

**Monday, October 12, 2021, 6:00 PM
CITY OF MINNETONKA BEACH
CITY COUNCIL MEETING MINUTES**

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

- 2. Roll Call:** Mayor Jaci Lindstrom; Council Members: Tracey Breazeale, Susan Enlow, Steve Howarth, Vibhu Sharma arrived 7:35pm, and Treasurer Chris Zinn. Staff Members: City Administrator Heidi Honey, City Clerk Jane Burgess, Stantec Engineer Alan Offerman,
Absent: Sharma until 7:35pm
Guests: State Representative Kelly Morrison

3. Approve Agenda for the October 12, 2021, City Council Meeting

Howarth motion, Enlow second to approve the October 12, 2021, City Council agenda. All ayes, the motion carried.

4. Approve Minutes –

4.1. Regular Meeting of September 13, 2021

Mayor Lindstrom requested her Mayor's report comments be included and Enlow requested a revision to a comment she made about the tree removal waiver criteria.

Howarth motion, Breazeale second to approve the September 13, 2021, Regular City Council amended meeting minutes. All ayes, the motion carried.

5. Police Report – Sgt. Sonnek

Sonnek reviewed the Orono Police report for September with 10 calls for service and 10 traffic stops in MB but no crime. He said there has been an uptick in crime throughout the Metro area. Minnetonka Beach has had a low rate of crime including theft and burglaries. Lindstrom asked if the criminals are dangerous, threatening and do they hurt people. Sonnek replied that there is nothing violent to report but that purses, wallets etc. are being stolen out of cars and cars are being stolen from driveways and garages with doors open and keys in ignition. Groups of 2-3 people go into neighborhoods, find unlocked cars outside, push the garage door opener and enter the house, grab keys and steal the car. Plymouth reported 30 crimes in the last month.

Sonnek said they started a drone program to locate missing people and more with four drone operators. He also explained how different things are for officers with use of force as laws have changed since the George Floyd incident. Some officers have slowed down on proactivity due to the law changes.

Enlow asked if any officers have resigned due to the changes. Sonnek said no, and officers and police department are currently receiving more praise and support than ever before.

Howarth asked if there has been a change in the type of calls they respond to. Sonnek said yes, mental health issues and suicide calls are handled much differently now. Law enforcement is not protected, and the liability is too great if they use force with mental health and crisis cases. Officers can't restrain people and force them to go to the hospital anymore as there is too much liability. Police Department has taken a step back and are letting family members help more.

6. Open Forum opened at 6:11 pm and closed at 6:13 pm.

7. Guest Speaker State Representative Kelly Morrison

Representative Morrison represents District 33B, she is in her second term which will end in January of 2023 and will run for re-election. She is currently Assistant Majority Leader, and her committee assignments are related to health, finance and policy, especially preventative health and policy.

She presented a session update saying during these heavy times the state has endured great challenges from within that have tested everyone. She added that during these partisan times, Minnesota has crafted a bipartisan, compromise budget in each of the past two sessions. It was done as the only divided legislature in the country.

Morrison presented highlights of the final agreement and legislation she worked on:

- Much of the work focused on COVID and recovering from the impacts of the pandemic on our economy, small businesses, and people.
- House, Senate and Governor crafted a \$52 billion budget focusing on COVID recovery, investing in education and taking steps to address persistent racial disparities in Minnesota that were exacerbated by the pandemic. Higher revenues than expected and an influx of federal money made some of this possible.
- Rep Morrison was deeply engaged in health and human services and worked to address disparities in maternal and child health. Her bill ensured continued funding of youth tobacco and tobacco use prevention.
- The final bill of the 13 omnibus bills included major dental reform, increases for childcare providers, and affordable health insurance. This bill also made investments in preventing homelessness and shelters for patients discharged from hospitals so they are not turned out to the streets.
- She authored an asthma bill which enhanced MA asthma services for children with poorly controlled asthma.
- The Telehealth Act provided for continued healthcare during the pandemic and PSYPACT allows licensed psychologists to provide mental health in our state.
- The final bill included E-12 Education with 2.45% and 2% increases in the general education formula over the next two years, the largest funding public education increase in almost two decades.
- \$600 million allocated towards childcare providers and out of pocket expenses for families.
- The public safety/judiciary bill attempts to strike a balance between addressing police accountability while ensuring funding so law enforcement can do its job well protecting those most impacted by our criminal justice system.
- Rep Morrison served on the Environment and Natural Resources committee working with her Senate counterparts and created and passed a compromise bill. PFAS chemicals were banned, funding for EAB management, pollinator friendly habitats increase and AIS research were included.
- The final bill includes a billion dollars of tax cuts and relief including full conformity of the Paycheck Protection Program and unemployment insurance, Angel Investor Tax Credit and expanded Working Family Tax Credit.
- Rep Morrison worked to restore Excelsior Commons, provided bonding money to Spring Park for critical water infrastructure needs, bridge repair in Deephaven, critical water infrastructure needs in Minnetonka Beach.

