

Monday, September 14, 2015 7:00 PM
CITY OF MINNETONKA BEACH
CITY COUNCIL MEETING MINUTES

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

Staff Present: City Administrator Susanne Griffin; City Clerk Heidi Honey; Public Works Director Ben Young.

Guests: Police Sergeant Chad Stensrud; Police Chief Correy Farniok; Three Rivers Park District Representatives: Manager Penny Steele, Superintendent Boe Carlson and Trail Manager Danny McCullough; Westonka Historical Society Representative Pam Myers.

- 1. Mayor Skalla called the meeting to order at 7:00 p.m.**
- 2. Council Member Taylor led the Pledge of Allegiance.**
- 3. Approve Agenda for the September 14, 2015 City Council Meeting.**

A motion was made by Council Member Taylor and seconded by Council Member Bartel to move item #7.1. Police Report after item #5. Open Forum. With all members voting in favor, the motion carried.

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

Action Notes:

Council Member Lindstrom announced that the Truth in Taxation meeting is scheduled for December 7, 2015 at 7:00pm, City Hall. This is the meeting at which the budget and levy will be discussed and the public allowed to speak. She referenced discussion from the August 17 Council meeting about bonds and asked about the recommended amount for the City to bond for utility projects. Administrator Griffin reported that she spoke with Ehlers, who the City worked with for the last bond. Ehlers told her there is no magic number and no limitation on an amount. She further explained that there are many types of bonds and she can arrange for Ehlers to come to a Council meeting to discuss the options. Administrator Griffin also reported that she met with Bonnie from Abdo, Eick and Myers. They entered the budget into Quickbooks and then exported to Excel so Council could see the budget by funds. In the past, Administrator Griffin entered the budget into Quickbooks by class after it was approved instead of ahead of time. If Council decides on a budget where the general fund is balanced, this method will make it easier for showing the budget by fund.

- 4. Approve Minutes**
 - 4.1. Regular Meeting of August 17, 2015

A motion was made by Council Member Bartel and seconded by Council Member Lindstrom to approve the Council meeting minutes of August 17, 2015. With all members voting in favor, the motion carried.

4.2. Study Session of August 31, 2015

A motion was made by Council Member Lindstrom and seconded by Council Member Bartel to approve the Study Session minutes of August 31, 2015. With all members voting in favor, the motion carried.

5. Open Forum – no report

6. Guest Reports

6.1. Penny Steele, Three Rivers Park District Commissioner
Commissioner Steele emphasized that the City should call either Superintendent Boe Carlson or Trail Manager Danny McCullough if there are ever any issues with the trail or trail users. They will try to be as responsive as possible. She noted many people are driving and biking distracted. Everyone needs to be aware. Mayor Skalla suggested they create a sign for the new message campaign with a picture of a person walking stating “it’s their trail too”.

6.2. Pam Myers, Westonka Historical Society
Ms. Myers showed Council a new book available for purchase called *Images of America: Lake Minnetonka*. The Historical Society has been in their new location for two years and has seen a dramatic increase in visitors. She invited Council to visit and see the interesting donations they have received this year. She discussed their new display of Indian mounds and the Tonka Toy collection. She also discussed the calendar of upcoming events.

7. Police Report –

7.1. Police Report – August Report

Sergeant Stensrud reported that the Lafayette Club had their annual Labor Day party with no problems. There was a vehicle and bike accident where the bike actually hit a vehicle pulling out of a driveway. He discussed the permit parking at the swim beach and thinks things seem to be moving in the right direction with the previous parking problems. Overall, it was a pretty quiet month.

Police Chief Correy Farniok spoke on the updated Lake Minnetonka Emergency Operations Plan in the Council packet. The main change was the addition of three annexes: Domestic & Exotic Animals, Terrorism, and Volunteer/Donations. These annexes were added to the state plan so Orono added them to be compliant. The only other changes were fixing clerical errors and updating contact people. The plan is updated every five to ten years and the last update was eight years ago.

