoreline Drive, that alert them when stolen vehicles are in the area. Nearby communities work together utilizing these cameras to see where stolen vehicles are going.

5. Approve Minutes

5.1. Regular City Council meeting minutes of September 11, 2023

Breazeale motion, Halverson second to approve the September 11, 2023 regular City Council meeting minutes. All ayes, the motion carried.

6. Guests

6.1. Volunteer Recognition

Pagano acknowledged the three volunteers and their parents, thanking them for their hard work and effort working in Minnetonka Beach.

6.1.1. Peter Jans – Eagle Scout project – Trash Surrounds at City Parks

Pagano thanked Peter for choosing Minnetonka Beach to do his Eagle Scout project. He made a huge improvement at Swim Beach Park, City Hall and Ray Peters Park with the quality job he did in constructing professional trash and recycling enclosures. Pagano read Peter's Minnetonka Beach Certificate of Appreciation out loud and again, praised his innovative efforts and quality job. Peter stated that he had fun and enjoyed creating the project.

6.1.2. Kyle Lewis – President's Volunteer Service Award

The two Kyle's put in 100 hours of labor this summer working with Hilgers, earning the President's Volunteer Service Award. Hilgers stated that they wheel-barrowed and laid a lot of mulch around trees in City parks and at City Hall and hauled away a lot of brush. He complimented them by stating they are two good young men, and he appreciated them all summer. Pagano read their Minnetonka Beach Certificates of Appreciation out loud and thanked them for their hard work. He recognized their parents as well.

6.1.3. Kyle Zinn – President's Volunteer Service Award

See above. Kyle Zinn spoke thanking the City for the opportunity and he hopes that others in Minnetonka Beach follow in their footsteps and make this a tradition. Treasurer Zinn explained the credentials of the President's Service Award, noting that applicants do not have to be Minnetonka Beach residents to serve the City and earn their award.

7. Old Business

7.1.1. Water Treatment Plant

Kimmel stated that the City is in Phase One of water treatment plant financing, and the proposed issuance is \$5,135,000 in Series 2023A General Obligation Water Revenue Bonds. It is intended to finance a portion of the cost of building the City's new water treatment plant and will be paid back with water utility revenues collected. A second bond issuance is expected next year to be paid with property tax revenue for a 50-50 split as Zinn wanted. The City expects that the remainder of the cost will be financed through a General Obligation Tax Abatement Bond issued in 2024. Kimmel stated there is an advantage of financing the first \$5 million now, and then bid and fully fund additional project costs in 2024.

He added that the Bonds are being issued for a term of approximately 25 years and payments will start with interest only with principal payments beginning in August of 2026 and being paid off in 2048. Interest is payable every six months beginning August 1, 2024.

Kimmel included the Ehler's Project Specific Disclosure and Debt Issuance Process Guide as required by the Municipal Securities Rulemaking Board. The City will get a good interest rate and its AAA Bond rating will help as well. Kimmel explained the bidding process and he will provide an update at the November City Council meeting.

Ehler's looked at the City's existing debt and determined that since all of the City's debt was issued at historic low interest rate periods, there will be no refund opportunities. He added that after 10 years the City can prepay these funds or refinance them. If Council wants to accelerate the 25 year term that will be possible.

Kimmel stated that the City has an opportunity to take advantage of current interest rates, which is good as the City can earn some arbitrage on bond proceeds. Zinn added that that is why the City is issuing now to take advantage of the current market where Treasuries are at a 16 year high, so the cost of the project can be paid down or funds can be used to pay associated legal fees. Zinn concluded that this plan is a win-win because it will be done in two parts so there won't be over or under issuing.

Pagano stated that this plan as presented will help residents as the expense is spread out over time.

6.1.1. Resolution 2023 – 38 - Resolution Providing For The Issuance And Sale Of General Obligation Water Revenue Bonds, Series 2023A In The Proposed Aggregate Principal Amount Of \$5,200,000.