Rep Morrison praised Lindstrom for all her efforts both state and federally in advocating relentlessly for funding for a new water treatment facility for Minnetonka Beach. She added that Lindstrom did a fantastic job testifying in front of the Capital Investment Committee last spring. Tours of the City's facility and a comparison tour in St. Boni were very informative. Morrison was then armed with the information she needed to communicate to the Capital Investment Committee in the House. She announced that Minnetonka Beach is included in the bonding tour this fall and she will have the opportunity to make the case for the need directly to the committee when they come to the City.

8. New Business

8.1. 2012A Bond Refunding – Bruce Kimmel, Ehler's - Resolution 2021 – 55

Zinn presented that at the Finance Committee meeting in September they discussed the opportunity to refinance the outstanding 2012, \$1,165,000 General Obligation Refunding Bonds with \$1,005,000 remaining on them. The City can call those within 90 days which would be in February 2022 but can be issued in 2021. They also discussed the opportunity to add to them due to the Brooks Lane/Westwood Rd Watermain Replacement project instead of using reserves. The Finance committee is supportive of this.

Kimmel presented Ehler's Executive Summary of Proposed Debt which showed:

Current Refunding of GO Bonds, Series 2012A (\$1,005,000): Interest rates on the obligations proposed to be refunded are 2.250% to 3.000%. The refunding is expected to reduce debt service expense by approximately \$60,162 over the next 11 years (closer to 10 years now.) The Net Present Value Benefit of the refunding is estimated to be \$57,589, equal to 5.999% of the refunded principal. This refunding is considered a Current Refunding as the obligations being refunded are either callable (pre-payable) now, or will be within 90 days of the date of issue of the new Bonds. Debt service will be paid from ad valorem property taxes and water utility revenue. The City's most recent bond issues were rated AAA.

Water System Improvements (\$160,000): Debt service will be paid from water utility revenues. For the Brooks Lane/Westwood Rd Watermain project the City could finance \$150,000 of \$160,000 project cost.

Term/Call Feature:

The Bonds are being issued for a term of 11 years (closer to 10 years as we are close to 2022.) Principal on the Bonds will be due on February 1 in the years 2023 through 2032. Interest is payable every six months beginning August 1, 2022. The Bonds will be subject to prepayment at the discretion of the City on February 1, 2029, or any date thereafter.

Summary:

The decisions to be made by the City Council are as follows:

- Accept or modify the finance assumptions described in Kimmel's report
- Adopt Resolution 2021-55 attached to Kimmel's report.

Lindstrom said she is pleased that the City is staying ahead of interest rate increases predicted for next year. Kimmel said he thinks that due to demand, bond rates will not go up as much as corporate or commercial and residential loan rates.

Enlow and Howarth asked if the City should borrow more rather than use reserves. Kimmel said that's up to the policy of the City. The Brooks Lane/Westwood Rd. Watermain Replacement project was an unbudgeted expense Enlow stated, and she expressed concern with a situation like this happening in the future so should the City borrow more at these lower rates and be prepared for a future watermain project expense.

Howarth asked if the City can increase the principle amount to cover the add-on expenses for the watermain project. Kimmel said that the City has complete flexibility to do so. The target date to sell the bonds is November 8th which is the next City Council meeting date. Howarth asked if these funds must be solely dedicated to the Brooks Lane/Westwood Rd Watermain project and Kimmel said no these proceeds can be used for any water utility project.

Lindstrom said that perhaps \$160,000 is too low and she would like to go higher. Howarth asked if the City borrows more what would the negative arbitrage look like. Kimmel said it would depend on how long the City sits on those proceeds if not needed right away then perhaps the City could invest up to .5%. Howarth asked for reconfirmation that the General obligation Bond refund requires no notification to residents. Kimmel confirmed that.