Chief Farniok went on to discuss the recent Police Commission meeting with all of the cities. He strives to keep response times low and uses that as a gauge for how well they are doing their job. Over the past year, Minnetonka Beach response times have been creeping up and are now near the eight minute mark. The norm is four to five minutes. Working with Hennepin County Dispatch, he pulled records of all priority one calls (52) from Minnetonka Beach to see why the response time is so long. He discovered that eight of the 52 calls were beyond normal response time. He explained that sometimes the on-scene button is not hit by the officer. He removed a traffic stop call which turned into an arrest because the on-scene button was not hit by the officer until the tow truck was called. This reduced the overall response time by one minute for all calls. He removed the eight calls where there was officer error or not accurate reporting of response times. This reduced response time by 7,000 seconds making the overall response time for Minnetonka Beach .438, which is well within the expectation. He further explained that Minnetonka Beach has the lowest

number of priority one calls, so a few calls can skew the data. His analysis has given them insight and reporting will probably look different in the future.

Chief Farniok reported that they are seeing a lot of distracted driving, especially on Country Road 15. He urged citizens to contact police if they see any weaving or distracted driving.

7.2. Dakota Regional Trail– Three Rivers Park District Trail Manager Danny McCullough and Superintendent Boe Carlson –

Trail Manager McCullough reference the police report provided in the Council packet. There was a complaint of juveniles with firecrackers and there were stop sign violations. Council Member Taylor asked when administrative citations are issued versus Hennepin County citations. They issue warnings, administrative citations and Hennepin County citations. Administrative citations are similar to a city issued ticket with a lesser fine as opposed to Hennepin County citations. Superintendent Carlson stated that the attitude of the offender and repeat offenses often determine how they cite the offense. Council Member Kozloski asked how they receive calls. Calls come through 911 or Orono police. When there is an insurance claim, Three Rivers often goes back and tickets the offender. Mr. McCullough also reported on a new safety message campaign. Users will see signs reminding them of safety issues and the messages will change periodically.

8. Consent Agenda

- 8.1. Fire Report – August
- 8.2. LMCC Budget
- 8.3. Resolution 2015 – 39 Resolution Adopting the Updated Lake Minnetonka Emergency Operations Plan (LMEO)
- 8.4. Resolution 2015 – 40 Accepting the Resignation of Michelle Kroll and Appointing Joann Anderson to the Utilities Commission

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. Consider Motion to Approve September Checks
City Administrator Griffin passed out the final list of checks for approval. Two expenses are billable to residents. Council Member Taylor asked about Hydroclean. Public Works Director Young explained the charge was for televising sewer lines. Administrator Griffin has not received the I & I surcharge report yet but, based on last year’s numbers, the City would get I & I credits for televising.

A motion was made by Council Member Taylor and seconded by Council Member Bartel to approve 48 checks numbered 15192 through 15239 in the amount of \$92,770.78. With all members voting in favor, the motion carried.

- 9.2. YTD Budget Report and Previous Year Comparison Report
Administrator Griffin explained that the YTD profit and loss report was updated through today but it does not include payroll from September 10, 2015. Council Member Taylor said the actual amount for building permits was \$37,000 at the end of July and asked if the City was at \$49,000 already. This is due to a large building permit that was recently issued. Administrator Griffin stated that legal expenses are over budget. Asphalt is over budget but Commercial Asphalt was overpaid \$6,000 due to multiple invoices being sent to the City. The City will receive a refund. Council Member Bartel asked how much of the legal expenses was related to Dawson. There was discussion about the

possible amount. Mayor Skalla asked Administrator Griffin to research how much has been paid for legal expenses specific to Scott Dawson and the LMC.