Kimmel explained the resolution as proposed is a green light for Ehler's to move forward with the November 13th bond sale. Zinn agreed stating this plan is consistent with what has been discussed since the beginning and issuing in two parts is very important for flexibility and arbitrage which will not be costly to the City. Zinn recommends executing this resolution.

Breazeale motion, Halverson second to adopt Resolution 2023 - 38 A Resolution Providing For The Issuance And Sale Of General Obligation Water Revenue Bonds, Series 2023A In The Proposed Aggregate Principal Amount Of \$5,200,000. All ayes, the motion carried.

6.1.2. Project Design Update – Alan Offerman, Stantec

City Engineer Alan Offerman stated that Stantec has been making significant progress on the water treatment plant design and is at 30% design. The current design incorporates the PFAS alternate as well as flexibility in treatment options for sustainability while keeping Public Work's and the City's needs in mind. He added that the EPA has finalized their PFAS and PFOA threshold regulations at 4 parts per trillion. He also added that they received a testing update for Minnetonka Beach which showed 2-3 parts per trillion for PFAS and PFOS. Although that is below the limit it is not final yet because the Minnesota Department of Health is expected to update their regulations sometime in 2023.

Offerman added that he updated staff on cost estimates gained from contractors and suppliers, and pricing is still within target range, but still on the higher end of range. He stated that on October 23rd there will be a public hearing at the Planning Commission meeting regarding the City obtaining a Conditional Use Permit (CUP) for the new water treatment plant, so more detailed information about the plant will be provided at that meeting. He added the project bidding will begin in April of 2024.

Honey added that the City has an application to itself for a CUP to build the new water treatment plant and the plans are attached to that. This will be at the Planning Commission meeting on October 23rd and public comment will be possible at that time at the public hearing. It will then go to the November 13th City Council meeting.

Hilgers stated that the new plant project is looking good and going well with Offerman and Capelle, also of Stantec. More samples were taken for PFAS, so he is waiting for those results. Offerman added that the building is modest and will look very residential and will not look out of place and industrial. He stated that Stantec will continue to work with City staff to refine the design which will provide a functional, long-lasting facility all while doing everything possible to minimize overall project costs.

Breazeale asked if costs are changing for other water treatment plant projects and if so, what is driving the increase. Offerman answered that yes, other plant bids are significantly higher than expected as well. The plant's components are very expensive with long lead times.

Mohr asked how the MN Department of Health's update will affect the plant. Offerman stated that if they lowered the regulation to two parts per trillion then the PFAS filtration will not be an option but will be a requirement. If compliant at that point, the City will have to decide if they need to build the PFAS filtration component or not. If the requirement is two parts per trillion, then there will be no choice but to do it. Stantec is exploring other options for PFAS filtration as well for longer plant sustainability.

The regular City Council meeting of October 10, 2023 reconvened at 7:19 pm.

8. New Business – (immediately following BOAA)

8.1. Fence Extension at Lafayette Club at Driving Range Along Shore

Mayor Pagano explained that the Lafayette Club replaced and extended a 10-foot-tall fence, which is two feet above the maximum height allowed per zoning code, near the driving range and the shoreline. They added 75 feet towards the shoreline onto the 460-foot fence. This is subject to DNR and zoning code compliance. He suggested that the Club should go through the CUP amendment process. Breazeale asked if something should be added to the zoning code to be clear beyond just precedence of when a CUP amendment is necessary. Carlson stated that would be helpful. He suggested adding to the City Code a phrase such as “for an existing conditional use, any added feature needs to be reviewed by City Council.”

Halverson motion, Breazeale second to direct City Administrator Honey to request that the Lafayette Club apply to amend their CUP for the fence they replaced and extended along the shoreline by the driving range. All ayes, the motion carried.

