

**Monday, December 12, 2022 6:00 PM**  
**CITY OF MINNETONKA BEACH**  
**CITY COUNCIL MEETING MINUTES**  
**Continuation of December 5, 2022 Truth in Taxation Meeting**

**Roll Call:** Mayor Jaci Lindstrom; Council Members: Tracey Breazeale, Susan Enlow, Vibhu Sharma and Treasurer Chris Zinn. Absent: None

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

**Guests:** Alan Offerman, Ryan Capelle of Stantec

**1. Mayor Lindstrom called the meeting to order at 6:04 p.m.**

Continuation of the Truth in Taxation meeting from December 5, 2022

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

**3. Approve Agenda for the December 12, 2022 City Council Meeting**

Breazeale requested that agenda item # 10.3 **Ordinance No. 138, 2<sup>nd</sup> Series** – 2023 Fee Schedule be moved under Finance as item #9.3. Add the Utility Rate Study item #9.2 and the Financial Dashboard would become item #9.4. Item #9.5 will be Budget vs. Actual

**Sharma motion, Enlow second to approve the amended agenda. All ayes, the motion carried.**

**4. Approve Minutes –**

4.1. Regular Meeting of October 11, 2022

**Breazeale motion, Sharma second to approve the October 11, 2022 City Council meeting minutes. All ayes, the motion carried.**

4.2. Regular Meeting of November 14, 2022

**Sharma motion, Breazeale second to approve the November 14, 2022 City Council Regular meeting minutes.**

**Votes: Breazeale – aye, Sharma – aye, Enlow abstained. The motion carried.**

**4.3. Work Session Notes of November 28, 2022**

Addendum: At the November 28, 2022 City Council Work Session with Ehler's, a question was asked about any potential impact on the City's bond rating with proposed new debt for financing the water treatment plant. Jessica Cook of Ehler's does not believe that the proposed new debt service will lower the City's AAA rating.

**Sharma motion, Breazeale second to approve the Work Session Notes of November 28, 2022 with addendum as noted. All ayes, the motion carried.**

**5. Orono Police Report**

Officer Josh Raze reported that there were ten calls for service in the City for false alarms, medical, vehicle lock out, juvenile runaway, traffic stops, and accidents. Lindstrom asked Officer Raze for advice for residents during the holidays and he recommended RING type doorbell services and closing garage doors. He stated that packages are being stolen and everyone should look out for their neighbors. Sharma thanked the Orono Police Department for their service.

**6. Recognition of Outgoing Council Member Susan Enlow**

Mayor Lindstrom presented Enlow with a Certificate of Appreciation and recognized and honored her for her service to the community in many areas. She served on the Long Range Planning Committee from 2009 – 2014. She was then appointed to the Planning Commission serving from May to Dec of 2018. Lindstrom stated that Enlow brought all her Planning Commission knowledge and experience to City Council when she was elected as a council member from 2019 – 2022. Lindstrom noted that the City was very busy during Enlow’s term on council. She dealt with the 2019 Watermain Infrastructure project, installation of the median pedestrian crosswalk, the construction and replacement of the City’s iconic water tower, installation of two City playgrounds, countless complex variances, a moratorium, COVID-19, many council meetings that lasted until midnight and much more. She added that during that time many council packets were 300-400 pages. Lindstrom stated that Enlow led the City’s compensation study, which updated staff salaries and benefits. She worked on the significant Tree Preservation Ordinance with the Task Force, and is currently working as part of a DNR Code Compliance Task Force. She became the City’s Fire Liaison whose role escalated with her attending many important meetings with the ongoing possible fire district joint powers agreement discussions. Lindstrom concluded with thanking Enlow for her service and devotion to the community as recognized her as a great council member during a time of great change.

Enlow stated that she is honored and privileged to have served as a City Council member for Minnetonka Beach. She added that City staff is” bar none, the best that can be.” She complimented Treasurer Zinn for his ability to deal with financial complexities and presenting financial issues so all can understand. Enlow praised Lindstrom for being an amazing mayor, leading the community in such a smooth, conciliatory fashion getting many things done that would not have happened without her leadership. She cited Breazeale as the voice of reason who pushed important initiatives looking out for the best interests of the City with great grace and poise. She stated that Sharma provided a great deal of assistance in financial areas which was greatly appreciated. Enlow thanked those who pushed her to serve especially resident and former Mayor Joann Anderson.

Anderson said that Enlow has done a marvelous job on City Council and asked her to run again to which she declined. Anderson was very proud of Enlow and enjoyed working with her stating that she did a marvelous job.