9.3. Outstanding Accounts Receivable Report –

The main outstanding account receivable is for residents Chris and Stacia Bank. Clerk Honey sent them a letter stating they can come to Council in October or the outstanding balance will be assessed to their taxes. Mr. Bank sent a copy of his latest invoice back to the City with notes regarding which expenses he thought were his and which were not. Administrator Griffin already sent him detail on the invoices. Mayor Skalla requested that Mr. Bank be prepared with specifics if he comes to Council to dispute the charges. Council Member Kozloski asked the aging on the invoices. They are dated 7-1-2014 and 12-11-2014. The most recent is 3-3-2015. Last year they had a similar situation with this resident but after the letter was sent, the bill was paid. The City's recourse is to assess taxes.

10. New Business

10.1. **Resolution 2015 – 38** – Consider Adopting 2016 Preliminary Budget and Proposed Tax Levy Administrator Griffin referenced a memo she sent to Council today. Administrator Griffin delivered the original budget version that they are used to seeing. She also provided a version with a balanced general fund and a report showing the tax impact with different versions of the CIP. The original version shows an 11% increase with the full previously approved Capital Improvement Program (CIP). The balanced general fund budget version shows approximately the same tax levy percentage. Most cities operate with balanced general funds with the other enterprise funds being self-sustaining.

Council Member Bartel asked if the unfunded liability fund should be a separate fund. Administrator Griffin said that is not necessary because it is being tracked separately. This fund does not generate income so it is tracked in the general fund and captured in the general fund during the audit process. Mayor Skalla asked if the City is putting money away for any other purposes in the general fund. Administrator Griffin explained that it is funded by the general fund and funded by the tax levy every year. Council Member Bartel would like a separate category for this. Council Member Kozloski asked if there are criteria for categories. He asked about the bond rating process and when they look at reserves they would be unaware of the unfunded liabilities. They would see that in the audit report. Council directed Administrator Griffin to find out what other cities do with categorizing unfunded liabilities. Administrator Griffin explained that the audit shows the total funds and this document is for budgeting purposes.

Mayor Skalla stated that there are many ways to look at this but this budget is significantly higher than in the past. If Council is not comfortable with it, they need to prioritize to make decisions for the City.

Council Member Kozloski asked if this year's CIP is higher than average. Council Member Taylor explained that some expenses in the past came out of the bond funds and not the CIP, but the money was still spent.

Council Member Lindstrom presented some ideas to reduce the budget. The police and fire budget cannot be changed and they make up almost 18% of the entire budget. Council Member Lindstrom said phosphorous reduction was increased from \$3,000 to \$10,000 in the CIP. She believes this should go into a bond as part of stormwater projects instead of CIP because there is potential for significant phosphorous reduction in two of the projects. Mayor Skalla reminded Council that phosphorous reduction needs to be done by 2018 but if it is bonded, it may not be completed in time.

The MN PCA enforces compliance and the City Engineer may know more about that. Mayor Skalla said when you bond you need to specify what you are bonding for. You can roll things together as long as you state the projects. Council Member Kozloski asked the impact of the 11% increase to an average resident's taxes. Administrator Griffin said it is difficult to calculate because taxes include Hennepin County increases, schools, Minnetonka Beach and other taxing authorities. Council Member Kozloski suggested looking at the actual dollar increase before Council removes items from the budget. Council Member Taylor stated that he uses percentages as indicators and would question an increase of 10%. The CIP drives the increase because the rest of the expenses are flat costs.

Council Member Lindstrom said they can reduce the City Hall wall repair to \$20,000 instead of \$30,000 and the stucco bid is \$10,000 instead of \$30,000. Also removing phosphorous reduction from the CIP decreases the CIP by \$40,000. She also thought the building permit line item can be increased by \$5,000. Blacktopping could be reduced to \$5,000 due to the money received by the Small Cities Aid for streets. The City should not rely on this aid for budgeting purposes in the future. With these changes, the tax increase would be 5.2%.