8.2. PFAS Multidistrict Lawsuit – City Administrator Honey

Administrator Honey stated that the City was contacted about two multi-district lawsuits regarding PFAS, one against Dupont and one against 3M. There is a timeline for the City to respond if interested in participating. The City qualifies for both suits and the award amount could be approximately \$280,000 per well, per company, and Minnetonka Beach has two. The final amount is determined by PFAS level and flow rate so it could be a higher or lower amount. It is also determined by the number of entities joining the suit. Honey stated that if the City opts out, the City may not have the means to go after such large corporations. She added that it seems that it would be best to be a part of it now rather than wait to see if the City must for sure add PFAS filtration into the plant. If the City files a claim the allocation amount will be decided in 2026. The payout will be over 13 years and the money can be placed in reserves and used for things like filtration media replacement or plant operations. If the City does nothing, then the City will automatically be held to the terms of the agreement with no money awarded and no future action against those companies allowed. The deadline for comment is November 4, 2023 and the objections deadline is November 11. Honey concluded that the assumption is that the MN Department of Health will potentially lower their acceptable level for PFAS filtration so the City will be required to treat it..

Breazeale motion, Halverson second to direct City Administrator Honey to file a claim in the PFAS class action lawsuit. All ayes the motion carried.

8.3. Swim Beach Water Quality – Mayor Pagano

Mayor Pagano stated that he would like City Council approval for a group of residents and himself to explore the potential cause of Swim Beach water quality beach closures.

Breazeale motion, Halverson second for Mayor Pagano to authorize continuation of a study of the water quality at the swim beach under the mayor's leadership. All ayes, the motion carried.

9. Park Commission Update

9.1. Five Year Plan 2025 – 2029 Update Kim Petersen, Chair

Petersen stated that as the current Five Year Plan will end in 2024, she and the Park Commission have begun looking at the next 5 years. She presented an outline for the 2025 – 2029 Five Year Plan. She stated that when Pagano was on Park Commission with Gerry Boschwitz, they created the first Parks Five Year Plan in 2018. She added that this plan was badly needed as she was shocked at how bad things looked in the City's parks when she moved here five years ago. Since that first plan, hard assets have been restored as she displayed in her outline with the shocking before and after pictures. Benches, warming house, swim beach paver project and more assets have been restored. Green Assets are in the restoration process. Petersen stated that ideas for park usage will be discussed with consideration of limited funds, capacity, and labor. Hard and Green Asset maintenance and amenities will be evaluated, and projects executed with SPOC assignments utilizing vendors, staff, and volunteers. She added that under the Park Usage category, the Commission will gather resident feedback, look at park amenities, and look to the future of parks. Under the Capacity category Petersen stated that funds will be considered including budget, CIP, and grant money. Labor will be taken into consideration with vendors, staff, and volunteers. The Environmental Restoration category will include forests, tree canopy and lakeshore. She added that the commission has learned over the last four years that there are grants available but they need to be matched to specific projects.

Petersen stated that the Park Commission values council's continued input and feedback for parks, public spaces, and future ideas. She suggested that everyone walk the woods in Minnetonka Beach and in Ray Peters Park as they are outstanding. She added that she recently walked the woods with two Hennepin County foresters, and they were amazed at how good the City's forests look compared to other areas. They told her that invasive species control has helped. Petersen will present a more complete 2025–2029 5 Year Plan update to City Council in October of 2024.

9.2. Mountain Bike Trail – Lower Ray Peters Park – Kim Petersen, Chair

Petersen stated that kids have built mountain bike trails off the walking trails in Ray Peters Park and there was a resident's concern for that usage. She consulted with Hilgers and the City forester to see if this activity could damage trees. The trails are in underutilized areas, not hurting the tree canopy and she is looking for approval for this usage.

Breazeale asked if there should be a public forum for residents to give input on the bike trails, and she wondered if the City attorney needs to be consulted. Petersen stated she didn't think so as it is being used as how the skate park was in the past. Honey stated that she doesn't know and will look into it, but wondered if the City needs to maintain and groom it. Petersen stated that she and Park Commissioners can put parameters for usage of the unused section of land for recreation activity. This may need to be added to the Parks design plan for Ray Peters Park woods. In the last month, Three Rivers Park opened up a bike trail park at Taft Park in Richfield which can be looked at. Kim has not seen erosion issues in Minnetonka Beach bike park area yet and does not think the City will need to maintain it.

Hilgers stated that the kids are doing an awesome job engineering in the woods and having fun. He told them not to cut trees and dig holes and other stipulations. But overall, he supports them having fun in the woods with bikes.