Breazeale asked how much more can we ask for - what is the sweet spot? Kimmel said 10-year term is good and there is a lack of demand for 15-20 year bonds but strong demand for years 1-10 bonds.

Enlow asked if funds can only be used for a "watermain" project, but Kimmel said the city can use money for any stormwater, water, or sewer utility project.

Howarth asked Zinn to clarify that the net savings is \$60,000 due to refund, and the additional borrowing debt service increase is net \$10,000 a year. Zinn said to help pay for future water-related projects, the City is on a path to increase water rates consistently over the years to residents as not to shock them but build reserves. City Council agreed to a 10% increase for the 2022 water rate.

Lindstrom confirmed to Howarth that the City has \$4.0 - \$4.2 million in pipe replacement remaining to complete in the City. Kimmel and Howarth both said that hopefully Rep Morrison will help with funding for that.

**Howarth motion, no second, to adopt Resolution 2021-55 Providing for the Sale of \$1,165,000 General Obligation Refunding Bonds, Series 2021A with the caveat that we may amend the entire amount.
Motion withdrawn by Howarth.**

Howarth motion, Breazeale second, to adopt Resolution 2021-55 as Amended Providing for the Sale of up to \$1,300,000 General Obligation Refunding Bonds, Series 2021A. All ayes the motion passes

Kimmel stated that he needs to know exactly how much City Council truly wants to net when Ehler's takes bids. If this is the only governing body meeting before November 8th, then more discussion may be needed.

Howarth motion, Enlow second to authorize the City Mayor, City Treasurer and City Administrator to collaborate and agree upon the net proceeds amount and direct that final amount to Ehler's to be received from the General Obligation Refunding activities on or before November 8th. All ayes the motion passes.

8.2 Consideration of No Parking on Huntington Point Rd. East and West Curve

Honey presented the parking problems at this location and the complaints continuously received at City Hall regarding school buses and other large vehicles' inability to make the turn there as cars and vendors park there servicing that area and Woodwinds Lane. Temporary no parking signs have been installed by public works on a partial part of that area while the City is working to improve the situation.

Howarth asked if staff sent or will send an email to everyone near the temporary no parking signs area. Burgess will do so. Council agreed to continue to leave the temporary signs up, see how it goes, and continue this discussion at the November 8th meeting.

8.3 Consideration of Increasing City Credit Card Limit

Honey presented a request for a credit line increase for the City's Bridgewater VISA card. She provided reasons why, and examples of the City credit card currently reaching its \$2500 limit making purchases for public works and staff impossible. Hilgers is forced to use his personal credit card especially for unplanned purchases and emergency purchases when credit card declines. Or he must make split purchases with both his personal card and the City credit card. Honey explained the system of checks and balances amongst staff with purchases, receipts, packing slips, outside account monthly reconciliation so security controls are tight for unauthorized spending. It can take two weeks for a City check payment to post to the City credit card account further delaying the availability of credit.

Howarth asked several questions regarding spending, vendor billing accounts, changes, and why such a big increase. Zinn and Breazeale stated they feel comfortable with the \$10,000 credit limit increase as the proper controls are in place. If there is an emergency the card should be active with available credit.

Enlow motion, Breazeale second, to increase City of Minnetonka Beach credit card limit to \$10,000. Breazeale aye, Enlow aye, Howarth nay. Motion passes.

Howarth requested that the card limit be raised to \$5,000 and raised incrementally. He favors the use of vendor billing accounts vs. a credit card.

9. Old Business

9.1. Brooks/Westwood Watermain Improvement Project Update – Alan Offerman

Offerman presented an update on the Brooks Lane/Westwood Rd. Watermain Replacement project has begun. Trees were removed last week – a reduced amount than originally thought - and early this week. After pre-construction meetings and site visits, Ryan Contracting starts water main installation the week of October 18th.

It was discovered that 3136 and 3142 Brooks Ln have a shared water service that crosses 3124 and connects into the existing main at 3120 Brooks Ln. Both properties were provided curb stops on the north side of their property during the 2002 water main improvement project and for an unknown reason were not connected at that time. To remain consistent with City policy, these properties will be disconnected from their current service location and connect to the existing curb stops along Northview Rd. The homeowners have agreed to cover these costs and will be completed at the same time of the city project.