Council Member Lindstrom initiated a discussion about maintenance of City Hall possibly becoming a responsibility of the Park Commission. There was discussion about who takes care of City Hall. Because City Hall is vitally important, it was decided that Staff should make recommendations to Council for City Hall maintenance issues. Council decided to put \$5,000 back in the City Hall CIP. Council Members agreed with Council Member Lindstrom's recommendations.

Administrator Griffin drafted the resolution with the updated dollar amounts. Mayor Skalla called a recess at 8:45pm. He called the meeting back to order at 8:58pm.

A motion was made by Council Member Taylor and seconded by Council Member Bartel to approve Resolution 2015-38 adopting the 2016 Preliminary Budget and Proposed 2016 Tax Levy. With all members voting in favor, the motion carried.

11. Old Business

11.1. Amend Capital Improvement Program Pending Outcome of Item 10.1 – 2016 Preliminary Budget

As previously discussed, amendments to the Capital Improvement Program are as follows: City Hall rear wall repair reduced from \$30,000 to \$20,000; City Hall stucco redash reduced from \$30,000 to \$10,000; City Hall maintenance added \$5,000; and the \$10,000 for phosphorous reduction was moved to 2017. The previous total was \$105,000 and the new total is \$70,000. There is also \$10,000 for the CIP reserve.

Council Member Lindstrom suggested that a large raingarden installed by Helen Lindsay could possibly qualify for phosphorous reduction. The City Engineer would need to look at it to determine if the City could receive credits for that garden. Mayor Skalla asked to have this added to the Council Action Notes.

Council Member Bartel inquired how to finance more help for Public Works Director Young in the future. Mayor Skalla would like a better understanding of Public Works Director Young's time so Council can discuss it effectively. He asked Public Works Director Young to spend time determining how much time he spends daily on which tasks and what is accomplished, what is not accomplished and what he would need to fill the gap. This year there was very little part time help for him. A part time person is definitely needed for summer and fall. He explained that he spends three hours daily

on the ice rink. He does not have enough time to do paperwork. This will be added to Council Action Notes and he will give more detail at the October meeting.

A motion was made by Council Member Lindstrom and seconded by Council Member Bartel to approve the amended Capital Improvement Program to reflect the following changes: the City Hall wall replacement listed at \$20,000, the City Hall redash stucco listed at \$10,000, the addition of the City Hall maintenance item of \$5,000 and move the phosphorous reduction of \$10,000 from 2016 to 2017. The CIP total is \$70,000 for 2016. With all members voting in favor, the motion carried.

12. Staff Reports

12.1. Public Works Director Young

Public Works Director Young reported they televised and found two service lines leaking around the main at the Inglis and Bye residences. The City is on the waiting list for repair but can't get on the schedule until the end of November or early December. Byes have a large leak from the outside coming into the sewer. The MET Council penalizes the City for increases due to leaks (I & I). The City will pay for the repair because it is the City's main. The cost is not known until they access the leak but it will be approximately \$800 to \$1,000 per service.

The new Public Works truck is in and the box is being installed.

The sidewalk and stairs are supposed to be done in the next few weeks but it keeps being pushed off. Public Works Director Young will be on vacation next week. Scott from Orono Public Works will help with capping the water and sewer for a home that will be demolished while he is gone. Scott will also check on the sidewalk if needed. There is still no plan or survey for the sidewalk.

12.2. City Clerk Report

Clerk Honey reported on the building permit report in the Council packet. There are a few other properties that will be having extensive remodeling or rebuilds coming up but the City has not received the applications yet. She also reported that she is waiting for information from the MN Department of Health regarding all of the beaches that were closed on Lake Minnetonka this summer. She will report to Council at the next meeting about how Minnetonka Beach compared with the other beaches. She also discussed the Home Sales report in the Council packet.