Tom Enlow stated how impressed he is with the dedication and time commitment that is given by council members, treasurer and the mayor, He praised Susan stating that he is especially proud of the work she has done for the good of the City adding that Minnetonka Beach has always been a wonderful place.

Kathy Gillum thanked Enlow and gave her special jelly award “for being so sweet.”

Nell Mathews stated that Minnetonka Beach is a small community, but in some ways operates like an HOA. When residents have personal concerns, they are allowed to raise them and City Council listens to them. She stated that Enlow has the ability to grasp complex issues and boil them down to strengths on each side and apply the benefits to the entire community as a whole. Mathews added that Enlow makes people feel like they have been heard. She thanked Enlow for leaving City Council in a great place for the next evolution of the beach.

Joe Pagano thanked Enlow for “always being in the present.” He noted her willingness to fill in as Park Commission liaison when needed and she was always prepared and contributed to the meetings. She has a great ability to make complex things seem clear and rationale.

Sharma said he appreciated how Enlow looks at things in the best interest of the community with no agenda, and with sympathy and empathy.

Breazeale stated that City Council won’t be the same without her. She added that even when they didn’t agree, she and Enlow listened to each other respectfully, made decisions and moved on.

Zinn stated that he appreciated Enlow and was impressed by her attention to detail, especially with complicated ordinances.

**7. Open Forum opened and closed at 6:25 pm.**

**8. Old Business**

8.1. Water Treatment Plant

#### 8.1.1 Water Treatment Plant Engineering Proposal – Stantec

Capelle stated that the current water treatment plant was constructed in 1958, and many of its components have exceeded their expected useful life. There is big corrosion in the plant, and the time has come to replace this plant with a new foundation and sustainable plant without steel tanks that will provide quality water to this community for decades to come – perhaps up to 100 years. Capelle added that the best placement for the new gravity treatment plant, modest in design, would be to tuck it away in the woods for best setback use and less impact to neighbors. The architecture, functional not fancy, would resemble the minimal maintenance buildings that are currently there.

Sharma asked if the existing structure could be used with just a redo of the plumbing instead of creating another structure in the woods. Capelle stated that the existing structure shell is in tough shape, and it has single wide block, so it has deteriorated over time. With the size of the new building, it will be best to use concrete tanks. Capelle added that it is not possible to put the new kind of tanks in the old building. Sharma asked if there will be options for site selection which Capelle confirmed there will be future plan development with opportunities for feedback.

Offerman presented the Minnetonka Beach Water Treatment Plant Replacement Project with an estimated project schedule. The preliminary design, final design, MDH review submittal and bidding would be in 2023. In 2024, the award and construction would occur, and post construction services would be in August 2025. Offerman stated that the estimated total project costs are \$6,593,650. Ehler’s recommended earmarking 3% for legal and financing, which is included in the project cost.

Enlow asked if this reflects the updated costs as pricing is volatile and Capelle and Offerman confirmed that it does.

Sharma asked if the proposal’s \$600,000 for engineering is for Stantec and Capelle confirmed that it is as a placeholder. He added that if the project comes in under budget, the excess would be used towards construction or remain with the City. Sharma asked regarding financing if the ultimate end costs will be over \$6,593,650.00 as this is the cost as of today. He stated that once interest is added on the final cost will be much more. Sharma also stated that he has heard of construction projects getting cancelled and deferred because of the economy. He asked if this is an advantage to the City as it would free up resources. Capelle answered that is a real consideration, but the only time he has seen this happen was during the recent recession. Other than that, trajectory is a steady, slope upwards, but it could happen. He added that water and wastewater projects are supported by the government and Minnesota has a state bonding bill that may move forward again in May, so the design should be completed so that the project is ready if the timing is right.

Lindstrom asked Capelle and Offerman to explain the project’s team of experts. She asked if they are they all Stantec employees which Capelle confirmed that they are all seasoned professional civil, structural Stantec engineers all under one roof. Lindstrom also stated that it would be nice for them to lower the price a little bit. Capelle responded stating that good ideas translate into cost savings and avoid learning curves. Offerman stated the project architect is super practical and he’s an “engineer’s architect.”

Lindstrom stated that Minnesota has a \$17 billion surplus, yet the Governor has not talked about helping infrastructure. Capelle stated that they are still working with legislators and the City needs to stay tuned for updates if anything is allocated for infrastructure.