Project Budget Update: There were several unknowns that became apparent during additional site investigations. Additional project budget implications are estimated below:

- Additional water services pipe for 3124 and 3120: **\$5000**
- Additional temporary water service for 3136 and 3142: **\$4666**

- Supplementary property easement drafting and negotiations: **\$1000**
- Water hydrant, 6” gate valve and temporary 4” gate valve: **\$12,400**
- Construction materials testing: **\$1,707**
- **Total estimated additional project expenses: \$24, 773.00**

Howarth motion, Sharma second to increase project costs associated with the 3120 Brooks Lane watermain engineering construction services fee of \$24,773.00 and \$1,000 estimated engineering costs. Motion withdrawn by Howarth.

Howarth motion, Enlow second to increase estimated project expenses to \$24,773.00 which includes \$1000 for easement activities for engineering associated with the 3120 Brooks Lane Watermain Project. All ayes, the motion passes.

9.2 Brooks/Westwood Watermain Improvement Project – consider extended construction hours

Howarth motion, Sharma second to approve extended work hours at the 3120 Brooks Lane Watermain Replacement Project from 5:30pm – 7pm Monday-Thursday only. All ayes the motion passes.

10. Consent Agenda

- 10.1 Fire Report – August 2021
- 10.2 **Resolution 2021 – 56** Snow Plow Agreements – Arcola Lane
- 10.3 **Resolution 2021 – 57** Snow Plow Agreements – Crescent Street
- 10.4 **Resolution 2021 – 58** Snow Plow Agreements – Brooks Lane
- 10.5 **Resolution 2021 – 59** – Designated Polling Place for 2022 Elections
- 10.6 Utilities Commission Rules of Procedure
- 10.7 **Resolution 2021 - 60** – Water Revenues to Pay Part of Debt Levy Certification for 2022
- 10.8 Water Tower Construction Update – Stantec Memo
- 10.9 **Resolution 2021 – 61** – Consider Appointment of Dave Blodgett to Planning Commission
- 10.10 Approval of Checks – October 2021
- 10.11 Outstanding Accounts Receivable

Sharma motion, Breazeale second to approve the Consent Agenda. All ayes, the motion passes.

11 Treasurer’s Report

11.1 Summary Report on City Finances

11.2 YTD Budget to Actual Report and Prior Year Comparison

Zinn presented his Financial Dashboard dated 10/12/21 and in the packet. Cash basis for the City is in a favorable position relative to the prior year. Finance Committee recommended taking some of the Ehler’s investments and putting them into longer term investments. Howarth spoke about the large volume of construction traffic in the City and how the roads are impacted from this. He asked for research to be done for what other cities do to for wear and tear on streets. He suggested charging a fee for this on perhaps building permits. Burgess will research what other nearby cities do. Sharma stated that the sewer drain is sinking at intersection of Lafayette Rd and Woodbridge Rd. and the sign there was hit as well. Lindstrom asked for this to be brought to Hilgers attention. Howarth requested that Zinn add the Bridgewater VISA payment be included in the Account Payable listing at future council meetings. Lindstrom mentioned that we are at top of budget for zoning and legal fees in October. Zinn reported that once the sign is installed at the Children’s Playground Equipment Donated by LivingstonStrong (shortly after November 9th), then the account will be reconciled and closed out. Council and Zinn discussed different options for improved budgeting practices, account allocations, and fund, cash and accrual accounting methods. The goal they said is to arrive at the best, most accurate tax levy amount to the residents.

12 Staff Reports

12.1 Council Meeting Action Notes

Honey stated that staff added additional items to the water treatment facility state funding application which was submitted on October 11, 2021.

12.2 Public Works Superintendent Report – written report in packet.

Hilgers worked on new water tower and prep for transition from old tower. Planning for old tower disassembly. He worked on Brooks Ln Watermain Replacement project closely with Opperman. Leaks in the water treatment plant were repaired and purchased new dehumidifier as old one stopped working.

12.3 Clerk's Report

Burgess reported that she is continuing to learn and execute more City Clerk position duties, completed some required election and equipment training and accuracy testing and become a commissioned notary. Most of her time is spent with building projects working with Phil, Alan, Roger, contractors and residents keeping things moving along through the often complicated process from start to permit issuance. The City has issued \$6 million in building permits to date.