12.3. Administrator's Report

City Administrator Griffin gave an update on the email server. She stated that our current provider Avenet would charge \$500 per year with the addition of Council members. A new company Revnet initially proposed \$450 per year but now gave the City a new proposal that increased it to \$702 per year. The advantages of this proposal are that it includes Office365 and offers a larger storage capacity of 50 GB per user and one terabit of storage for company files. Larger emails can be sent and received (currently files larger than 5MB lock up the system). The City would be able to share calendars, receive regular software updates, and archiving security for each mailbox. We are getting government pricing for the server of \$3.50 per month per mailbox and \$12.50 per month for the three internal users. She asked Council for their recommendation. GovOffice currently hosts the website and the new company could possibly host the website. Council requested that Administrator Griffin ask Revnet to roll the website into the current proposal. Mayor Skalla asked Administrator Griffin to send Council a memo with the updated website hosting pricing information so they can make a decision at the next meeting. Administrator Griffin will be on vacation the last week of September through October 5th.

13. Council Reports

13.1. Mayor's Report – Mayor Skalla reported on the Police Commission meeting. At the meeting, he discussed that Minnetonka Beach rates have increased 8.6% for 2016. Orono rates increased 2%. In 2010, the number of calls for service and population made up 90% of the cost and property valuation was 10% of the cost. Beginning in 2012, the number of calls for service and population are 75% of the cost and property valuation is 25%. Mayor Skalla thinks the formula should focus on the number of calls received for our area and population as well as service times and disregard the valuation of the homes. Property valuation makes sense for fire service costs but not police. There will be a meeting with Mayor Skalla, Administrator Griffin, other mayors and police to examine this. When Orono Police merged with Mound, the City was told that costs would not go up and response times would not increase but they have. Mound has a fixed rate contract which also does not seem fair. Mayor Skalla believes they give good service but the rate formula should be discussed or other avenues should be examined.

Mayor Skalla also reported on Dawson variance requests. Planning Commission has moved their meeting to September 30th to accommodate Dawson's request for a public hearing. The reason for the change is that Mr. Dawson missed the public hearing notice publication deadline prior to the Planning Commission meeting. The Planning Commission will make a recommendation and Council will discuss it at the October 13th Council meeting.

Mayor Skalla discussed that he has received resident complaints that the swimming beach continues to be a mess. Toys are strewn all over the place and people are not cleaning up after themselves. The beach is for everyone to enjoy. He asked Clerk Honey to put a reminder in the Beachcomber.

13.2. Liaison Reports-

Council Member Taylor – Planning Commission – no report.

Council Member Taylor – The Fire Commission monthly newsletter is in the packet. He may not be able to attend the meeting next month.

Council Member Lindstrom – Civic Committee met and elected new officers. Marnie Johnson is new President, Robin Zinn is the new Vice President, Jennifer Halverson is the new Secretary and the Treasurer will remain Tracey Breazeale. They are setting dates for upcoming events and those will be posted in the Beachcomber.

Council Member Lindstrom – Utilities Commission - no meeting.

Council Member Bartel – Park Commission - no meeting.

Council Member Kozloski – Asked if the Dock Committee tested the water depth at the beach to determine if reconfiguring the docks is a viable option. Mayor Skalla asked if the City has any culpability if the Dock Committee determines the water depth instead of dock installers or the LMCD. How should the City approach this issue and what if there is a drought? There needs to be a process by the dock installers to validate water depth and not the Dock Committee. Mayor Skalla thought the City needs to determine what part the City has in determining this and what part the dock owners have in this. It would have to be approved by LMCD. The Dock Committee should check with the LMCD to see if they have changed the rules to allow reconfiguration of the docks first. Mayor Skalla suggested having Dennis Klohs and the Dock Committee Chair update Council at the next meeting.

A motion was made by Council Member Bartel and seconded by Council Member Taylor to adjourn the meeting at 9:45pm.

PUBLIC IN ATTENDANCE – The following individuals signed the sign-in sheet: Mary Opheim (Westonka Historical Society), Pam Myers (Westonka Historical Society), George Buehl (Westonka Historical Society), Danny McCullough, Sue Kozloski, and Penny Steele.

Respectfully submitted,

Heidi Honey, City Clerk