**Sharma motion, Enlow second to authorize the Mayor and City Staff to execute the Stantec letter dated December 8, 2022, for engineering design services provided by Stantec at a proposed hourly rate not to exceed \$560,000 without prior authorization for a new water treatment plant. All ayes, the motion carried.**

#### 8.1.2. Geotechnical Engineering Proposal - Stantec

Offerman stated that Stantec solicited two quotes for geotechnical services including borings and geotechnical report for a new water treatment plant. The low quote was submitted by American Engineering Testing, inc. for \$4850.

**Enlow motion, Sharma second for the City to enter into agreement with American Engineering Testing, Inc. within the terms of their letter dated November 17, 2022, not to exceed \$4,850. All ayes, the motion carried.**

**9. Finance**

**9.1 Resolution 2022 – 54 – 2023 Final Budget and Tax Levy, authorize Partial Bond Payment with Water Revenues**

Zinn stated the 2023 preliminary proposed budget is consistent with the final proposed budget. He explained that the budget has three components: the General Levy, Water, and Sewer. General Levy funds are the general expenses of the City and are responsible for debt service. Zinn added that the Finance committee is meeting on January 4, 2023 to discuss how to best fund the water treatment plant project. Zinn stated there will be two bond issuances, one in spring or early summer of 2023 that will fund half or more of the total project. The City will bond again for use to pay the development and design work and to finance the remaining cost of the project.

Zinn stated that the increase for the 2023 budget is more significant than in past at 9% or \$98,000 roughly. He attributed the larger budget to an increase in costs and three main components: Debt Service is approximately \$15,000 of \$98,000, and the CIP is a significant portion of the increase of \$47,000, with the majority of that focused on infrastructure. Half the City streets are on an annual rotation schedule allocating \$75,000 for seal coating them each year, which is most efficient to keep them in good shape. The other half of City streets will be done the following year and the rotation will continue. The third component is City staff. It is important to City Council and the Treasurer to keep staff happy and retain them, so wages and benefits were adjusted to their peers in other cities. Zinn added that in 2022, there was a focus by Honey and him to keep zoning and legal fees down. As the total budget is only \$1.4 million, \$50,000 is a lot of money to the City for these services.

Sharma asked why Park Operations had a big increase. Zinn explained that this was just a shift in money from Parks to the Public Works budget. Sharma requested that categories such as Parks be fine-tuned so it is easier to read them at a glance. Zinn said will improve this.

Zinn explained the water category as it has not been updated with revenues with the new proposed rates. In 2023, there will be a 15% water rate increase for Minnetonka Beach water users. There is also a new fee for infrastructure needs, specifically the new water treatment plant, that will be billed to Minnetonka Beach water users at \$150 quarterly.

**Enlow motion, Breazeale second to adopt Resolution 2022 – 54 Final Budget and Tax Levy Certification for the Year 2023.**

**Be it resolved by the City Council of the City of Minnetonka Beach, County of Hennepin, Minnesota hereby adopts a budget for the year 2023 of \$1,811,863.24 consisting of: \$1,400,183.47 General Fund, \$314,915.59 Water Fund, and \$96,764.18 Sewer Fund; and affirms that the following sums of money be raised by property tax in 2023 upon the taxable property tax levy certification of \$1,190,218.47. Of this amount, \$ 231,640.00 is levied for General Obligation bond debt (principal and interest), and \$958,578.47 is levied for general property tax.**

**Be it further resolved, the 2023 scheduled debt levy for the Series 2019A Bond in the amount of \$171,990.00 will be levied in the amount of \$128,480.00, and there will be sufficient funds in water revenues to make the debt service payments.**

**Be it further resolved, the 2023 scheduled debt levy for the Series 2021A Bond in the amount of \$111,930.00 will be levied in the amount of \$103,160.00, and there will be sufficient funds in water revenues to make the debt service payments. All ayes, the motion carried.**

9.2. Utility Rate Study

Zinn presented the purpose of the Ehler's Water and Sewer Utility Rate Study conducted to determine how to pay for a new \$5.835 million water treatment plant planned to be constructed in 2024. At the November 28<sup>th</sup> City Council Work Session, council discussed financing sources and rate options for the plant. Their expressed preference is to use a combination of water rates and property taxes to replay the water treatment plant debt. Zinn stated that Ehler's stated in their December 12, 2022 Memo that Stantec recently went out to bid a similar water treatment plant in another community and the bids came in significantly higher than expected which led City engineers to conclude that the original \$5.835 million estimate for the Minnetonka Beach plant may be too low for planning purposes. They revised the cost estimate to \$6.6 million in 2024, a 13% increase. Ehler's Key Assumptions are that the debt for the plant will be paid 50% from water utility fees and 50% from the General Levy, operating expenses for the new plant will be similar to the existing plant and will increase 5% annually. They proposed raising water rates 15% in 2023 with a 10% increase each year thereafter through 2027. Also proposed are Infrastructure Fees, and Residential and Lafayette Club Usage Fees. In addition to the treatment plant, the rate study included capital improvements in the water fund for annual hydrant replacement, water treatment repairs, meter head replacements, and a diffuser for hydrant flushing. Zinn concluded that he is confident that the study is accurate and was money well spent.