Burgess works closely with Hilgers regarding public works related work and deals with trash, recycling and yard waste issues as they arise. She answers city dock program questions from area realtors, potential home buyers and residents interested in this program. The Beachcomber is created and mailed monthly and weekly+ SPLASH eblasts written and sent. We now have 340 names on eblast recipient list now. Park Commission is busy with upcoming meeting and final budget expenditures, so Burgess meets with Pagano and other commissioners regularly. They still need a chair for Pagano who is finished as chair but will stay on Park Commission for another year. Meeting minutes for Council, Parks and Docks are generated by listening to audio tape and Burgess assists with meeting agenda and packet prep. Oversees recent hire, Fawn Gage, continuing to train her in her new position. Resident complaints and concerns are a big part of each day as well especially parking related issues.

12.4 Administrator's Report

Administrator Honey reported that she has been working on the Brooks Ln contractor contracts working with City Attorney Batty. He also is reviewing the recycling contract and the City's emergency radio contract for statewide radio system. She completed disclosure paperwork for the 2012A Bond re-fund, had Planning and Finance Committee meetings that went very well, and finalized the state application and fielding questions for the water treatment plant.

Honey followed up on Lewis' of 2438 Lafayette Rd. Data Practices request with continued no response. She met with the Tree Preservation Ordinance task force and spent a great deal of time working with Batty and a City tree vendor on the Tree Preservation Ordinance and city code for nuisance violations. She spent a lot of time fielding moratorium questions.

Honey worked with Hilgers and Burgess on temporary no parking on Huntington Pt. and holds weekly meeting update meetings with Burgess and Stantec so everyone is on same track with expectations and trying to finish up building projects. Lots of permits being issued at City Hall in the last month.

13. Council Reports

13.1 Mayor's Report – Lindstrom reported that so much is going on in the City as she calls City Hall four times daily. Highlights include the funding application for the water treatment plant and working closely with Rep Morrison who is working hard to help our City with this. She hopes to get on the bond tour of our facility.

13.2 Liaison Reports

- Breazeale – She reported Civic meeting tomorrow, Halloween Party had huge turnout and many new people including grandchildren of many of our residents. Parks did not have an October meeting but meets in November. October 30th is the Junior Civic cleanup at Ray Peters. Madry Breazeale is Junior Civic President.
- Enlow – She toured the water treatment plant with the Planning Commission and Utilities Commission members including Alan Carlson, Bill Raisbeck, Kevin Dunphy, and Mike Lang. Jeff Breazeale is new chair of Planning Commission and Jennifer Halverson is vice-chair.

Enlow attended the fire meeting with Medina, Long Lake, Corcoran, Independence, and Minnetonka Beach present. All the fire departments are having trouble finding firefighters – Long Lake hired three and three

more are in hiring process so they will have 46 of 50 firefighters. Orono is terminating their contract with Long Lake Fire at the end of their contract in 2025 and starting own fire department. There are three options:

- 1) They can keep ownership the same with the buildings and equipment which is a shared model between Orono and Long Lake and Orono would hire firefighters
- 2) Orono buys the equipment buying out Long Lake's interest, and hires a fire department or
- 3) They can't agree on either option and there would be a messy breakup. Fire Chief and firefighters are concerned. They have separate pensions which makes it more difficult. Hamel and Loretto are not city owned and they are not attending these meetings as they are talking about merging. Howarth asked and Enlow replied that perhaps Long Lake Fire may end up under the auspices of Orono. Minnetonka Beach has only 9% of incidences of Long Lake Fire.

- Howarth – Utilities Commission toured our water plant. A new cable/internet company applied for a franchise agreement which takes 2-3 months to go through negotiation process with franchise, Metro Net, who wants to serve 5 of the 11 member communities but not Minnetonka Beach at this time.
- Sharma – He and staff explored golf cart policies in other cities, Prior Lake as an example, and commonality and alignment with MN statutes; He will present a recommended plan at a later date to either keep the policy the same, modify it or revoke the City's golf cart policy.
- Zinn – see 11.2 Treasurer's Report

14. Adjourn

Enlow motion, Howarth second to adjourn the meeting. All ayes, the motion carried.

The meeting adjourned at 9:00 pm.

Members of the Public: Nell Mathews

Respectfully submitted,

Jane Burgess, City Clerk