Pagano stated that the bike trail fills the gap when the City lost its skate park. Teens and pre-teens now have something fun to do and this is fun for all ages. He asked Petersen to report back to council once Parks discusses this topic. He thanked Petersen for all her hard work and labor in the City and thanked Hilgers too.

Breazeale suggested putting this bike trail information in the Beachcomber so residents who may be opposed to it can see that council approved it with stipulations.

Halverson stated that this bike trail is a positive for the community and the kids using it.

10. Financial Report

10.1. Financial Dashboard

Zinn reported that unrestricted fund balances are holding steady. The City is earning higher interest income at \$34,000, and only \$3,000 was budgeted. Debt service has not changed. They discussed the \$50,000 that was spent from the CIP for seal coating roads. Hilgers said he has one more patch to do. The expenses for fire and police were standard Zinn noted and nothing stood out this month as unusual. Legal expenses have been good, and the City will be under budget for both legal and zoning expenses by year end as \$77,000 was budgeted and only half that amount has been spent. He suggested looking at budgets for Greenwood, Woodland, and Tonka Bay to see how Minnetonka Beach compares. Zinn stated that the City could maybe be more efficient in how payments are made. He will clean up General ledger accounts.

10.2. YTD Budget, Previous Year Comparison Reports

Zinn stated that revenues are coming in as planned. Building permit revenue is above budget which will continue through the end of the year. Interest earnings are \$34,000 over budget, and as rates continue to rise so will this amount, which is very good earnings. He added that water and water base fee revenues are paying for the water tower. Legal and zoning expenses are well below what was budgeted. Expenses in the IT/computer budget are high as the City's server broke down and had to be replaced with all the labor expenses that come with that. Building inspection fees are above budget but are offset by the increased building permit income. Zinn explained that there were increased engineering fees for the studies to start the design of the water treatment plant, however the costs incurred today will be reimbursed by bond proceeds. Capital Improvements were spent to what was budgeted. Zinn expects that the City will finish the year under budget.

Halverson credited and thanked Zinn and Honey for managing the City budget so well.

11. Consent Agenda

- 11.1. Police Report – September
- 11.2. Fire Report – September
- 11.3. **Resolution 2023 – 39** – Snow Plow Agreements – Arcola Lane
- 11.4. **Resolution 2023 – 40** – Snow Plow Agreements – Crescent Street
- 11.5. **Resolution 2023 – 41** – Snow Plow Agreements – Brooks Lane
- 11.6. Proposed Special Assessment of Unpaid Utility Bills – 2328 Lafayette Rd, Burak
- 11.7. Council Action Notes - September
- 11.8. Approval of Checks – October 2023

Breazeale motion, Halverson second to approve the consent agenda. All ayes, the motion carried.

12. Open Forum – opened at 5:53 closed 5:54 with no discussion.

13. Staff Reports

- 13.1. Administrator's Report – Written report in packet
- 13.2. Clerk's Report – Written report in packet
- 13.2. Public Works Superintendent Report - Written report in packet. Pagano praised Hilgers for overseeing the Swim Beach paver project.

14. Council Reports

- 14.1. Liaison Reports
Breazeale – no report
Dovolis – no report

Halverson – She reported that the Planning Commission meeting was reported at this meeting tonight. Also, at the meeting, J. Breazeale and Steinfeld were re-elected as Chair and Vice-Chair.

Mohr – no report

14.2. Mayor's Report

Pagano thanked City staff and Hilgers for the hard work they put forth. He noted that the amount of work it takes to compile all meeting packets is amazing and they are used to run the City. He added that staff always have smiling faces for vendors and residents that come to City Hall. He also thanked Hilgers for helping with cold patching the driveway for the resident at 2645 Arcola Lane.

15. Adjourn

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

The meeting adjourned at 7:54 pm.

PUBLIC IN ATTENDANCE – Kim Petersen, Kyle and Deb Lewis, Brad and Janet Jans

Respectfully submitted,

Jane Burgess, City Clerk