**Sharma motion, Breazeale second to accept the Utility Rate Study Update, a memo dated December 12, 2022, issued by Ehler's Public Finance Advisors. All ayes, the motion carried.**

**9.3. Ordinance No. 138, 2<sup>nd</sup> Series – 2023 Fee Schedule**

Honey stated that the 2023 Fee Schedule was approved by City Council at the September 12, 2022 meeting prior to the completion of the Ehler's Utility Rate Study. There was an expectation that the fees would change based on the results of the study. Council has reviewed the study and recommendations for updates to the 2023 fee schedule both at the November 28, 2022 work session and at the December 5, 2022 Truth in Taxation meeting. Due to council not having full membership at this meeting, so it cannot authorize summary publication of the fee schedule via resolution. However, the resolution can be adopted at the January 9, 2023, City Council meeting where a full council will be present, and the fee schedule will then go into effect. Honey concluded that the new fee schedule includes a \$150 per household, per quarter new infrastructure fee, and a 15% water rate increase.

**Enlow motion, Sharma second to adopt Ordinance No. 138, 2<sup>nd</sup> Series an ordinance amending Appendix B Fees for Licenses, Permits, Services of the Minnetonka Beach City Code. All ayes, the motion carried.**

**9.4. Financial Dashboard**

Zinn stated that the City is in a healthy position with Unrestricted Funds balance at \$1.38 million vs \$1 million at this time last year.

Sharma stated that the City should be earning 4% or so and we're getting very little. Zinn explained that the City is only earning .1% return from Bridgewater Bank. A call will be made to Bridgewater to ask for a higher rate. Once there is more clarity on the water treatment plant project financing then the City can pursue longer-term investments to earn a higher rate.

**9.5. Budget vs Actual**

Lindstrom stated that Zinn and Honey did a great job with the very accurate budget. Zinn stated that the collection of property taxes is right on par as what was expected. He added that the most variable line item is building permits and their revenue. \$60,000 was budgeted for 2022 building permit revenue and \$158,000 was the actual revenue. Water rates were raised 15% to finance infrastructure projects due. The City is ahead of budget in water revenue by \$22,000 as the drought probably helped that increase.

Zinn stated that the large, unexpected sewer main repair was a \$32,000 expense, but the City has a well-funded sewer fund. He added that the CIP is under budget at this point, but the unspent money will roll into 2023 instead of doing forced spending in December of 2022 as done in the past.

**10. Consent Agenda**

**10.1. Fire Report - November**

- 10.2. **Resolution 2022 – 55** – 2023 Council Meeting Dates
- 10.3. Employee Benefits Addendum for 2023
- 10.4. Abdo Letter of Engagement for 2022 Audit
- 10.5. Approval of Checks – November and December 2022
- 10.6. Authorize payment of 2022 invoices received between December 8 – 31, 2022 to be approved at January 2023 Council meeting.
- 10.7. **Resolution 2022 – 56** Resolution Approving State of Minnesota Joint Powers Agreements With The City Of The Village of Minnetonka Beach On Behalf Of Its Prosecuting Attorney And Master Joint Powers Agreement for Prosecuting Attorney Kenneth Potts
- 10.8. Court Data Services Subscriber Amendment to Cjdn Subscriber Agreement for Prosecuting Attorney
- 10.9. 2023 LMCD Multiple Dock License Application Without Change
- 10.10. **Resolution 2022 – 58** – Appointment of Laura Paine on Park Commission
- 10.11. **Resolution 2022 – 57** – Appointment of chip Zawislak on Park Commission
- 10.12. Kennedy and Graven 2023 Legal Services Rate Increase
- 10.13. Action Notes

**Breazeale motion, Sharma second to approve the amended consent agenda. All ayes, the motion carried.**

## **11. Council Meeting Action Notes and Staff Reports**

### 11.1. Administrator's Report

Administrator Honey reported that there have been meetings with Stantec and Ehlers on the utility rate study and water treatment plant and she provided materials to Ehler's for the study She also met with the Department of Health on the water treatment plant and scheduled a Finance Committee meeting for January 4<sup>th</sup>.

Honey stated that is has been very busy with the 12/5 Truth in Taxation meeting, making sure budgets are accurate and fund accounts are correctly coded. With the 2023 budget approved, she will be working on year end updates for the 2023 budget in QuickBooks, with the payroll company, and updating employee benefits. She also updated QuickBooks with new account codes to track expenses related to the water treatment plant and tree permit and license activities. She completed a worker's comp and payroll audit.

Honey stated that she is preparing for the annual audit by Abdo which will be January 12 and 13<sup>th</sup>. She submitted the final Hennepin County Tree Canopy Grant materials and hopes to receive a check for reimbursement for just under \$15,000. She discussed with Shane at Hennepin County the possibility of using their tree inventory software system to incorporate the City's into theirs. This would be at no charge to the City and would benefit both entities.

She stated that she worked with Offerman on some projects that had complicated issues and needed details on As-builts for final approvals. She is still working on getting maintenance agreements on a few projects, but most are completed. She continued to work with the complaint on Woodbridge Rd for grading near the shore. Honey stated that she created newly elected official training binders full of lots of materials to review with them at their training on January 11. She also may hold a training session with the city attorney.

Honey stated that she worked on a very large data request and the requestor will be at City Hall Wednesday to view the documents. The City is not providing printed documents until payment is received for the time spent and copies. Costs incurred are \$1,566 for 650 copies and 40 hours of staff time.

Honey stated that she was sick for a few days and took some days off around Thanksgiving. She added that she hopes that she and Burgess can take some time off before the end of the year.

11.2. Public Works Superintendent Report – Written report in packet

11.3. Clerk's Report – written report in packet

## **12. Council Reports**

12.1. Mayor's Report

Lindstrom stated that she is assisting in the transition of Pagano to Mayor. They both went to the well-attended open house regarding the future of the Long Lake Fire Department, which was established in 1915. Many Long Lake residents were there and several Orono residents spoke against the purchase of the department by the City of Orono. Lindstrom's take away was that Orono purchase the department and they hired Long Lake Fire Chief Van Eyll. Long Lake would like a joint powers agreement.

This is Mayor Lindstrom's last City Council meeting as mayor and she thanked council members and Treasurer Zinn, staff, and Pagano and Mathews who were in the audience. She expressed her gratitude for their hard work, stating that each council member and Treasurer Zinn brings something different to the City. She praised Zinn for leaving his indelible mark on the City's finances, and his work with three bonds at historically low interest rates. She stated that they endured many challenges together making decisions for many big projects. Those included replacement of two playgrounds that had been in place for 25-30 years, replacement of a nearly 100-year-old water tower, the plans underway to replace a 58-year-old water treatment plant and many more. Lindstrom concluded stating that together, all who served transformed the City's assets including the warming house and Margret Dahl Library, make this community really looks like the City cares.

#### 12.2. Liaison Reports

Breazeale reported that the Civic Tea & Toddies Open House was at their home last night. Approximately 80 people attended, and it was a really nice event. Civic members provided a lot of help and brought the appetizers. Some residents attended who have not been to a City event in a while. Lindstrom thanked Breazeale for providing a parking valet. The Park Commission did not meet in December and will meet January 3, 2022.

Enlow stated that the Planning Commission has not met since September. She provided a DNR/City Code Compliance Task Force update. Planning Commission member Susan Swanson, Nell Mathews and herself will work in a research capacity to do all the comparison and analysis of the 1996 code approved by DNR 26 years ago. She stated that since then there is a model shoreland ordinance in place which the City should be compliant with. The task force, whose work began in 2021 with the ADU issue, is reviewing the history of events that occurred. Enlow stated that it is a huge process to get the DNR signoff. She stated that they will be meeting with Administrator Honey and Planning Commission Jeff Breazeale to inform them of what the task force has been working on and provide them an update.

Sharma thanked Lindstrom for her stewardship and leadership of the City. He stated that he wanted to close the City Council meeting by saying that and he looks forward to her January 9th reception to say more.

Zinn – He said utility rate study is the most monumental event of 2022 as the development work must be done first. How to fund it most important first step. Lindstrom asked if Bruce Kimmel of Ehler's is taking care of bonding the project which Honey and Zinn confirmed he is as well as others behind the scenes at Ehler's.

### 13. Adjourn

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

**The meeting adjourned at 8:15 pm**

**PUBLIC IN ATTENDANCE** – The following people signed the attendance sheet: Nell Mathews, Tom Enlow, Kathy Gillum, Joe Pagano, and Joann Anderson.

**Respectfully submitted,**

---

**Jane Burgess, City Clerk**